



**KW-IRS**  
KWARA STATE INTERNAL REVENUE SERVICE

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# KWAREVE*News*

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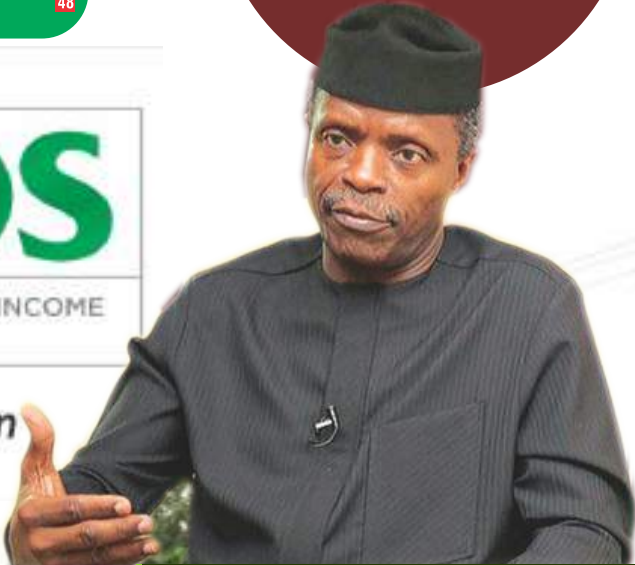
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*I declare... my duty, my nation*  
#IdeclareDoYou



**Prof. Yemi Osinbajo**  
Acting President, Federal Republic of Nigeria



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# Your Tax Can Do More!



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**PAY YOUR TAX**

Community Impact Programmes strategy as a tool to impact the People of Kwara.  
**Tax Payer's Money at Work.**



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KWARA STATE INTERNAL REVENUE SERVICE

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*Editorial*

# VOLUNTARY ASSET AND INCOME DECLARATION SCHEME

*Promoting and improving tax compliance*

One of the basic challenges of revenue services in Nigeria and world over is how to increase the tax base by a reasonable percentage, and it is in the nature of taxpayers to either avoid paying tax or under pay tax agents. But the fact still remains that tax is an obligatory responsibility of everyone for the nation to grow.

It is worrisome that out of the whopping population of about 170 million in Nigeria, the total number of taxpayers in Nigeria is just 14 million out of an estimated 69.9 million who are economically active. Out of this 14 million Nigerians, most of them have their tax deducted from salaries as PAYE (Pay As You Earn). Most people who do not have this automatic deduction from source find it difficult to voluntarily submit themselves to tax payment. Many try to evade till enforcement catches up with them.

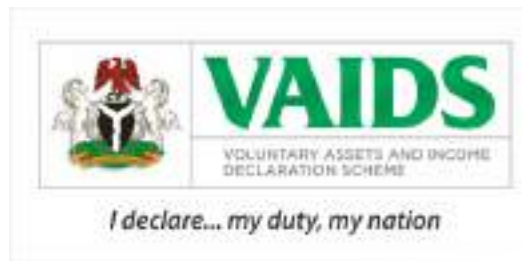
Since the launch of the Voluntary Asset and Income Declaration Scheme (VAIDS) by the Acting President, Professor Yemi Osinbajo, Nigerians have been asking various questions about the scheme and its importance.

This edition takes a comprehensive look at the scheme as it will help to structure tax administration in Nigeria. With the position of the scheme which started from July 1, 2017, VAIDS programme is aimed at reducing tax payers' liability and creating more awareness on the statutory function of every working citizen to pay tax. To improve tax compliance, the Federal Government has declared that tax offenders stand to enjoy waiver on overdue taxes if they take advantage of VAIDS.

At KWIRS we are committed to the scheme, our staff have been trained for the purpose and advocacy is on-going between now and the next 9 months when the Scheme lapses. In line with the Federal Government directive, we have set aside every Thursday for advocacy as "Tax Thursday" to create awareness across the State about VAIDS. Our sensitisation programme cuts across internal and external realms and various economic frontiers.

The truth of the matter is, with the plans of the Ministry of Finance, the Federal Inland Revenue Service (FIRS) and State Internal revenue Services (SIRSs), there is no place to hide. The Asset Tracing Team (ATT) which has been formed will be able to gather intelligence of the income and wealth of Nigerians home and abroad.

I hereby enjoin all to participate in this disclosure programme to avoid prosecution, consequences including jail term. Before the close date of the amnesty period, which is March 31, 2018, our doors are opened at KW-IRS to receive anyone who wants to take advantage of this Scheme to voluntarily declare.



*At KWIRS we are committed to the scheme, our staff have been trained for the purpose and advocacy is on-going between now and the next 9 months when the Scheme lapses. In line with the Federal Government directive, we have set aside every Thursday for advocacy as "Tax Thursday" to create awareness across the State about VAIDS. Our sensitisation programme cuts across internal and external realms and various economic frontiers.*



**Muritala Awodun, PhD**  
*Executive Chairman*  
**Kwara State Internal Revenue Service**





*I declare... my duty, my nation*

## VOLUNTARY DISCLOSURE SCHEMES: ACROSS THE GLOBE, NIGERIA AND KWARA

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**DR. MURITALA AWODUN.**  
ON 22<sup>ND</sup> OF JULY 2017  
DURING THE EIGHTEENTH AND  
TWENTY FIRST  
SPEECH AND PRIZE GIVING DAY  
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PLAY YOUR PART  
PAY YOUR  
**TAX**





# KW-IRS MEETS WITH CHRISTIAN STAKEHOLDERS ON TAXATION AS IT CONCERNS RELIGIOUS BODIES

Habibah K. K. Aiyelabegan

**T**he Kwara State Internal Revenue Service (KW-IRS) in collaboration with the Office of the Special Adviser (SA) to the Executive Governor of Kwara State, on Religious Matters (Christian Affairs) on 28 July, 2017 held a meeting with Christian Association of Nigeria (CAN). The purpose of the meeting was to discuss the mandates of KW-IRS and the civic obligations expected of religious bodies. The KW-IRS team was led by the Executive Chairman, Dr Muritala

Awodun, other members of the team were Director, Informal Sector, Olusegun Olaniyi, Director, Tax Assessment & Audit (TAA), 'Lekan Rotimi, and Director, High Net-worth Individuals & Corporate Organisations, Laide Nuhu Mohammed. Present at the event from CAN were the State Chairman, Evangelist Prof. T. O. Opoola, the Chairperson, Women Wing of CAN (WOWICAN), Prophetess Bosede Adimabua and representatives of other sects within the Association.

The SA to the Executive Governor of Kwara State on Religious Matters, (Christian Affairs) Reverend COS Fawenu in his welcome address, he apprised that the issue of tax is not just at the state level but a nation-wide concern as there is dire need for the diversification of the economy. He said with every change comes reaction and in the case of Nigeria, the fall in revenue from crude oil is the change.

He mentioned that KW-IRS had in the past met with CAN and other sects at various times but there is a need to



Rev'd COS Fawenu (Special Adviser to the Executive Governor on Religious Matters, Christian Affairs)



Director, HNIs & Corporate Organization, Alh. Laide Nuhu Mohammed



Director, Tax Assessment and Audit, Mr 'Lekan Rotimi



CAN Stakeholders at the meeting



Representatives of churches at the meeting

have a serious discussion with the entirety of the Christian Stakeholders to ensure mutual understanding.

In his speech the Executive Chairman, Dr Muritala Awodun expressed his gratitude to the association for honouring the invitation to the meeting. According to him such meetings were necessary to ensure everyone continues to enjoy the peace in Kwara State. He apprised that it is important for religious bodies to pay taxes for income and business activities so as to create a level playing ground between them and other Kwara residents who are business competitors. "Equality and fairness regardless of religious affiliations is part of what the Service seeks to ensure" Dr. Awodun said.

Director, HNIs & Corporate Organizations Alhaji Laide Nuhu Muhammed who spoke on taxation as it affects religious bodies expressed his joy for the meeting which he described as important given that many misconstrue the responsibilities of KW-IRS until they are enlightened. He differentiated taxes from levies explaining that taxes are mandatory payments that are required to be made with no attachment to a direct benefit to the payer but rather for the benefit of all e.g. Personal Income Tax (PIT). While levies or fees are payable as a result of engaging in one activity or another and those payments are borne as a result of benefiting from a government service e.g. registration and licenses.

The Director further stated that religious bodies are expected to pay tax by deducting PIT in the form of Pay-As-You-Earn (PAYE) from the salaries of workers as income tax is due from activities such as trading, profession and vocation. However, religious bodies are not expected to pay tax on building/house (where there is no trading), tithes, or voluntary donation. This implies that places used for school, recreation, events, business, etc. are expected to make appropriate payments.

Director, HNIs & Corporate Organizations warned that even when the primary objective of a place is to propagate Christ, as long as elements of trading may be identified then taxes are due.

As such, Director, Informal Sector, Segun Olaniyi advised the avoidance of mixing the activities of the church with others and the corporate from individual. He said separate books should be kept for the church and its businesses.

Director TAA, Mr 'Lekan Rotimi who commended the association for being organised, assured those present that KW-IRS operates not as a Tax Authority but as a Tax Service guided by law and facts. He also urged churches to ensure all records are updated such as the registered purpose of the land as either personal or commercial. He also appealed to all to collect documents and bills they are served as the contents can always be discussed thereafter. He added that when they are unsatisfactory with the attendance of a staff, the doors of the Service is open.

The Kwara State CAN Chairman, Prof. T. O. Opoola



Director, Informal Sector, Mr Segun Olaniyi



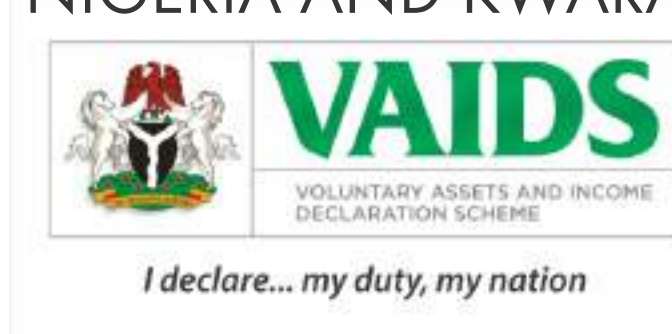
Representatives of churches at the meeting

thanked God for the lives of all presented. He said as churches, they preach righteousness and none of CAN members will go into anything that is unrighteous. He added that the important thing to uphold this is understanding, adding that the Association had even put together a team of professionals to come up with referendum of understanding.

After the KW-IRS team responded to all questions, the two parties came to agreement as to how to deal with issues raised including that a senior officer will be designated to handle all issues raised regarding Christian religious affairs and this officer would report directly to the Executive Chairman, KWIRS. At the end of the interaction. It was agreed that the resolutions of the parties be forwarded to the Executive Governor.

In his closing remarks, the Special Adviser to the Executive Governor on Religious Matters (Christian Affairs) appreciated the contribution of all. He thanked the Executive Chairman and Management Team of KW-IRS for the seriousness attached to the programme which he said is an indication that the Service respects God and honours the Christian body. He enjoined the members of CAN to continue to pray that God protect the Management and staff of KW-IRS.

# VOLUNTARY DISCLOSURE SCHEMES: ACROSS THE GLOBE, NIGERIA AND KWARA



Habibah K. K. Aiyelabegan  
Olufemi Oguntokun



Voluntary Asset and Income Declaration Scheme (VAIDS) was launched in Nigeria on 29 June 2017 by Prof Yemi Osinbajo, the Vice President of Nigeria. The scheme was launched to encourage Nigerians to declare previously undisclosed, under- or unremitted assets and income. The objective of the programme is to regularize the registration, returns and remittance by non-complaint taxpayers.

The Scheme while being the first of its kind in Nigeria has been undertaken in many other countries. This scheme is an opportunity for Nigeria to align with global best practice in taxation at the Federal, State and Local Government tiers. Many countries have embraced voluntary disclosure programmes which was introduced by the Organization for Economic Cooperation and Development (OECD), with its guidelines first published in 2010. Many developed and developing countries have since assessed the feasibility of the programme and even undertaken the programme. In fact, in August 2015, the OECD published an update on the programme as experienced in 47 countries.

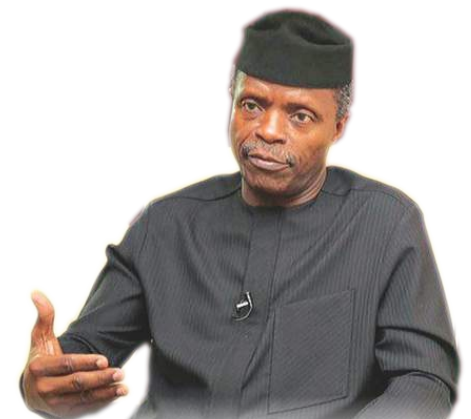
Voluntary declaration programmes is enthused from the need to address issues of non-compliance, need to generate more revenue, adequate capturing of the tax net, tax evasion and illicit financial flows among others. The voluntary declaration programmes which covers assets and income home and abroad is encouraged by OECD to go concurrent with information sharing between so that they can be traced beyond borders.

