



THE CHARTERED INSTITUTE OF TAXATION OF NIGERIA

COMMUNIQUE OF THE



THEME: INSTITUTIONALIZING TAX-PAYING CULTURE IN A DEVELOPING ECONOMY

HELD FROM MAY 8 - 11, 2018 AT THE NIGERIAN AIRFORCE CONFERENCE CENTRE & SUITES, KADO, FEDERAL CAPITAL TERRITORY, NIGERIA

BACKGROUND

The Nigerian tax system is regaled with issues that compel abeyance by Citizens and their tax compliance behavior. Whether they are issues of corruption, transparency, complexities or ambiguities of the tax laws to tax Administrative overkill, the average Citizens' aloof posture and discordance towards paying taxes present a cause for concern and provided basis for the theme and Sub-themes of the 20th Annual Tax Conference themed: 'Institutionalizing Tax-Paying Culture in a Developing Economy'.

Sub-themes of the conference include:

- i Economic Recovery and Growth Plan (ERGP), Voluntary Assets and Income Declaration Scheme (VAIDS) and Stakeholders Expectations: Matters Arising;
- ii Restructuring, Taxing Rights and Fiscal Federalism: the way forward
- iii Ethics, Corruption and Whistleblowing in Taxation: A Case for Cooperative Compliance
- iv Sharing of Experience on how to grow Small Tax Firms to Large Firms
- v Sharing of Experience on how to be an Effective Tax Administrator
- vi Sharing of Taxpayers Challenges
- vii Transfer Pricing & Global Tax Trends: BEPS Implementation and the Journey So Far
- viii The Tenets of Taxation and Implications for Nigeria's Revised National Tax Policy
- ix Arbitrary Tax Incentives as a Disincentive to Nation Building
- x The imperatives of a Robust Fiscal and Regulatory Framework for the Petroleum Industry in Uncertain Times
- xi Overview of General Anti-Avoidance Rules (GAAR) and the Future of Tax Planning

During proceedings, issues that clarified the basis for the poor gravitation of Nigerians towards the tax system were identified and highlighted.

The conference proceedings also extended the discourse to the appraisal and update of participants on current tax issues and their implications for a vibrant and effective tax regime for Nigeria.

At the end of the sessions, the following recommendations were adopted and proposed for action by relevant stakeholders.

FOR GOVERNMENT

> Executive

- * Build robust systems, structures and institutions, as a good foundation for National Development;
- * Always seek to achieve results with the best manpower available;
- * Everyone needs to be held accountable;
- * Handle decision making processes objectively;
- * Tax defaulters should be included in the Whistleblowing policy of Government;
- * Cases under the Whistleblowing policy should be well investigated before action is taken;
- * Whistleblowers should be appropriately rewarded, in line with the policy.
- * There should be strong political will on the part of the government to empower the Tax Administrator. Tax Administrators need to carry out their duties effectively under a congenial environment;
- * Politicians should be made to show their tax clearance certificates before coming forward to contest for any elective post;
- * Autonomy for State Internal Revenue Service should be extended across other States that do not yet have one. The Joint Tax Board needs to work towards this with support from the State Governments.

Tax incentives programme:

- * Making better progress requires that political decisions about tax incentives should be based on

proper analysis of their effectiveness and efficiency;

- * Efforts to strengthen institutional capacity for economic analysis of tax incentive programs should be a first-order priority for all under-developed and developing countries;
- * Objectives of the tax incentive program should be clearly set out;
- * The type of tax incentive programs adopted for the nation should be crafted to best fit the objectives (economic or otherwise) for such program;
- * Cost and Benefit of tax incentive programs should be aligned with the design, implementation and monitoring of the programs to achieve desired results;
- * Proper analysis in line with the economic realities of the nation will lead to better policies and greater cooperation in the design of tax incentive programs;
- * Clear guidelines that will improve the chances of success of tax incentive programs should be outlined;
- * The incentive programs should be designed to minimize the opportunities for corruption in its grant and prevent taxpayer abuse of exploitation of the tax benefits;
- * The government should be required at specific intervals to assess the success and failure of each incentive program with the aim of realigning it to meet the desired objectives;
- * There should be proper justification for incentives based on well-developed thought process; and Key Performance Indicators are required to measure the effectiveness of the incentives for national development;
- * Inconsistencies between incentive programs and the underlying legal framework should be avoided;
- * Conditions for usage of tax or other economic reliefs should be clearly spelt out;
- * There should be an annual stakeholders' forum to address concerns about payment of taxes, accountability and plans for the year. This should be followed with an effective feedback mechanism.

