

# CHARTERED INSTITUTE OF TAXATION OF NIGERIA

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**#TaxBitsOnTaxThursday**

## STILL ON VAIDS AND REMOVAL OF INTEREST WAIVER

### Introduction

When Acting President, Prof. Yemi Osinbajo, signed the Executive order that ushered in the Voluntary Assets and Income Declaration Scheme, in June; 2017, it promised waiver of interest and penalties, among other sweeteners in the course of the programme. These waivers are considered the best yet by any tax amnesty programme anywhere in the world as the government has only requested for what should ordinarily have been paid over to its coffers, in terms of taxes. This is analogous to a wealth manager who has only indicated interest in collecting his principal leaving interest and other default charges on transactions of mutual interest.

The whole idea was to make the tax package juicy enough for tax defaulters to come forward and make their declaration in as honest and complete way as possible further to their call to civic action as provided by Section 24(f) of the 1999 Constitution of the Federal Republic of Nigeria, as amended.

### The Waiver

The Acting President declared a waiver of penalty and interest, immunity from tax prosecution and tax audit. This is together with opportunity to stagger the payment of tax liabilities over a 3-year period.

However, actual implementation seem to suggest removal of interest forbearance beyond December; 2017. To the discerning tax planner and tax defaulter, a cloud of uncertainty has been thrown around heeding to wise counsel to key into the programme considering the fact that he cannot be assured that the clear words of the Acting President is the bond between the government and her Citizens during the period of the tax amnesty. Such conditions of uncertainty also provides basis for asking if government can indeed be trusted.

### **The Way Forward**

The clear and unambiguous words of the executive order needs to be carried out to the letter. It is also curious to imagine that an order that carries force, like it were law, could be overturned without no clear authority or instrument which is being used to do so. More would need to be done in order to vary the order, which is supposed to last for 9 months ending March 31, 2018.

### **Conclusion**

Efforts to get the nation's tax to GDP ratio to appreciable levels by government is commendable. This must however be deliberately planned, balanced and fair devoid of knee jerk approach which appear rush through and focused on quick wins over those that endure overtime.

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