The Government would gather intelligence locally and through international conventions and agreements. In 2014, the OECD adopted the Standard for Automatic Exchange of Financial Account Information in Tax Matters which further strengthens tax transparency across borders. This is very key to the success of disclosure schemes as information, intelligence, and tracing support verification of declaration made or not made by taxpayers. This stipulates the benefits and consequences which are therein enjoyed or borne.

The voluntary disclosure programmes deployed by different countries have key features which may differ in implementation. These features include:

- **Time Horizon:** disclosure programmes are sometimes for a limited time period, such as the VAIDS of Nigeria which is for nine months. They could also be continuous such as that of Turkey and South Africa for its general purpose.
- **Coverage:** Disclosure schemes are sometimes general or specific. General implies it would cover basically all tax types and for various

**Voluntary Assets and Income Declaration Scheme (VAIDS)** is a time-limited opportunity for taxpayers to regularize their tax status relating to previous tax periods. During this amnesty period, taxpayers that declares fully and honestly will benefit from forgiveness of overdue interest and penalties and assurance that they will not face criminal prosecution for tax offences are to be subjected to tax investigations. The scheme is expected to last for 9 months from 1<sup>st</sup> July 2017 to 31<sup>st</sup> march 2018.



**Prof. Yemi Osinbajo**  
Acting President, Federal Republic of Nigeria



tiers of government; as is the case with the current scheme in Nigeria. Some schemes such as that of Indonesia which was specific for the purpose of the repatriation of offshore assets.

- **Benefits:** Declaration programmes allow Governments to give an opportunity to those who want to regularise their records and remittances. Thus the basic benefit is the opportunity for a citizen or resident to get the records straight. For most schemes, the tax liability established still has to be paid, except in a few cases such as waiver of wealth tax in India. Additional benefits in almost all cases typically include waiver of audit and/or waiver or discount on penalty, interest, and/or criminal prosecution.
- **Consequence:** Disclosure scheme cannot be complete without consequences, especially since it is voluntary. Like the benefits which serve as the carrot for voluntary compliance, there must also be the stick for non-compliance. In Nigeria, at the expiry of the Scheme, information will be gotten from the Asset Tracing Team (ATT) and defaulters will be brought to the full extent of the law. This in most countries has been payment of full tax, penalty and interest and possibility of jail term. Defaulters in this case would be those who have been non-compliant and still did not subscribe to the schemes as well as those who have made false or incomplete declarations.
- **Revenue:** The most popular purpose for disclosure scheme is to increase government's source of sustainable revenue. Declaration schemes are a way of getting a lot of current revenue as well as arrears. And let's not forget future revenue that could come from income and wealth which have now been captured.

## VOLUNTARY ASSETS AND INCOME DECLARATIONS SCHEME (VAIDS) IN NIGERIA

Nigeria's tax system is based on global best practice. It is a progressive system that ensures fairness. Majority of the tax payers in Nigeria are people who have their taxes deducted at source. Those with the highest income levels payless or evade taxes but they should be the ones to shoulder the greatest proportion of the tax burden.

According to the Joint Tax Board (JTB), as at May 2017, the total number of taxpayers in Nigeria is just 14 million out of an estimated 69.9 million who are economically active. Which means Nigeria's tax to GDP ratio at just 6% is one of the lowest in the world compared to India's 16%, Ghana's 15.9% and South Africa's 27%. Most developed nations have tax to GDP ratio of between 32% and 35%.

A report by former South African Premier, Thabo Mbeki found that the amount of illicit financial flow out

of Africa exceeded the amount of development aid that Africa receives. Nigeria has the highest level of illicit financial flow in Africa, resulting to current global initiative to tackle the problem of illicit financial flows and tax evasion which as contributed to the country's underdevelopment. This one major problem Africa needs to tackle.

Tax evasion has over the years depleted the economic development in Nigeria most especially now that the oil revenue has dropped. In order to look inward, it is superlative to ensure tax compliance and increase tax payers in Nigeria.

Some of the ways in which taxes are evaded include;

- 1) Manipulating accounting records by keeping two sets of books
- 2) Lack of machinery to accurately track the true income of their residents
- 3) Use of complex structures in transactions to evade taxes.
- 4) Non registration for VAT without remitting to FIRS
- 5) Non-payment of capital gains tax (CGT) on asset disposal.

## VAIDS

Voluntary Assets and Income Declaration Scheme (VAIDS) is a time-limited opportunity for taxpayers to regularize their tax status relating to previous tax periods. During this amnesty period, taxpayers that declare fully and honestly will benefit from forgiveness of overdue interest and penalties and assurance that they will not face criminal prosecution for tax offences are to be subjected to tax investigations. The scheme is expected to last for 9 months from 1<sup>st</sup> July 2017 to 31<sup>st</sup> March 2018. There will be no renewal or extension once the scheme has expired and all remaining tax defaulters who have not taken advantage of it will face consequences such as; liability to pay full the principal sum due, liability to pay all interest and penalties, liability to be prosecuted, withdrawal of any reliefs and liability to undergo comprehensive tax audit.

The scheme which covers all Federal and State taxes such as Companies Income Tax, Personal Income Tax, Petroleum Profit Tax, Capital Gains Tax, Stamp Duties, Tertiary Education Tax, is limited to six years of investigation.

Some of the objectives of the scheme include;

- 1) Increasing Nigeria's tax to GDP ratio from 6% to 15% by 2020
- 2) Broadening the Federal and State tax brackets. Only 214 individuals nationwide pay N20 million or more in tax annually.
- 3) Curbing non-compliance with existing tax laws and discouraging use of tax havens
- 4) Discouraging illicit financial flows and tax evasion.

The idea of the scheme is that it is a voluntary programme, the decision to participate should therefore be left to the taxpayers and it cannot be declared anonymously. Therefore, tax declarations are however

treated as confidential by the tax authority.

## PROCESS

The Federal government has made it easier, all taxes paid under the scheme are to be collected by the relevant tax authorities including the Federal Inland Revenue Service and States Board of Internal Revenue Service depending on the type of tax in issue. Payments should be made to relevant tax authority quoting full name and TIN as a reference.

Furthermore, once the taxpayer register for VAIDS by filling the declaration form, agents of the relevant tax authority can help such individual to calculate tax liability. Those who are resident outside Nigeria are encouraged to make an online declaration or appoint a local agent to make the necessary declaration on their behalf.

### These are the steps of VAIDS;

- 1) APPLICATION SUBMISSION: Interested participants should complete and submit the relevant form at the nearest tax office before the deadline. Form VA1 and form VA2 for companies.
- 2) APPLICATION CONFIRMATION: upon submission, applicants will receive a response confirming receipt of your application from the relevant tax authority via text or email
- 3) APPLICATION ASSESSMENT: the relevant tax authority will perform an initial review and assessment of the information provided in the application after which the relevant tax authority may request additional disclosures and or supporting documentation, if necessary.
- 4) FURTHER INQUIRY: if the filed disclosure is incomplete, a more extensive review enabled by increasingly available and robust data from local and international sources will be conducted to create an accurate financial profile.
- 5) PAYMENT AGREEMENT: upon completion of the review of the application, the tax authority will communicate its assessment of the understanding tax liability. At the discretion of the relevant tax authority, a plan for the phased settlement for the outstanding liability may be agreed.
- 6) PAYMENT COMPLETION: once the obligation and payment plan are finalised, the applicant is obligated to pay as prescribed in order to secure the benefits of the scheme.
- 7) ISSUANCE OF TAX CLARANCE CERTIFICATE: upon completion of payment, a tax clearance certificate will be issued by the relevant tax authority.

## HOW TO PAY

The Federal government appreciates that many defaulters have assets but may not have cash, therefore, taxpayers will be allowed to enter into arrangement to pay outstanding tax liabilities in instalments. Taxpayers at the discretion of relevant authority may be granted up to three years to pay their liability but will be obligated to pay

interest on the outstanding balance.

All taxes paid under the scheme are to be collected by the relevant tax authorities including the FIRS and SBIRS depending on the type of tax in issue. Payments should be made to the relevant tax authority quoting your full name and TIN as a reference. The bank will issue a receipt for the payment.

## CONCLUSION

Nigeria's low tax revenues are at variance with the lifestyles of a large number of its people and with the value of assets known to be owned by Nigerians resident around the world. There has been a systematic breakdown of compliance with the tax system with various strategies used to evade tax obligations. These include but are not limited to, transfer of assets overseas, the use of offshore companies in tax havens to secure assets, and the registration of assets in nominee names. In addition despite having some of the most profitable and well capitalized companies in Africa, the level of tax remittance is low. However the Federal Government is not looking back on this scheme and all taxes must be paid.

## KW-IRS Launches Tax Thursdays in Support of VAIDS

The Kwara State Internal Revenue Service (KW-IRS) as part of her activities to launch the Tax Thursday, visited some trade centres including markets and mall in Ilorin metropolis on Tuesday, 6th of July 2017. VAIDS was recently declared by the Acting President, Prof Yemi Osinbajo on 29 June 2017 as a scheme that provides tax defaulters with a nine (9) month amnesty period from (1 July 2017 to 31 March 2018) within which to settle their tax liabilities without having to pay interests and penalties or face prosecution.

The scheme is designed to encourage voluntary disclosure previously under or non-declaration, payment, or remittance on all taxable persons and entities. The scheme would be implemented by the Federal Inland Revenue Service (FIRS) in collaboration with all State Internal Revenue Services (SIRSs) and the Federal Capital Territory IRS (FCT-IRS) depending on the type of tax.

KW-IRS to launch VAIDS Tax Thursday began with an in-house sensitization session. At various offices of the Service, all staff came together for a briefing session where they were enlightened on VAIDS. There was also opportunity to ask and respond to questions. At the Revenue House, Mrs Adenike Babajamu, Director, Admin & Operations explained that it is important for KW-IRS staff to fully understand the scheme so that they can educate the residents of Kwara State on compliance. At the same time, the session was mirrored at the KW-IRS Regional Office, Madeleke Plaza, Lajorin.

The first point of the stop for the campaign was at the Mandate Market, Olohunsogo, where the Managements and staff of KW-IRS went round the market to distribute flyers on VIADS and spread the gospel of compliance. The KW-



IRS team also extensively engaged the market executives in an enlightenment session where representatives of the FIRS team led by the Head of Enforcement, Mr Lanre Omotunde joined the session.

Addressing the market representatives, Mrs Babajamu explained that it is in the interest of taxpayers to voluntarily declare their assets and income and to pay outstanding tax liabilities within the stipulated period provided by the Federal Government to avoid prosecutions as provided by law. She emphasised that the scheme is a progressive system that ensures fairness.

Mr Segun Olaniyi, KW-IRS Director of Informal Sector apprised that the taxes to be paid are for the development of the State and country at large as the period of dependency on crude oil was over. He assured the marketers of the Federal Government's promise on the judicious utilisation of all funds recovered and the State Government's commitment for payments due to State. In addition, Mr Omotunde said it is important that Value Added Tax (VAT) of 5% is added on goods and this is remitted to the FIRS.

In response, the Iyaloja of Mandate Market, Alhaja Afusat Dare appealed to the tax representatives to advise the federal and state government to use the tax collected to revive the economy. She expressed joy over the development and their readiness to play their part. In an interview, Mrs Ahmed Bola Omowumi, a marketer said it is commendable that the tax administrators unlike in the past now come to meet the people to know their feelings and thoughts. She opined that the people are ready to work with the Government.

The second stop of the sensitisation train was the Saw-mill Garage Market, where the Management and staff of KW-IRS and the FIRS team explained to the market men and women that the development of the State is a collective responsibility through payment of taxes as at when due. The Director, High Net-worth Individuals and Corporate Organisations (HNI), Mr Nuhu Olaide Muhammed while addressing the people said the problem the Government and tax authorities are facing with regards to the provision of basic amenities emanated from tax evasion where people do not fully disclose their assets and taxes which hitherto make it difficult for proper assessment. He stated that tax evasion is punishable under the law for up to 5 years imprisonment while the taxpayer would still be liable to pay the tax due with interest and penalties.

The Director, Tax Assessment and Audit, Mr 'Lekan Rotimi also shed more light on the process of VAIDS, emphasising that the process had been designed to ensure convenience for taxpayers with the availability of payment by instalments and online. He enjoined the marketers to take advantage of the amnesty period.