Petroleum industry and the economy:

- * Nigeria must rethink the raw material economy as the country needs to crack the raw material mentality and start adding value to her crude produce;
- * There is need for the nation to achieve vertical integration of the Petroleum industry in Nigeria.

The nation must also strive to achieve the following:

- * Increase local employment;
- * Invest in skill acquisition;
- * Provide infrastructure for future projects;
- * Leverage on ancillary competitive advantages by achieving local refining of our crude produce; and
- * Save for the rainy day.

> Legislative

- * Tax is law, therefore tax legislation must be apt, unambiguous and easy to understand;
- * Regular review of tax laws as situations may suggest;
- * Whistleblowing demands adequate legislative protection;

The fiscal federalism question has lingered for long after so many years of weak Institutions. There is need for:

- * Devolution of power;
- * Democratization of the debate process for inclusiveness;
- * A political solution which might be key as centralization hurts the States;
- * Constitutional amendment as desired to kick start the restructuring process;
- * Making fair and firm enforcement of rules;
- * Accountability and transparency;
- * Leveraging global competition

FOR TAX ADMINISTRATORS

- * Migrate from manual collection operation of taxes and levies to Electronic collection operation;
- * Government should ensure that tax administration process is streamlined with the taxpayers bill of rights to eradicate Tax injustice within the tax system;
- * Develop incentive programs such as Award Nights or occasion where consistent/regular, top taxpayers are honored and encouraged the more;
- * Engage more in massive tax compliance publicity, awareness and Taxpayers sensitization.
- * Qualities, characteristics and traits of an effective Tax Administrator should include:
- * Tax administrators should take up their profession with pride;
- * Professional discipline should be exhibited at all times;
- * Demonstration of Personal integrity;
- * Unwavering courage;
- * An avowed focus on set goals and objectives;
- * Team Spirit considering that in order to succeed, team work is key;
- * Taxpayer enlightenment and simplification of tax administration processes;
- * Seeking to achieve complementarity between self-development and other employer-based training.
- * Non-professionals should not be allowed to handle tax related matters. Only tax professionals should handle tax issues;
- * Tax authorities need to recognize that taxpayers have right which include the right to be heard;
- * There is need to support Tax Audit Review Committees as a way of addressing Stakeholders' grievances;

FOR TAX PRACTITIONERS

- * Tax Practitioners should not condone incorrect tax returns by the taxpayer;

Being able to grow small firms to large ones, the firm must be ready to:

- * Start small and expand over time;
- * Define and set the tone from the top;
- * See beyond now as succession plan must be in place;
- * Be Professional and objective; speaking out one's mind;
- * Act with integrity, which should be a Professional's watch word;
- * Be punctual at work and this should be the hallmark;
- * Lose today to gain several more times tomorrow;
- * Think ahead about the welfare of employees;
- * Brand and Standardize for cohesion;
- * Cohabit with colleagues and business partners in mutual respect as this helps build successful partnership. Ego-centric attitude should be avoided;
- * Ensure there is documented partnership relationship;
- * Seize the opportunity of the tax space;
- * Life Assurance, Pension Scheme and Medicals should be in place.

FOR TAXPAYERS

- * Tax forum (comprising tax authorities, tax payers and tax practitioners) should be initiated for interactions to take place and resolutions reached;
- * Objecting to any issues not deemed lawful in writing. Always write your objection to the relevant tax authority.
- * If it is NOT law, it is NOT taxation! This should be the guiding principle to tax payers and practitioners.

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