The advocacy team was also at Palms Mall to enlighten the public. Shops and stalls were approached, hand flyers were distributed and forms such as the income and assets declaration forms, claims for allowances and reliefs forms were given out.





# The Future of Nigeria Lies Not Ahead of Us but within Us

## – Fela Durotoye

Habibah K. K. Aiyelabegan



Mr Fela Durotoye

**T**he University of Ilorin Student Union Government (SUG) held its 5<sup>th</sup> Annual Leadership Summit on 8<sup>th</sup> July 2017 at the University Auditorium. The summit which was themed “Constructive Unionism as an Imperative for Visionary Leadership” was held in honour of the Senator representing Kwara South, Senator Rafiu Adebayo Ibrahim. The event witnessed the presentation of honours and awards in recognition of nation building and a lecture on the theme. One of the recipients of this award was the Executive Chairman of the Kwara State Internal Revenue Service, Dr Muritala Awodun.

At the event, the Executive Governor of Kwara State, Alh (Dr) AbdulFatah Ahmed was represented by the Deputy Chief of Staff, Mr Leke Ogungbe. The summit was graced with attendance by Senators, Members of National Assembly, Members of the Kwara State House of Assembly, and Royal Fathers.

The SUG President, Sobowale Olawale Lukman while welcoming attendees apprised that the event would put leadership in the country to proper perspective which is utmost priority and needs unequivocal attention. He added that the theme, “constructive unionism”

can be used as a viable tool to enhance visionary and quality leadership. He said it is hoped that the discourse would serve as a framework for the Nigeria we desire.

The Vice Chancellor of the University of Ilorin, Prof Abdulganiyu Ambali welcomed all including the guest speaker, Mr Fela Durotoye. He emphasised the importance of the topic to be presented saying that the desired change can be achieved through leadership. He said Nigeria need leaders of impeccable character who are dynamic and progressive, responsive and responsible, selfless and who appreciate the imperative to serve followers.

The highlight of the day was the inspiring lecture delivered by the guest speaker, Mr Fela Durotoye, on the topic “Constructive Unionism: An Imperative for Visionary Leadership”. Mr Durotoye began by reviewing the ranking of universities in the world and realised higher ranking institutions had the most number of high net-worth individuals. He wondered if it was great schools that produced great alumni or it was the prestige of alumni that validated schools as great.

Mr Durotoye informed the students that when schools produce great alumni, those alumni give back to schools because they appreciate the universities that brought them greatness. This giving back then continues to make the institution great. He referred this to the saying that “wherever the treasure is, the heart goes”. “Therefore, students must cherish the experience and memories of school – lectures, lecturers, hostels, other students, everything”. He said.

Mr Fela Durotoye stated that Nigerians are willing to spend about N350 to \$1 or N500 and N600 to £1 to send their children abroad. What is rather paramount is how we can improve the quality of Nigerian education. He said the more people are willing to learn, the more the capacity for education. The more primary, secondary, and tertiary institutions, the more the learning capacity. He said Nigeria needed to



Dignitaries at the event



Kwara State Honourable Speaker, Dr Ali Ahmad



Dr Ali Ahmad presents a plaque to Prof. Abduganiyu Ambali



Kwara State Honourable Speaker, Dr Ali Ahmad with Mr Fela Durotoye



Unveiling the book



Dignitaries at the event



Prof. Abduganiyu Ambali presents a plaque to Senator Rafiu Ibrahim

understand the way economy works. The economy of every nation depends on the collective financial well-being of its people and any nation not investing in the education of its people is bankrupting its economy.

Mr Durotoye stated that the wealth of a nation will not be measured by what lies beneath the feet of its people (mineral resources) but by what lies within or between the ears of its people (education). He cited Japan as an example being a nation with minimal resources but with significant economy after US and China. “We must therefore support the

institutions” He added.

The guest speaker posited that most Nigerian universities have destructive and disruptive unionism... an *aluta* mentality he called it. He clarified that it is not wrong to fight for your rights; but everything must not be acts of struggling. The quality of education determines the quality of graduates, their economic well-being and ability to give back to the schools. This is thus noteworthy for institutions to ensure people have memorable and quality education.

According to him, destructive unionism disrupts the schools as well as the

students. With constructive unionism, people are able to come together to suggest ideas which solve problems. He further stated that people who become great leaders in student unionism become great leaders in governance. He however emphasised that it is the responsibility of all not a selected few. He emphasis that “it did not matter at whose end of the boat the hole was, it would lead to collective failure”.

“A great generation is one who makes things easier for the next one. Whereas a wasted generation is one who hands over disadvantage. A wasted generation is one who has gone to a school but does not





Presentation of Award plaque to recipients at the event



Presentation of Award plaque to recipients at the event



Presentation of Award plaque to recipients at the event



want his children to go there” said Mr Durotoye. He said there comes a time when self-deceit is no longer an option and you would need no mirror to see yourself.

The guest speaker therefore challenged all to be a great generation, not a wasted one, one devoid of ethnic divisions, which does not count its states before the nation, who thinks we are all Nigerians. Paraphrasing Nelson Mandela, he added that “sometimes it falls upon a generation to be great”. He assured the students that it was possible giving the examples of Dubai and Shanghai where complete

transformation has been witnessed over a short period.

The students were charged that the future of Nigeria is not ahead of us but within us. Mr Durotoye said it was the responsibility of all to deliver that Nigeria by being a generation empowered, motivated, stirred to operate within natural excellence (GEMSTONE). He encouraged the students to identify the brightest and best people who would not fight and associate with such. He then encouraged the various leaders present to ensure politics is taken out of governance. It was obvious the lecture delivered by the

guest speaker had touched the hearts of many as he received a standing ovation. It is only hoped that such inspiring words would be resounding in the minds of those in attendance to act beyond the four walls of the hall.

The Speaker of the Kwara State House of Assembly, Dr Ali Ahmad sought the permission of the guest speaker for the University to reproduce the lecture delivered. Mr Fela Durotoye gracefully granted this on the condition that it was made for the students to have access to the material.



# ACTIVITIES OF TAX AUDIT MONITORING AGENTS (TAMAs)

## IN THE REVENUE GENERATION PROCESS OF KW-IRS IN 2016

Godfrey Ojerheghan; Folasayo Ogundare

### Introduction

**W**ith regard to Personal Income Tax, it has been established that the majority of the economically active population in Nigeria are either not paying taxes at all or are not paying the correct amount of tax and that the tax-compliant populace consists mostly of individuals who have their taxes deducted at source by direct employers. The remaining non-compliant population are usually the self-employed individuals who are assessed based on direct assessment method and have to file their annual returns in order to pay the tax due. The increasing rate of tax evasion remains one of the greatest problems affecting effective and efficient tax administration in Nigeria as a whole. Taxpayers generally are averse to paying taxes and therefore devise various means including understatement of income and non-remittance of income tax as and when due. On the other hand, there is also the problem of inadequate monitoring of taxes by tax agencies. Tax audit is necessary in order to combat this trend thereby enhancing tax compliance and subsequently boosting the Internally Generated Revenue (IGR).

Tax audit simply refers to examining the books of accounts of a taxpayer to ascertain the accuracy of the returns filed and the remittance profile rendered by the taxpayer. According to Adeniran, Alade, and Oshode (2003), tax audit *“involves the gathering of information and processing it for determining the level of compliance of an organisation with tax laws of the territory.”*

Professional tax auditors are usually engaged as agents to accomplish the task on behalf of the government. The Kwara State Internal Revenue Service (KW-IRS) engages Tax Audit Monitoring Agents (TAMAs) for the purpose of gathering adequate information that will help the Service to determine the tax liability of corporate taxpayers in the State and subsequently collect the Personal Income Tax including arrears due to the State Government. The major function of TAMAs is to assist the Service to gather information through tax audit and

“

**The increasing rate of tax evasion remains one of the greatest problems affecting effective and efficient tax administration in Nigeria as a whole ”**

compliance monitoring; they are not to carry out assessment neither are they to collect revenue.

### Engagement of TAMAs

In 2016, the first set of Tax Audit Monitoring Agents (TAMAs) were engaged by the Kwara State Internal Revenue Service (KW-IRS) for a period of twelve (12) calendar months. The process of engaging TAMAs commence when intending agents submit their applications and proposals to the Service based on advertisements made online and in some national dailies. Some of the requirements for engaging Tax Audit Monitoring Agents include the following:

- i. Qualification as tax auditor;
- ii. Number and qualification of directors or partners;
- iii. Number of ICAN/CITN qualified staff;
- iv. Ability to meet set targets;
- v. Experience in TAMA operations; etc.

Upon expiration of the deadline for submission of applications, the website is closed and proposals are thereafter vetted by competent staff of the Service and submitted alongside recommendations to the Executive Chairman. The agents are engaged based on their qualifications, professional experience and competence, staff strength as well as knowledge of the terrain they are going to work in. Having satisfied the requirements for the job, a letter of engagement which clearly states the terms of engagement and other details is issued to qualified agents. An acceptance letter is submitted by the agents to

the Service if they are in agreement with the terms and conditions of engagement. TAMAs' engagement can be renewed if they are able to satisfy the conditions for reengagement by the Service.

### Audit Activities by TAMAs

Upon engagement, Tax Audit Monitoring Agents are assigned to companies (at least one agent to five companies) where they are to carry out thorough and substantive tax audit exercise. Notification letters are sent to the companies to introduce the agents as well as indicate details of their job. A checklist of documents required from the company is also presented to them. Some staff of KW-IRS are selected to work with TAMAs as schedule officers.

However, TAMAs are often confronted with three likely scenarios: some companies accept the notification letters and allow TAMAs do their job, some reschedule and fix a more appropriate time while some others turn down TAMAs outright. In cases where they are turned down, it behoves on the Service to make the organisations realise the implication of their action because according to Section 47 and 56 (5) of the Personal Income Tax Act (PITA) 2011 as amended, the Service as a tax authority has the right to call for books and documents of a taxpayer for the purpose of audit. However, if these companies still refuse to be audited for assessment, Best of Judgment (BOJ) assessment is raised on them in pursuance of Section 54 (3) of PITA (2011 as amended).

A tax audit exercise is to be concluded within ninety (90) days during which TAMAs are expected to have submitted their reports. Appropriate assessments are raised for the taxpayers based on the reports submitted.

### Impact of TAMAs' Activities on Revenue Generation by KW-IRS

Presently, there are forty (40) Tax Audit Monitoring Agents engaged by KW-IRS and about two hundred and seventeen (217) corporate organisations were audited in 2016 with the help of these tax audit agents. Thanks to the tax audit and investigation exercise executed by TAMAs, it has been easier to locate a lot of corporate organisations in Kwara State, determine their tax liability and raise assessments on them accordingly. However, due to the fact that this is the first time the Service would be engaging the services of TAMAs, it suffices to say that there was little impact of the activities of TAMAs on the revenue generated for the State in 2016. Moreover, in cases whereby revenue generated is not based on the activities of TAMAs but on BOJ assessment or involving legal action, TAMAs cannot be said to have contributed to revenue generation.



### Appraisal and Remuneration of TAMAs

TAMAs are appraised every six months based on their performance and can be disengaged on the basis of non-performance. They are paid commission of up to 10% of the revenue the Service is able to collect through their tax audit activities. However, commission paid to TAMAs is reduced to 5% in cases whereby assessment was carried out on taxpayers based on Best of Judgment (BOJ) or when legal action was involved to ensure compliance.

### Delisting and Disengagement of TAMAs

Strict penalties which involve delisting or disengagement may be carried out on TAMAs on the grounds of incompetence and misconduct including compromise in the course of tax audit exercise, inability to meet the deadline set by the Service (i.e. the 90-day cycle), among others.

### Conclusion

The importance of Tax Audit Monitoring Agents (TAMAs) in the revenue generation process of KW-IRS cannot be overemphasised as tax audit and investigation are the major tools through which tax authorities can properly review the tax records of taxpayers in order to establish the accuracy of tax returns filed and that the correct taxes are paid in line with the relevant tax laws.

However, one major challenge of tax audit exercises generally is the inability of some tax auditors to conclude the exercise in good time. Protracted and inconclusive tax audit leads to a waste of time, resources and loss of revenue that should have been generated from the exercise. Thankfully, KW-IRS has been able to curtail this occurrence by indicating in the letters of engagement of TAMAs the penalties for unnecessarily prolonged tax audit exercises which may involve withdrawal of the agent's engagement.

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[www.kw-irs.com](http://www.kw-irs.com)

# NO HIDING PLACE

## Pay your Tax

Hiding or evading taxes is not a solution.  
Support the Government by paying your taxes  
for conducive business and working environment.



**KW-IRS**  
KWARA STATE INTERNAL REVENUE SERVICE

PLAY YOUR PART  
PAY YOUR  
**TAX**





# PRODUCTIVITY IS LIMITLESS IN KW-IRS AS WE MAINTAIN STEADFASTNESS

- Dr. Muritala Awodun

Bolaji Abdullahi



**T**he June 2017 Field Feedback Training witnessed health sensitisation by Royal Exchange Health Care Limited who introduced its Health Insurance Scheme packages, as well as a Customer Relationship Management Training by the London Corporate Advantage Consulting LCAC, anchored by Dr Abdulhakeem Ajonbadi, the Manager of the Institute.

The customer service training focused on areas such as who our Customers are, types of customers; be it Internal or External, Effective Communications with customers, Attitude Check, Customer Treatment, Skills as a Customer Service Officer, Communication Equation i.e (what you hear, what you see and what you feel), the Knowledge of how to deal with difficult Customer



Dr Muritala Awodun, Executive Chairman, KWIRS



Asst. Director, Ministries, Departments and Agencies  
Mrs Omolara Ojulari



Dr. Hakeem Ajonbadi - Guest Speaker



Director, Property Tax, Alhaja Iyabo Abubakar



Cross section of staff at the field feed back



Cross section of staff at the field feed back



Cross section of staff at the field feed back



Behaviours, Other types of customers who are categorised in different levels such as; (The Talkative, The Angry Customer, The Know It All, The Indecisive and The Suspicious Customers) etc.

The steps in developing a customer relationship management strategy were also analysed at the training session. The essence of the training session was to motivate all staff of the Service to strengthen their value and character so as to thrive in their endeavours to moving the organization to where it is envisioned to be.

In his remarks, the Executive Chairman KW-IRS Dr Awodun, said; “as a role player in Kwara State Internal Revenue Service KW-IRS, we must pinpoint the lacking areas that could impede our activities, phase out our challenges and accomplish our earmarked budgets for the year. That will strengthen our will and enthusiasm towards realising the tasks entrusted to us as a people who control the revenue ship in the state”.

Dr Awodun evaluated the performances of all the Revenue collecting Directorates for the month and expressed that the outcome was not satisfactory enough compared to the previous months. He urged Directorates to identify where the loopholes are and discourage lackadaisical approach to executing their tasks if they have to meet their targets in the last six months in 2017. He however charged the non-revenue collecting Directorates to provide necessary supports to the collecting directorates in terms of logistics and every other area where support is needed for them to be able to carry out their functions appropriately.

The Executive Chairman informed all staff about the restructuring of Directorates that took effect July 1<sup>st</sup> 2017 where the Directorates were reduced from Nine to Seven which are; Directorate of Admin & Operations Headed by Mrs Adenike Babajamu, Directorate of Tax Assessment & Audit headed by Mr Lekan Rotimi, Directorate of Property Tax headed by Alhaja Iyabo Abubakar, Directorate of High Net-Worth Individuals & Corporate Organizations headed by Olaide Nuhu Muhammad, Directorate of Informal Sector headed by Mr Segun Olaniyi, Directorate of Legal & Enforcement headed by Lateef Okandeji Esq, Mrs Omolara Ojulari the head of the Ministries Departments and Agencies. There are Four Departments namely; Corporate Affairs headed by Habibah Aiyelabegan, Accounts & Finance Department is headed by Mr Rufai Muhammad Kabir, Mr Godfrey Ojerheghan is the head of Research & Intelligence, Internal Audit Department headed by Audu Muhammad.

The monthly accolade given to outstanding Directorates and Staff was not ignored in the Month of June 2017, as Mrs Adenike Oyeleke won the Staff of the Month of June 2017 Award and the Directorate of Legal & Enforcement was named the Directorate of the Month of June 2017.

### KWIRS Staff at the Field Feed Back







Cross section of staff at the field feed back



Cross section of staff at the field feed back



Cross section of staff at the field feed back




The Executive Chairman with the Directorate of Legal and Enforcement

# WAY OUT OF ENFORCEMENT STRESS FOR TAXPAYERS

Adewumi Oyinade Adeleye

“ **Tax enforcement** activities are hence those activities which are taken by tax authorities to enforce taxpayers who fail to perform their tax obligations. This is also applicable to withholding tax agents who are yet to comply with their withholding obligations to the government. ”

## INTRODUCTION

 ne spectacular activity at Kwara State Internal Revenue Service (KW-IRS) in the last two months has been the enforcement activities in various directorates of the Service. This activity has presented different challenges and issues for those directly involved, especially those in the informal sector.

This article examines what tax enforcement activities are, their effects, whether they can be avoided and how the tax payer can save himself from the embarrassment that come with these activities.

### WHAT ARE ENFORCEMENT ACTIVITIES?

When we hear the word “enforcement”, what comes to the mind instantly is a forceful implementation of a rule or activity. The most common example will be the enforcement of laws through law enforcement agents.

Not far-fetched, enforcement according to the Black's Law Dictionary, “*is the process of ensuring compliance with laws, regulations, rules, standards, or social norms*”. Enforcement is applicable in different sections and areas or activities. At the home front, getting a child to forcefully obey instructions is a form of enforcement. In taxation, there are enforcement activities which ensure that the guiding rules and policies of taxation are adhered to.

Tax enforcement activities are hence those activities which are taken by tax authorities to enforce taxpayers who fail to perform their tax obligations. This is also applicable to

withholding tax agents who are yet to comply with their withholding obligations to the government.

Since November 2016, KW-IRS has embarked on serious enforcement activities throughout the State. This is sequel to various persuasion strategies which had been employed by the Service to enhance tax compliance thus leading to availability of funds for the strategic development of the State. These enforcement activities cut across the informal sector (markets, artisans, and microbusinesses); road taxes (vehicle registration and renewal); hotels and tourism (registration and renewal), etc. The Service has further put in place various mechanisms to enforce tax policies and is constantly improving its strategies to ensure tax compliance in the State.

### WHAT ARE THE EFFECTS OF ENFORCEMENT?

It is worth noting that taxpayers who have been affected by enforcement activities at KW-IRS have unpalatable stories to tell. These include:

- i. Having their shops locked up thereby hindering them from conducting economic activities.
- ii. Spending hours at the tax office waiting to pay under duress
- iii. Paying penalties for not complying, etc.

To the tax authority, KW-IRS in this case, enforcement activities increase the costs of collecting revenue for the State, which at the end of the day, may not be commensurate with all the efforts and financial commitments invested into the activities.

## WHO ARE THOSE THAT CAN BE ENFORCED?

As mentioned earlier, enforcement actions are taken on citizens who are tax liable but have failed to meet their liabilities as and when due. This action is what is called tax evasion, which is punishable by law. Who are those who can be enforced?

Those liable to pay the following taxes and levies collectible by KW-IRS:

- i. Personal Income Tax in respect of :
  - Pay-As-You-Earn (PAYE); and
  - Direct Assessment
- ii. Pools betting and lotteries, gaming and casino taxes.
- iii. Capital gains tax (individuals only).
- iv. Road taxes and other taxes (Stamp Duties)
- v. Market taxes and levies where State finance is involved.
- vi. Business premises registration and renewal fees in respect of:
  - Urban areas as defined by the State.
  - Rural areas
- vii. Withholding tax for individuals only.
  - Dividend, interest & Rent
  - Royalties
  - Commissions, Consultancy,
  - Technical & Management
  - Construction
  - Contract of Supplies
  - Director' Fees
- viii. Land Charge and Tenement rates

In actual sense, enforcement activities on all the above can be prevented through voluntary compliance. Tax payers do not need to wait until their shops are locked or sealed or vehicle impounded before fulfilling their civic responsibilities.

Tax evasion is criminal, more so in this age of advanced technology, there is virtually no place of hiding for tax evaders. The only known way for a taxpayer to avoid being enforced is through compliance.

## WHY MUST KW-IRS ENFORCE TAX PAYMENT?

KW-IRS' vision is to mobilise revenue for the strategic development of Kwara State and it seeks to achieve this by "stimulating voluntary compliance". This is key to achieving this vision.

It is worth noting that tax enforcement activities contradict the mandate of the service which is to stimulate voluntary compliance. The Law however mandates that tax must be paid whether or not it is through voluntary compliance, hence enforcement. This is because of the cunningness of the taxpayers in keeping what is due to the government or not paying their complete tax due to the tax authority (Tanko, 2017). The

Service only uses this mechanism as a last resort after all other avenues have been explored without success.

The informal sector, for instance, is presently witnessing aggressive enforcement activities. These commenced in the month of June 2017. Other areas that are active with enforcement activities include road taxes, hotels and tourism. This implies the existence of a very high incidence of non-compliance in the State. .

## ARE THERE LAWS BACKING UP ENFORCEMENT, ESPECIALLY AT KW-IRS?

According to Tanko (2017), tax enforcement activities are backed up by the Personal Income Tax Act as amended section 104 subsection 1. The Personal Income Tax Act 2011 (amended) states:

*Without prejudice to any other power conferred on the relevant tax authority for the enforcement of payment of tax due from a taxable person that has been properly served with an assessment which has become final and conclusive and a demand notice has been served upon the person in accordance with the provisions of this part of this Act, or has been served upon the taxable person, then, if payment of tax is not made within the time specified by the demand notice, the relevant tax authority may, in the prescribed form, for the purpose of enforcing payment of tax due-*

- (a) Distrain (to seize by distress) the taxpayer by his goods, other chattels, bonds or other securities; or
- (b) Distrain upon any land, premises or places in respect of which the taxpayer is the owner and, subject to the following provisions of this section, recover the amount of tax due by sale of anything so distrained.

For withholding tax, Withholding Tax (WHT) is not a distinct tax type and therefore has no legislation of its own. It is only a mechanism for the collection of other taxes. As a result, its application is provided for in the enabling law of other tax types i.e. Section 81 of Company Income Tax Act, Section 54 of Petroleum Profit Tax Act, Section 73 of Personal Income Tax Act and Section 13 of Value Added Tax (VAT) Act.

## TAXPAYERS' WAY OUT OF ENFORCEMENT STRESS

There is a lot a taxpayer can do to avoid all the stress and embarrassment that come with tax enforcement activities:

### 1. INFORMATION GATHERING

It is of utmost importance for the taxpayer to be well informed on his tax obligations. Hence questions must be asked from the correct sources.

### 2. TAX PLANNING

Tax planning allows the taxpayer to plan his business and financial operations in order to bring to the barest minimum his tax liability. Effective tax planning strategies are founded on sound financial record keeping of income and expenditure. However, the process may require the



“Taxpayers can work towards performing the civic responsibilities without much ado. Tax planning ahead of the tax season with voluntary and full declaration of all unpaid taxes will go a long way in saving the taxpayer further embarrassment”

service of an expert. When tax liabilities are planned ahead, the taxpayer already knows what his tax payable is. The tax payer also has the opportunity of enjoying deductions, deferment and postponement of the payment of some tax liabilities. It takes adequate planning to identify these.

### 3. VAIDS PROGRAMME

VAIDS is an acronym for Voluntary Assets and Income Declaration Scheme. It is a tax amnesty programme launched by the acting President, Professor. Yemi Osinbajo in June 2017. This is a programme put in place for citizens to fully and honestly declare all unpaid taxes. This programme gives the taxpayer the opportunity to enjoy “no interest on overdue taxes”, “no penalties”, “no prosecution for taxes offences” and “no audit investigation” within the given grace period, i.e. July 1<sup>st</sup>, 2017 to March 31<sup>st</sup> 2018.

### CONCLUSION

To sum it up, a taxpayer can save himself the stress of enforcement activities. Voluntary compliance is the keyword. Voluntary compliance is money saving, time

saving, and energy saving. Taxpayers can work towards performing the civic responsibilities without much ado. Tax planning ahead of the tax season with voluntary and full declaration of all unpaid taxes will go a long way in saving the taxpayer further embarrassment, while also saving KW-IRS all the expenses attached to the enforcement activities.

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## NIGERIA'S ECONOMIC RECOVERY:

### *Boost in revenue generation*

**T**he National Bureau of Statistics recently declared in the second quarter of 2017, the nation's Gross Domestic Product (GDP) grew by 0.55% (year-on-year) in real terms, indicating the emergence of the economy from recession after five consecutive quarters of contraction since the first quarter of 2016.

This has however brought succour to Nigerians especially those entrepreneurs that faced difficulties to thrive in their businesses.

The economic recession which started early 2016 has caused privation and collapse of businesses with causes emanating from low government expenditure due to reduced allocations to the state and local government giving the dwindling and then crash in the oil revenue. The government being the highest spender in the country having been faced with these challenges had a negative impact on the economy. Understandably, when money is not circulating as expected, there will be low purchasing power of consumers. Consumption when there's low income means purchases will be skewed towards necessity commodities more than luxury, thus leaving other economic sectors of the economy such as manufacturing, banking, tourism etc. to lag behind.

When companies fold up or where there's no or low business transactions in the economy, many enterprises will no doubt experience low turnover and/or lay off workers as the case maybe. This then results in reduced wealth, income and sources of income and as such reduce revenues/taxes to be collected.

The Kwara State Internal Revenue Service (KW-IRS) came into being by law in June but in reality in October 2015 (with the appointment of the management team) when the economy was already deteriorating and revenue mobilisation seemed like mission impossible. It was not a question of whether it was the right time to generate revenue or not, in fact any time later than the coming to being of KW-IRS would have been suicidal for Kwara State. What we did was to strategically position ourselves

towards realizing our set target during the year. Although the set target was not fully realized, with only 69% of the IGR Budget Estimates for the year accomplished. This was not unexpectedly, with challenging factors including the economic recession in the country.

Now that the recession is over, it is impending that business activities will thrive and it is expected that residents of Kwara will be more receptive towards the Service and comply voluntarily. It is also expected for KW-IRS to improve our collections. However, the effect of revenue on economy recovery is not immediate but gradual. As a revenue agency, strategies, both human resource and technology will be put together to take advantage of the period that has been long awaited for.

Therefore, it is important to note that paying taxes as at when due will enable the government to stand to its responsibility in prompt payment of salaries, create jobs, provide infrastructures and enabling environment for businesses when all these are put in place. It will also provide an avenue for the people to demand from the Government accountability for taxpayers' money.

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*When companies fold up or where there's no or low business transactions in the economy, many enterprises will no doubt experience low turnover and/or lay off workers as the case maybe. This then results in reduced wealth, income and sources of income and as such reduce revenues/taxes to be collected.*

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**Muritala Awodun, PhD**  
Executive Chairman, KW-IRS

# PROFESSOR NURU SAKA

*Professor of Veterinary Medicine*

**A Tax Compliant Citizen**

## **EDUCATIONAL BACKGROUND OF PROFESSOR NURU SAKA**

Professor Nuru Saka was born on 16<sup>th</sup> February, 1936 in Ilorin West, Kwara State. Between 1951 and 1956, he attended Government Secondary School (Barewa College), Zaria before proceeding to Bath Technical College, United Kingdom. He attended Bristol University, United Kingdom where he obtained the Member of Royal College of Veterinary Surgeons (M.R.S.V.S) in 1964. He attended the Kansas State University, U.S.A from 1970 to 1971. He proceeded to University of California, Davis, U.S.A where he obtained Masters of Preventive Veterinary Medicine (M.P.V.M) in 1972. He is a holder of Doctor of Philosophy from A.B.U Zaria, Nigeria.



## **WORK EXPERIENCE OF PROFESSOR NURU SAKA**

Professor Nuru Saka started his working experience as a Provincial Veterinary Clinician in charge of all Clinical activities of Veterinary Clinic in Kano and Maiduguri. He was a Provincial Veterinary Officer, In charge of Bauchi Province for Veterinary Technical Duties, Financial Control and Staff Management. In 1967, he was posted to Kaduna as a Principal, Livestock Services Training Centre. Professor Nuru rose through the ranks and in 1970 to 1972; he became a Postgraduate Scholar in Kansas State University. He was the Senior Lecturer in the Faculty of Veterinary Medicine, Ahmadu Bello University, Zaria.

In 1974 he served as the acting Head of department of Veterinary Public Health, Faculty of Veterinary Medicine, Ahmadu Bello University. He was the Deputy Director (Livestock Research), Institute for Agricultural Research, Ahmadu Bello University. In 1975, Professor Nuru was promoted to Professor of Veterinary Medicine. In July 1976 to 1991 he served as the Director, National Animal Production Research Institute (NAPRI), Ahmadu Bello University. In December 1976 to 1991 he became the Provost for Agricultural and Veterinary Medicine in Ahmadu Bello University. Professor Nuru became the Deputy Vice Chancellor (Administration) Ahmadu Bello University.

## **HONOURS AND RECOGNITIONS RECEIVED BY PROFESSOR NURU SAKA**

Professor Nuru Saka was awarded Barden Jama'a, Samaru, Zaria and Boba – gunwa of Ikoyi Ile, Ikoyi. He was given the Recognition Award for Development of Livestock Industry in Nigeria by Pfizer Products Plc. in 1995.

Foundation Fellow of College of Veterinary Surgeons Nigeria (FCVSN). Professor Nuru is a Fellow of Nigerian Society for Animal Production (FNSAP) and Fellow of Institute of Administrative Management of Nigeria (FIAMN). He was also appointed as the President of Nigerian Veterinary Medical Association 1975- 1977.

Professor Nuru was the President of Rotary Club of Zaria 1979 to 1985. He is a member of the Nigerian Institute of Management (MNIM) and a member of New York Academy of Science, New York 1978 to 1991. He received the Senior Professional and Technical Officers Award for Advanced Administrative Studies, Manchester University, U.K.

## **ADMINISTRATIVE EXPERIENCE OF PROFESSOR NURU SAKA**

Professor Nuru Saka was the Chairman of Presidential Visitation Panel to the Federal University of Technology, Akure in 2016. In 2010, he was a member of the NUC Accreditation of the Faculty of Veterinary Medicine, University of Abuja. The energetic and visionary leader was a member of the Presidential Visitation Panel to the University of Port Harcourt.

Professor Nuru was appointed as Chairman Plan Implementation Committee on Kwara State College of Technology in May 2003. He was appointed as a Specialist Advisory Consultant to P.T.F on Food Supply Programme from 1997 to 1999, he is also a member of Federal Ministry of Science and Technology, University Grant Research Committee from 1986 to 1991. The



Philanthropist is a member of the National Consultative Committee on Industrial Research and Development from 1986 to 1991. In 1987 he became a member of Task Force on Social / Economic Development of Kwara State, he was a member of Kwara State College of Technology Council for 3 years. He was a member of the Establishing Committee, Niger River Basin Development Authority in 1987, he was a member of Kwara State Planning Committee for 3 years.

He became a member of National Livestock Development Committee from 1975 to 1991, he was a member of Drug and Cosmetic Committee of the Food and Drug Advisory Committee of the Federal Ministry of Health from 1978 to 1979. In 1986 he became the Chairman Committee of Directors of Research and Rural Development Authority, he was the Chairman Lower Niger River Basin and Rural Development Authority from 1985 to 1986.

#### **COMMUNITY SERVICE CARRIED OUT BY PROFESSOR NURU SAKA**

Professor Nuru Saka is the patron Nigerian Society for Immunology from 1988 till date, he is also the patron Genetic Society of Nigerian from 1978 till the current year of 2017. He is the current patron of Ansar Islam Society of Nigeria, Zaria Branch from 1988, in 1987 he was honoured as the patron Ilorin Development Progressive Union (IDPU), Zaria branch till date. Professor Nuru is the Patron Ilorin Students Union, Ahmadu Bello University Branch from 1987 till date. He was appointed as a District 912 Chairman of Rotary Foundation from 1990 to 1991, also from 1988 to 1989 he was a District Chairman of Vocational Service of the Rotary International District 912. He also served as the President Rotary Club of Zaria for over 6 years.

He was the Vice Chairman Friends of Leprosy Centre, Zari in 1985. Professor Nuru was a Patron of both Ahmadu Bello University Football Club in 1986 to 1990 and the Nigerian Association of Veterinary Medical Students from 1986 to 1991, he was the Police Superintendent in charge of Zaria Special Constabulary. In 1977 he became the Chairman of Parent/ Teacher Association L.E.A School, Samaru. He became the Zonal Chairman of PCRC, Kaduna State from 2008 till date, he was the Chairman Police Community Relations Committee, Samaru from 2002 to 2008.

Over the years Professor Nuru Saka is known to be a tax compliant indigene of Kwara State. He voluntarily came to the Revenue House to request for Land Charge due to him and paid before the due date. He deserves this great recognition for the value he has added to Kwara State Internal Revenue Service KW-IRS.

*Over the years Professor Nuru Saka is known to be a tax compliant citizen of Kwara State. He voluntarily came to the Revenue House to request for Land Charge due to him and paid before the due date. He deserves this great recognition for the value he has added to Kwara State Internal Revenue Service KW-IRS.*



# SIMPLE TIPS TO GET RID OF DANDRUFF PERMANENTLY

Fareedah Abdulwahab



a bowl of apple cider vinegar in a bowl and apply the paste to your scalp. Leave it as it is for about 10 minutes, or until the scalp starts to itch. Wash your hair with water.

**3. Tea Tree Oil:** All anti-acne and anti-fungal medications boast of tea tree oil due to its exceptional power to fight fungal and bacterial infections. Add a drop or two of tea tree oil to your shampoo and wash normally and notice the results sitting in the comfort of your home.

**4. Orange Peel:** The orange peel has acidic properties that help reduce excess oil and condition the scalp. This eventually helps treat dandruff. Orange peel is another dandruff remedy that can be tried at home. Throw an orange peel in a food processor and squeeze in some lemon juice too. Grind all the ingredients into a paste. Apply this paste on your scalp and let it sit for 30 minutes before washing it off with a mild shampoo.

Remember, all these remedies need to be applied at least thrice a week for best results; continue to do so till you see the difference. Aren't you pleased that you're now empowered to do your own dandruff cure at home.

## Reference

Jung, Alyssa How to Get Rid of Dandruff: 11 Natural Treatments Available at <http://www.rd.com/health/beauty/dandruff-natural-treatment/> last accessed on 22 August, 2017.

Biswas, Deblina Ten Solid Ways of Getting Rid of Dandruff Naturally Available at <http://www.thefitindian.com/10-solid-ways-to-get-rid-of-dandruff-naturally/> last accessed on 22 August, 2017.

**Venkat, Nithya** what is dandruff? How to treat dandruff? Available at <https://hubpages.com/health/What-is-Dandruff-How-to-Treat-Dandruff/> last accessed on 22 August, 2017.

**D**andruff, also known as *seborrheic dermatitis* is a common scalp disorder. It can occur due to dry skin, irritated oily skin, growth of bacteria and fungus on the scalp, inflammatory skin conditions etc. It causes itchiness along with excessive formation of dry skin flakes on the scalp. The most humiliating thing that could happen when you're dressed up for an interview or a party, is an all-consuming need to scratch an itchy scalp and also know that a pour of white bits would follow, onto that beautiful dress and laid bare for all to see. Dandruff is a medical problem that has managed to unite over half the adult population across the world beyond gender, age and race.

One of the major causes of dandruff is oiling hair and keeping it for long, applying oil to a dry, itchy scalp may sound like heaven but may only worsen your dandruff condition, especially when you let it sit on your scalp for long period of time. Poor hair brushing and shampooing habits, dry skin, stress and improper diets, will make your scalp more prone to dandruff. The first step to getting rid of dandruff is understanding where it comes from. The cause of dandruff has been connected to a build-up of *Malassezia* on the scalp. *Malassezia* is a yeast-like fungus that grows in oily areas of the scalp.

Now that you're aware of the causes, it's time to fight dandruff.

**1. Egg Yolks:** Biotin is one of those vitamins that can help treat dandruff. Egg yolks, being great sources of biotin, can be a great remedy in this case. They also condition your hair and make it healthier. In the morning, while taking a bath Mix the 1-2 egg yolks of the eggs in a bowl. Ensure your hair is dry. Then, apply the yolk to the scalp. Once done, cover your hair with a plastic bag and keep it on for about an hour. Wash your hair thoroughly with a good shampoo. You might need to wash your hair twice to remove the odour.

**2. Wash with Baking Soda:** Baking soda is just an all-around useful thing to have in the house. It plays a large part in a lot of natural home remedies, and for good reason-it usually works. It helps to remove dandruff for a number of reasons. First, it mildly exfoliates, which gets rid of the excess dead skin. It's also kills off acts as a fungicide, and a common fungus that occurs on everyone's scalp can cause dandruff if it becomes overly abundant. In addition, its tiny particles can be useful in actually removing those loose flakes stuck in your hair-instead of just breaking the pieces of skin up into smaller pieces. In the morning, before taking a bath mix 3 tablespoons fresh lemon juice, 3 tablespoons baking soda and

# CROSSWORD PUZZLE

By: Fatimah Jaji

## TAX TERMINOLOGIES

S	Y	L	S	X	W	X	T	S	P	M	Z	D	R
E	B	T	Z	E	A	Q	N	A	E	J	E	R	N
X	S	B	A	T	X	O	G	L	X	X	X	V	W
A	P	I	N	X	X	A	Y	T	P	I	Y	M	V
T	B	O	X	A	O	X	T	I	A	E	T	T	L
O	N	X	T	A	A	N	T	O	P	X	A	E	P
E	T	B	L	T	T	A	O	I	L	X	E	A	K
G	U	D	E	Q	X	O	S	M	I	L	R	M	B
S	E	M	X	I	X	T	L	D	I	A	Y	E	E
N	U	T	A	A	A	A	E	L	T	C	T	H	Y
O	T	L	A	X	T	R	T	A	Y	A	L	X	P
X	A	B	I	X	M	E	X	N	X	H	A	G	D
A	X	S	L	I	U	I	R	E	Y	T	P	Z	G
T	Y	D	C	Q	S	S	D	N	A	S	R	L	W

EPITAXIAL  
EPISTAXIS  
BETAXED  
ATAXY  
GEOTAXES  
EUTAXY  
NONTAX

METAXYLEM  
PARATAXIS  
PHYLLOTAXIS  
PHYLLOTAXES  
RETAX  
SUBTAXONS  
SYNTAX

TAXEME

Send your solutions, your name and phone number via email to [press@kw-irs.com](mailto:press@kw-irs.com) with the subject: Puzzle Solution to Volume 3 Issue 20

## Solution to Kwareve News Issue 19 Crossword Puzzle

I	B	B	Y	N	O	M	I	L	A	R	E	P	S
I	X	H	A	P	E	R	A	F	L	E	W	R	T
R	T	E	S	O	G	A	T	N	O	C	S	E	R
I	T	P	P	O	U	C	T	I	P	D	S	M	A
O	A	O	R	P	U	R	T	C	N	U	T	I	D
L	E	A	A	W	E	E	A	B	I	O	O	U	D
N	X	X	S	I	T	U	S	T	E	C	M	L	
R	G	B	E	I	B	O	R	I	E	D	K	R	E
O	M	C	O	M	P	E	N	S	A	T	I	O	N
X	E	G	N	E	T	W	O	R	T	H	O	T	D
Y	R	S	A	E	X	P	A	T	R	I	A	T	E
R	G	M	G	L	C	O	N	D	U	I	T	L	O
A	E	R	A	O	D	E	B	E	N	T	U	R	E
A	R	T	R	U	S	T	E	E	A	S	D	P	K

SITUS

LAPSE  
EXPATRIATE  
ALIMONY  
STOCK  
COMPENSATION  
CONTAGO  
CONDUIT  
NETWORTH  
DEBENTURE  
LIBOR  
MERGER  
STRADDLE  
PROXY  
TRUSTEE  
PREMIUM  
GAAP  
WELFARE



## OGUNDELE ABIODUN SAMSON



**Ogundele Abiodun Samson** a staff of the Directorate of Admin and Operations has been nominated as deserving the hall of fame spotlight for the month of July, 2017. Abiodun is a driver in the Logistics Unit within the Directorate. He is of a kind when it comes to the discharge of his duties.

He displays good and persevering attitude to staff, he is hardworking, committed, dedicated, and most importantly he enjoys what he does.

The entire Kwareve Team congratulates you.

**Taxpedia**

Abdulwahab Fareedah

## Taxpayer Identification Number (TIN)

TIN is an abbreviation for Tax Identification Number. Taxpayer Identification Number is a unique number allocated and issued to identify a person (individual or Company) as a duly registered taxpayer in Nigeria.

Registration for tax purposes is a legal obligation of every person who is required to pay tax in Nigeria. The law stipulates that upon incorporation every company is to register for tax purposes. A TIN is also mandatory for obtaining a tax clearance certificate, Accessing government loans, Accessing Forex, Applying for trade licenses & Import and export licenses.

At Nigerian Company Formation we can register all the business or company employees with the relevant Inland Revenue Service, process P.A.Y.E registration, filing of employees tax payment and processing of individual (each employee) Tax Clearance Certificate. Taxpayer Identification Number (TIN) is valid for 10 years.

### References

Somarin, Teju (2015) A Concise Review of Different Tax Types, Chartered Institute of Taxation Nigeria. (CITN), CITN – TEJU TAX No2



# THE GOVERNMENT AND THE TAX PAYERS

'Lekan Rotimi & Bolaji Abdullahi

**I**t is apparent that governance and its components does not function solely without genuine reference to the law. These enacted laws are deflated to various capacities of governance in a state such as Laws referring to infrastructural development of the state.

Referring to infrastructural development of a state requires an act or law that caters for the infrastructural development need of the people where the government fix appropriately infrastructure that is suitable for an environment, what and where. Should the government be able to achieve that, it would fulfil a reasonable portion of the infrastructural need of the people.

The Laws in charge of the administration of environmental activities of a state are imperative to guide the government through organizing and creating system that allows for smooth environmental administration. This in return give rise to professional institutions with the knowhow on how to run the



environmental affairs of a State. If there are tangible infrastructural development in the State, environmental activities will thrive as though the two espouse one another.

Laws in charge of security as well as Laws that binds commercial activities of the State with economic activities. Commercial and economic activities of a state are the bedrock which the hope of the development of a state rely upon. No nation can survive with an epileptic economic and commercial activities because they are two major institutions that determines how far a state will go in terms of development and gratifies the appetite of financial status of a state.

The government in its wisdom put in place basic needs for the people, doing so, it expects in return contribution by the people in the State to further develop in terms of performing their civic rights such as payments of taxes and levies. In June 22, 2015, Kwara State Government signed into law the Kwara State Revenue Administration Law, 2015 (Law No 6 of 2015) thus creating Kwara State Internal Revenue Service (KW-IRS). As established by this Law, KW-IRS becomes the sole entity responsible for the effective and efficient administration of tax and related matters on behalf of the Kwara State Government.

It is an organisation given the autonomy to operate in full capacity of revenue generation. As a revenue

“ *Commercial and economic activities of a state are the bedrock which the hope of the development of a state rely upon. No nation can survive with an epileptic economic and commercial activities because they are two major institutions that determines how far a state will go in terms of development and gratifies the appetite of financial status of a state.* ”

generating entity, one of the basic responsibilities it addresses ab initio is to assess a tax payer based on the information provided by the taxpayer. In a situation where a taxpayer feels he or she is wrongly adjudged with the information provided, such taxpayer has the right of objection to assessment raised on him. Unilaterally, revenue laws are created differently by states as it relates to their environment. Some revenue collections are not peculiar to one another as there are some taxes that are not collectible in some states while some are collectible for some and some are collectible by all.

Taxation however, is a generic social characteristics of a nation or state that must be carefully explored to foster development. Taxation in a broad sense has its attributes which bring together the government, tax authority that administer taxation on behalf of the government and the taxpayers. Attributes such as basic principles of fairness, convenience and human face are what the taxpayers leverage on when dealing with the government. It is a bait that brings them closer to the government. There are significant roles expected to be discharged by the government to the people or taxpayers as the case may be which is the provision of basic needs to the people, while that of the taxpayers to the government is to accept irrespective of the situation that it is a must to discharge their civic responsibilities to the government, such as payment of taxes and levies.

Should the taxpayers exercise their civic responsibilities voluntarily without being coerced to do so, the Government is obliged to responsibly provide infrastructure for the need of the people. The Government should be conscious enough to know and provide what the people need and not what the government feel to do. Over the years in Nigeria, the Government has paid so much attention to the oil revenue and abandoned the non-oil revenue such as tax, this consequently has made the people or taxpayer jettison their civic responsibility.

Because substantial part of funds required to funding Government infrastructure does not resonate with the taxpayers, Government at all levels only provides what it 'deems fit' and perhaps not what the people actually need. This has eroded the confidence of the taxpayers in the Government. The above has led to distrust between the Government and the governed. The economic reality demands that both the Government and the people rekindle their trust while the governed is expected to pay appropriate taxes and levies. Thus this brings balance in social responsibility of the

government to the people as well as maintain social justice between them. But in a situation where the government misplace priorities, it makes reoccurring instability inevitable.

By default, the people will demand explanation from the government what it does with proceeds of taxes and levies collected thus demanding for accountability. If the government were able to account for stewardship of its affairs it makes the work of tax authorities like Kwara State Internal Revenue Service KW-IRS easier, and it engender voluntary compliance by the taxpayers.

*Should the taxpayers exercise their civic responsibilities voluntarily without being coerced to do so, the government is obliged to responsibly provide infrastructure for the need of the people. The government should be conscious enough to know and provide what the people need and not what the government feel to do.*



**'Lekan Rotimi** is the Director, Tax Assessment and Audit, Kwara State Internal Revenue Service & **Bolaji Abdullahi** is a Media Correspondent and a staff of Corporate Affairs, Kwara State Internal Revenue Service



[www.kw-irs.com](http://www.kw-irs.com)

# Personal Income Tax

is mandatory for

# Artisans

## It pays to pay TAX

**Are you paying your taxes?**

Support the Government by paying your taxes  
for conducive business environment.



**KW-IRS**  
KWARA STATE INTERNAL REVENUE SERVICE

PLAY YOUR PART  
PAY YOUR  
**TAX**





# HEAR ME OUT

A column just for you! Views to air, concerns to voice, questions to ask? Let's hear you out.

Hello,  
*Please, could you enlighten me on the rendition of annual returns?*  
**ANONYMOUS**

**Hello, Anonymous**  
 All directed employers are expected to file in their annual return on or before 31<sup>st</sup> of January every year. Failure to do so after the period of notice by the tax authority attracts penalty of N500,000 on corporate organisation and N50,000 on individual.

Thank you.

.....  
 Hello,  
*I want to collect my tax clearance certificate and the information I got is not satisfactory. I was told that I have to pay some back logs.*

**Hello, Anonymous**  
 To obtain your tax clearance certificate, you must pay for 3 preceding year of the current year before it can be issued as stipulated by law.

Thank you

## ADVERT RATES

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Kindly give us your feedback on how we can serve you better.

CONTENT	<input type="text"/>
LAYOUT/DESIGN	<input type="text"/>
PRINT QUALITY	<input type="text"/>
ANY OTHER SUGGESTION	<input type="text"/>

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# KW-IRS

KWARA STATE INTERNAL REVENUE SERVICE

Hereby advise the general public to pay their taxes, levies and rates to the following **Kwara State IGR Accounts** only at any branch of the respective banks listed below

LIST OF IGR COLLECTION ACCOUNTS		
S/N	BANK NAME	ACCOUNT NUMBER
1	DIAMOND BANK	0072365510
2	ACCESS BANK	0004063946
3	ECOBANK	4822068065
4	FCMB	0897529151
5	FIDELITY BANK	5030063684
6	FIRST BANK	2029378380
7	GTB	0034886758
8	HERITAGE BANK	6003071503
9	SKYE BANK	1790106140
10	STANBIC IBTC BANK	9201637207
11	STERLING BANK	0049380670
12	UBA	1019295290
13	UNION BANK	0018799797
14	UNITY BANK	0025014446
15	WEMA BANK	0122584028
16	ZENITH BANK	1010522867
17	KEYSTONE BANK	6010010789
18	JAIZ BANK	0002241278

	BANK	ACCOUNT NAME	ACCOUNT NO
TSA ACCOUNT	GTB	KWARA STATE CENTRAL REVENUE COLLECTION ACCOUNT	0199648356

*Signed:*

**Muritala Awodun, PhD**

*Executive Chairman*

KWARA STATE INTERNAL REVENUE SERVICE

Corporate Head Office: 27 Ahmadu Bello Way, Ilorin Kwara State

Email: [info@kw-irs.com](mailto:info@kw-irs.com)

Website: [www.kw-irs.com](http://www.kw-irs.com)

Telephone: 0700MYKWIRS (07006959477)

Mobilizing Revenue for the Strategic Development of Kwara State

# PHOTO NEWS



Mrs Bolanle Awogun representing the Executive Chairman, Dr Muritala Awodun at Chapel Secondary School Graduation Ceremony



Representative of KWIRS at Landmark University Convocation Ceremony



Director, Property Tax, Alhaja Iyabo Abubakar at the event



## KWAREVE News

### Guidelines for Contributions

#### Subject Matter

Kwareve News is a monthly publication of the Kwara State Internal Revenue Service. Articles on revenue and expenditure may be accepted for publication in Kwareve News. Articles on Tax Law, Policy and Administration are especially welcome.

#### Format

- All articles sent should include the full name of the writer(s) with the first name first. A one paragraph bio-data including organisational affiliations of the writer(s) must also be included.
- All articles must be sent as an attached Word document file.
- Articles should be written in size 12 of Garamond font on a digital A4 sized paper.
- Text should have at least 1.5 line spacing.
- All pages must be paginated and fully justified.
- Where images are involved, they should be pasted within text where appropriate as well as

attached individually as .jpg or .png files. Images attached must be not less than 300 resolution and 2MB.

- Figures, tables, charts, graphs, photographs, etc must be consecutively labelled.
- Submissions must be limited to **3 pages** (including tables, charts, pictures, etc).

#### Referencing

- All contents (text, diagrams, tables, images, etc) **must not be plagiarised**.
- All contents must be properly referenced, both in-text and end of text.
- References or bibliography are acceptable.
- The required style is the APA.

#### Submission

Submissions should be sent to [press@kw-irs.com](mailto:press@kw-irs.com)



# ENFORCEMENT IN THE INFORMAL SECTOR

*Taxpayers always seek to find ways or means to throw the burden of taxes such as the Personal Income Tax (PIT) off their shoulders thereby refusing to voluntarily comply with the provisions of the relevant tax laws.*



Femi Oguntokun



Over the years, there has been a battle between defaulting taxpayers and relevant tax officials in respect of enforcement of tax payment. Taxpayers always seek to find ways or means to throw the burden of taxes such as the Personal Income Tax (PIT) off their shoulders thereby refusing to voluntarily comply with the provisions of the relevant tax laws. Most taxpayers often claim ignorance of the provision of the law, in terms of how much, where and how taxes should be paid or are unconcerned about demand notices/assessment served. Residents of Kwara State are no exception.

In the corporate world, PIT comes in form of Pay-As-You-Earn (PAYE) where as provided by the law, tax is deducted by employers who are unpaid tax agents to remit to the relevant tax authorities. This is deducted from the salaries of workers even before they are paid. In the past in Nigeria, tax has typically been complied with by mostly those in formal employment. It is however time for others to play their part towards contributing to the development of the society collectively and demand responsibility and accountability from leaders.

In the Informal Sector, taxpayers are not in formal employment and as such are to remit directly to the relevant tax authority. This implies the Kwara State Internal Revenue Service (KW-IRS) for the residents of Kwara State. Taxpayers in the Informal Sector include artisans, traders in markets & street shops and business operators. Taxes collected include PIT and trade permit among others.

KW-IRS has strived to make tax payment easy and convenient through technology, payment by instalment, and frequent reminder by the staff of Informal sector Directorate.

The Informal Sector Directorate of KW-IRS in its modus operandi has mapped the Ilorin metropolis into routes with staff assigned to the various locations to serve all the nooks and crannies of the State capital. This ensures equity in terms of coverage as well as access to service. This route ledger is used for the distribution of demand notices and the identification of relationship managers for the various locations.

To raise demand notices on taxpayers in the Informal Sector, KW-IRS staff that have been trained on assessing taxpayers visit places of business for assessment or raise for taxpayers who visit the office to voluntarily declare their assets and income. Taxpayers are required to provide receipts of payment for previous as well as current assessment periods. Taxpayers who are unable to provide evidence of having paid will be served for previously unpaid bills for the preceding year (2016) as well as the current year (2017).

The demand notices served state the number of days which is typically between 15 – 30 days as specified by law which is given to the taxpayers to pay through the use of Point of Sale (POS) handheld devices or lodgement into any Kwara State Internally Generated Revenue (IGR) account at any commercial bank. The evidence of

the transaction is then used to issue a KW-IRS receipt. Meanwhile, according to Personal Income Tax Act (PITA) 2011, as amended, taxpayers have the right to object to an assessment by writing a letter of objection within 30 days of receiving the assessment. Failure to object within the stipulated days, the taxpayer is consequently liable to pay the amount on the demand notice/notice of assessment.

After several weeks of serving demand notices, staff visit taxpayers to serve reminders and be available for any clarifications and assistance required. After the period provided for payment by voluntary compliance has elapsed, then taxpayer may be said to have defaulted thereby making penalty and interest due, as applicable, in addition to enforcement through the locking up of premises.

It should be noted that the Federal Government of Nigeria has enacted the Presumptive Tax Regulation ACT (2014) which provides rates for various businesses in classification; minimum, medium and maximum. KW-IRS however at the commencement of its operations in 2016 met with various groups including those in the Informal Sector such as markets and artisan executives and association where rates were agreed to. It is at these subsidised rates that the Service has been collecting from the taxpayers who belong to these groups. Eligibility to subsidy is however based on voluntary compliance. Thus, at the point of enforcement, taxpayers have lost the discount.

Enforcement is carried out by the Legal and Enforcement Directorate of the KW-IRS in collaboration with law enforcement agencies. When shops are locked, taxpayers are encouraged to visit the KW-IRS office to settle their bills appropriately to the Government coffers. Removing of KW-IRS seal and/or breaking of lock is prohibited. This attracts penalties and sanctions in addition to the subsidy lost as a result of waiting for enforcement.

At the visit to the tax office, taxpayers are asked for receipts of previous payments and requested to settle all outstanding bills. It should be noted that the amount due after enforcement is higher than the rate due if taxpayers voluntarily comply. The discount removed, the penalty for default, and cost of enforcement among others account for the higher rate. It thus pays to pay voluntarily.

In an interview conducted by the Corporate Affairs Department of the KW-IRS, Mr. Abdullahi Gegele, who spoke on behalf of the Director, Informal Sector, Mr Segun Olaniyi said "It is not the joy of the directorate to lock shops or seal business premises. What we want is for taxpayers to pay voluntarily. Taxpayers should recognize that tax is a responsibility by citizens and must be paid."

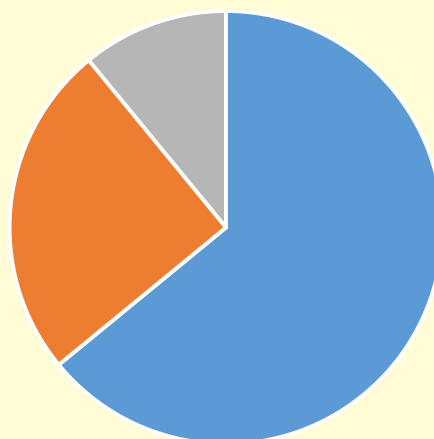
Mr Gegele added that "the only language some understand is enforcement but most of them complain of ignorance or no notification despite several visits to serve demand notices and to remind taxpayers." He stressed that voluntary tax compliance can be improved through media, publications, interpersonal communication, religious bodies and public enlightenment programmes.

According to the information acquired from the Directorate, most taxpayers are negligent to paying voluntarily and always looking for ways to evade paying their taxes. Before May the enforcement, the record of taxpayers was low but the on-going enforcement has captured over three thousand new taxpayers to the tax net in five (5) weeks. The enforcement is expected to continue till the end of the year. Please find below chart of voluntary compliance and enforcement.

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*Mr. Abdullahi Gegele, who spoke on behalf of the Director, Informal Sector, Mr Segun Olaniyi said "It is not the joy of the directorate to lock shops or seal business premises. What we want is for taxpayers to pay voluntarily. Taxpayers should recognize that tax is a responsibility by citizens and must be paid."*

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■ YET TO BE ENFORCED ■ ENFORCED ■ VOLUNTARY COMPLIANCE

# HARDWORK

## ANTIDOTE TO ECONOMIC RECESSION

– Dr. Muritala Awodun

Femi Oguntokun



Principal Manager, Mr Sunday Agbana delivering the Executive Chairman Speech



Graduating Students of Colony Model School, Jebba

**E**veryone has to struggle here in this world to conquer every hindrance on the way to success. Without working hard and just by sitting idle it will be hard for one to get success.

This was the crux of the speech delivered by the KWIRS Executive Chairman, Dr. Muritala Awodun during the fourth graduation, 8th Annual Speech and Prize Giving Ceremony of Colony Model School, Jebba in Moro Local Government of Kwara State.

In his speech the Executive Chairman identified hardwork as the only solution to the economic recession presently being faced the country, he stressed that all hands must be on deck to ensure Nigeria recovers from the lingering recession.

Dr. Awodun also said “Nigerians should recognise this hardship being presently faced as a blessing in disguise, by exploring activities that will contribute to national development, for example trading and agriculture”.

“The reality of the temporary challenges should not undermine our

ambition, reverse our hope and cause laziness, but rather it should remind us of why we need to stay together, work hard and succeed together. In the face of this and in fact the only solution to economic recession and save Nigeria is hard work; and this will bail us out of this troubled time to a season of enduring boom. I believe that if we must get rid of economic recession and its negative consequences hard work is the anti-dote” he added.

The Executive Chairman said for one to overcome economic recession, the person must be hard-working and to be



Dignitaries at the event



hard-working, one must be: focused, a risk taker, knowledgeable in ones area of specialization and holding on to divine trust. He stressed that one of the antidotes for recession is not to be lazy. Nobody will want to commit anything serious to a lazy person. A lazy person does not do enough to succeed. If the lazy must succeed, he must embrace diligence and must embrace industry. The diligent will get the upper hand but the slothful men will end in paucity.

Dr. Muritala Awodun advised graduants of the school, to be diligent, consistent in their endeavours because success does not come by a little effort but by imbining dynamic approaches, have Integrity, be a proper time manager and lastly, build good relationship with the right people that can contribute to your success. Everyone who has achieved what people call success will tell you that some persons played certain roles.

Earlier, the principal of the school, Mrs. Adetomiwa Funmilayo commended the Kwara State Internal Revenue Service for its impact towards people's life, adding that tax plays significant roles in society development.

She implores the State government to use the internally generated revenue to create employment, build hospitals and good road networks.

The event was attended by dignitaries, among them were; the Oba of Jebba, Alhaji Abdulkadri Alabi, the Judge of Kwara State Judiciary, His Lordship, Alhaji Tunde Garba, the Chief Imam of Sheik Alimi Central Mosque Jebba, Alhaji Mohammed Sanni Dan-Lami, representative of Etu Yankpa among others.

There were varieties of programmes to entertain the guests such as debate, cultural dances and drama. The programme is an annual event to give prizes to outstanding students and to educate the participants on topical issues. The event came up on the 26<sup>th</sup> of July 2016.



Principal of Colony Model School, Mrs Adetomiwa Funmilayo, making a speech



Mr Agbana presenting KWAVEVE News



Alhaji Raji Mohammed Proprietor CMS



Parents and well wishers at the occasion



Students of the school in cultural display



Students of the school entertaining guests



Mr Agbana presenting KWAVEVE News



# A SPEECH DELIVERED BY THE EXECUTIVE CHAIRMAN OF KWARA STATE INTERNAL REVENUE SERVICE, **DR. MURITALA AWODUN** ON 22<sup>ND</sup> OF JULY 2017 DURING THE EIGHTEENTH AND TWENTY FIRST SPEECH AND PRIZE GIVING DAY OF CHAPEL SECONDARY SCHOOL, ILORIN, KWARA STATE.

THE CHAIRMAN OF THE CEREMONY,  
 FORMER CHIEF JUDGE OF KWARA STATE,  
 HON. JUSTICE A.O BAMIGBOLA (RTD).  
 THE VICE PRESIDENT OF THE UMCA, REV'D  
 O.O ODEBIRI  
 THE PROPRIETOR OF THE SCHOOL,  
 PTA EXECUTIVES,  
 PARENTS AND GUARDIANS,  
 THE GRADUANDS,  
 DISTINGUISHED GUESTS,  
 LADIES AND GENTLEMEN

I am delighted to be here with you this morning to deliver a speech on this eighteenth graduation and twenty first speech and prize giving day of this great school.

I would like to thank the school management committee of chapel secondary school who invited me and made this event possible to celebrate the graduation of our children, may God bless you all.

## INTRODUCTION

I want to discuss with you a very important topic; "Entrepreneurship Education: A Tool for a Successful Life after School".

But before that, I want to commend the management of Chapel Secondary School Ilorin for entrepreneurship education drive as an enabler for the future of your students.

Allow me to give a brief background of the present situation of the country so that you will understand this lecture better.

Day by day, there is dwindling in the oil revenue that Nigeria has been depending on over the years, drop in foreign reserve, and high exchange rate of naira to dollar, this has therefore affected the country meaning it has become difficult for the Government at all levels to pay salaries as and when due.

You will agree with me that if Government does not have enough to pay its existing workers, will the same

Government want to employ more?

Nigeria's unemployment rate rose to 14.2 per cent in the fourth quarter of 2016 representing about 26 million graduates unemployed. (Bureau of statistics)

The truth is employment rate has declined, the number of graduates increase every year for few vacancy. But we all have a role to play towards reviving our economy by becoming an entrepreneur and creating jobs.

This topic: Entrepreneurship Education: A Tool For a Successful Life after School was carefully chosen to prepare your mind-set as a student, parent, teacher, proprietor and clergy that as an entrepreneur you can be what you want to be. Note that, becoming an entrepreneur is a career decision like any other profession. Let us understand what entrepreneurship means.

Entrepreneurship is the capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit.

In economics, entrepreneurship combined with land labor, natural resources and capital to produce profit. Entrepreneurial spirit is characterized by innovation and risk taking, and also a process of designing, launching and running a new business, which typically begins as a small business, such as a start-up company, offering a product, process or service for sale or hire (wikipedia).

Therefore, to be able to become an entrepreneur, you must possess some traits to be successful.

Firstly, personal characteristics which means you have to be optimistic and it will help get you through the tough times that many entrepreneurs experience as they find a business model that works for them, you should be able to see the future and be sure of how to get it done, you need to have ideas and the instincts to solve problems about business improvement projects, you should have zeal to be in charge and make decisions and motivate others to actualize your goals, you must be self-motivated and energetic, must be hardworking, focus and be ready to work for a long time towards achieving your goals, you should be able to take

risks and make decisions even when facts are uncertain, when things did not go as planned, an entrepreneur must learn and grow from mistakes and failures.

Secondly, to be a successful entrepreneur, you will have to work closely with people- this is where it is critical to be able to build great relationships with your team, customers, supplier, shareholders investors and more.

Some people are more gifted in this area than others, but fortunately, you can learn and improve on your communication skills, your ability to listen can make or break you as an entrepreneur. Make sure you're skilled at active listening and empathetic listening, Personal relations, be a good negotiator, not only do you need to negotiate keen price, you also need to be able to resolve differences between people in a positive, mutually beneficial way, know how to deal with people based on respect, integrity, fairness and truthfulness, you will find it hard to build a happy, committed team if you deal with people, staff, customers or suppliers in a shabby way.

Thirdly, as an entrepreneur, you also need to come up with fresh ideas and make good decisions about opportunities and projects, you should be able to see situations from a variety of perspectives and come up with original ideas and acquire many creative tools that will help you achieve it, you should come up with sound solutions to the problems you are facing, problems often occur in entrepreneurship, you must attend to it immediately, also, opportunities come to everyone at all times, when you identify an opportunity, create a plan to take advantage of it.

Fourthly, you also need the practical skills and knowledge needed to produce goods or services effectively and run a company, Set a goal, create a plan to achieve them and then carry out that plan, you should have talents, skills and abilities necessary to achieve your goals, coordinate people to achieve these efficiently and effectively, when it comes to decision making, make them based on relevant information and by weighing the potential consequences and you should have confidence in making such decisions.

Let me explain the types of entrepreneurship we have for you to know the categories you will like to fall into. A famous scholar, Steve Blank categorized entrepreneurship into four:

1. Small business entrepreneurship: Today, the overwhelming number of entrepreneurs and start-up businesses in Nigeria is small scale and this type of entrepreneurs spring up on a daily basis because it requires little capital to start. These are hairdressers, barbers, variety stores etc.
2. Scalable Start-up Entrepreneurship: These entrepreneurs start a company knowing from day one that their vision could change the

*Secondly, to be a successful entrepreneur, you will have to work closely with people- this is where it is critical to be able to build great relationships with your team, customers, supplier, shareholders investors and more.*

world. They attract investment from financial investors. They hire the best and the brightest staff to actualize their vision. Their job is to search for a repeatable and scalable business model. When they find it, their focus on scale requires even more venture capital to fuel rapid expansion. This type of entrepreneurs are found in Silicon Valley, Shanghai, New York, Bangalore, Israel etc.

3. Large Company Entrepreneurship: Large companies have finite life cycles. Most grow through sustaining innovation, offering new products that are variants around their core products. Change in customer tastes, new technologies, etc.
4. Social Entrepreneurship: Social entrepreneurs are innovators who focus on creating products and services that solve social needs and problems. But unlike scalable start-ups their goal is to make the world a better place, not to take market share or to create wealth for the founders. They may be non-profit, for profit or hybrid.

The fact is that there is no large company entrepreneur today that didn't start small, let me cite some examples in Nigeria and abroad.

- Bill Gates, founder of Microsoft. There are probably not many people that have not been touched by one of his products, such as Microsoft Windows, Microsoft Office and Internet Explorer.
- Steve Jobs, co-founder of Apple computers, which produces Macs, iPods and iPhones, as well as Apple TV.
- Mark Zuckerberg, the founder of Facebook.
- Pierre Omidyar, founder of eBay.
- Arianna Huffington, founder of the Huffington Post, a well-known online news site.
- Caterina Fake, co-founder of Flickr, which hosts images and videos on the Internet.



- Alhaji Aliko Dangote – Dangote Group, (Manufacturing, oil & gas,)
- Alhaji Sayyu Dantata – MRS Group (Oil & gas, construction)
- Chief Ade Ojo – Elizade Motors Nig LTD (Auto retailing)
- Chief Cletus Ibeto – Ibeto Group (Trading, manufacturing, oil & gas)
- Chief Molade Okoya Thomas – Chairman CFAO Nig and other six French companies (Automobiles)
- Cosmos Maduka – Coscharis Group (Automobile, manufacturing)
- Dele Fajemirokun – Chaiman Aiico Insurance, Xerox Nigeria, Chicken Republic, Kings Guards (Insurance, Security, Technology, Food retailing)
- Femi Otedola – Forte Oil and Gas (Oil & gas)
- Fola Adeola – GTBank (Banking)
- Hakeem Bello Osagie – Etisalat Nigeria (Telecom)
- Jim Ovia – Zenith Bank, Visafone (Banking, Telecom)
- Jimoh Ibrahim – Nicon Insurance, Global Fleet (Insurance, transportation, oil & gas)
- Leo Stan Ekeh – Zinox (Computer, technology)
- Mike Adenuga – Conoil, Globacom (Oil & gas, Banking, Telecom)
- Oba Otudeko – Honeywell Group Nigeria, Pivotal Engineering, Airtel (Manufacturing, oil & gas, telecom)
- Orji Uzor Kalu – Slok Group (Aviation, Shipping, publishing, manufacturing) Pascal Dozie – MTN Nigeria, Diamond Bank (Banking, Telecom)
- Prince Samuel Adedoyin – Doyin Group (manufacturing, pharmaceuticals)
- Tony Ezenna – Orange Group (Pharmaceutical, oil & gas) Umaru Abdul Mutallab – former Chairman First Bank Plc, Mutallab Group
- Vincent Amaechi Obianodo – Young Shall Grow Motors, RockView Hotels (Transportation, hotels)

All these people are practical examples who have distinguished themselves in what they do, they have identified opportunities, innovative, focus, hardworking, resilient, self-reliant and long term orientation.

Therefore, Entrepreneurship plays a vital role in the development of a country's economy as this is the key contributor to innovativeness, product, improvement and reduction of unemployment, also it is through entrepreneurship that important innovations enter the market leading to new products or production process which eventually increases efficiency through bringing competition in the market.

*In order for an entrepreneur to maximize his output to increase his profit more hands are needed to achieve his goals whereby employing people to the business. This will reduce the rate of employment in the society.*

When businesses are established, it is basically to earn profit on new found opportunities and it can go a long way to stabilize the economy of a nation as well as generate massive returns to the government.

In order for an entrepreneur to maximize his output to increase his profit more hands are needed to achieve his goals whereby employing people to the business. This will reduce the rate of employment in the society.

The Nigerian economy shrank 0.5 percent year on year in the first quarter of 2017, but when locally produced products are being exported to other countries it will aid the growth of our Gross Domestic Product (GDP), expanding businesses and creating more jobs.

Government revenue: when the number of entrepreneurs grow, the government will tax the business and the employees, this will provide enough money to the government to provide basic infrastructures like healthcare, roads, portable water among others.

## CONCLUSION

In conclusion, entrepreneurship education should be encouraged in schools, religion places, and at home. Parents should ensure entrepreneurial mind set in their children and encourage our children to possess entrepreneur skills to be self-reliant and a job creator.

Once again I want to appreciate the proprietor of Chapel Secondary School, the management staff and teachers for the efforts towards shaping the lives of the students.

To the graduands, be an ambassador of Nigeria and be a job giver not a job seeker.

THANK YOU.

# WE MUST CREATE A BUSINESS THAT WORKS FOR US

- Dr Hakeem Ajonbadi

Bolaji Abdullahi

**B**usiness in its literal meaning constitutes the need for financial growth of a nation. However, focusing on how to improve the business ideology in a state is paramount in the eyes of the drivers of businesses, entrepreneurs and financial institutions. Prioritizing business as one of the items of economy in a Country helps a nation to laying a solid foundation in modernizing its economy as well as creating a business and financial legacy that would not dissipate over time. The state of economy in Nigeria has given a room for States to deviate from the excessive reliant on oil revenue in the Country.

States in Nigeria have revisit the long term abandoned tax collections to rejig their economic situation embracing revenue generation through the collections of taxes and levies sanctioned by law to survive. States have also focused its attention on the creation of entrepreneurship development schemes which serves as a veritable tool to improving the economic status of the State as well as reducing the ridiculous rate of unemployment in States. Such crucial steps taken by states has helped reduce significantly the level of irregularities in the labor market in the country as many youths now finds it easy to be self-reliant.

These were analysis made by speakers at the Lifefount Leadership and Business Summit 2017 where several business analysts, Management Consultants delivered papers x-raying different types of businesses that is worth venturing into as well as businesses that fits a particular environment and time. Dr Abdulhakeem Ajonbadi, one of the speakers, an International Management Consultant at the event reiterated on the need for business owners and starters to set their priorities well and carry out a thorough feasibility study on any business they might want to venture into before they kick start such business. Critical understanding and in-depth knowledge of the proposed or existing businesses will save their business from premature bankruptcy.

In another paper presentation, titled Digital Marketing Infographics, the C.E.O Epower Management Consultant, Mr Ogunbowale Olugbenga, highlighted the need for digital marketing as a tool that could be embraced to setting up a business as well as maintaining an existing business. He enumerated points such as; building a graphics that detonates, website that resonates, emails that engage, search that excites, social that inspires

etc. He further urged business owners and proposed business starters to build a solid business blueprint that correlates with digital marketing since the world is in tune with digitalization.

Mr Segun Olaniyi, Director Informal Sector, KW-IRS who represented the Executive Chairman KW-IRS, Dr Muritala Awodun at the occasion stated how KW-IRS were able to incorporate technology which is in-line with digitalization discussed by the previous speaker, Gbenga, to build a model that told the success story of KW-IRS. Mr Olaniyi buttressed the points made by Mr Ogunbowale Olugbenga on the need for digital marketing to growing businesses that will rise above intended vision of the business originators.



Dr. Hakeem Ajonbadi presenting his paper at the event



Mr Olusegun Olaniyi making a speech



Mr Ogunbowale Olugbenga





Participants at the Life Fount Summit 2017



Presentation of Award Plaque



Participants at the Life Fount Summit 2017



Cross section of participants at the Life Fount Summit 2017



KWIRS Directors with the organizers of the Life Fount Summit 2017





## Homecoming

Thrilled by the excitement in the air  
 Today, our long awaited day  
 When hope is fulfilled and  
 Joy restored as we announce  
 The return of a titan  
 A home coming long awaited

A very long wait  
 Endless in nature  
 Filled with apprehension  
 Anxiety, uneasiness and dread  
 Yet calmly and patiently waiting  
 For a homecoming that was sure to be

And soon appear the champ  
 Frail yet strong and resilient  
 A victor not crushed  
 An unbeatable and indomitable force  
 Tried but not defeated  
 The home coming of a warrior

The hero is home at last  
 Shame to the scorners  
 Our star is shining again  
 A new day is dawn  
 The sun rise yet again  
 Never to go dim again

Its home coming to our hero  
 Our ornament of immeasurable value  
 Welcome home



## TAXATION Quotes

"Make sure you pay your taxes; otherwise you can get in a lot of trouble."

**–Richard M. Nixon**

"If you get up early, work late, and pay your taxes, you will get ahead—if you strike oil."

**–J. Paul Getty**

"You must pay taxes. But there's no law that says you gotta leave a tip."

**–Morgan Stanley advertisement**

# Unit trust schemes in Nigeria

## *What are the peculiar tax issues?*

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**T**he decision to operate a unit trust scheme or invest in one should not be made without a good understanding of the tax implications.

A unit trust is a form of collective investment which allows investors with similar investment objectives to pool their funds together and thereafter invest in a portfolio of securities or other assets that would be of beneficial interest to the investors. A unit trust scheme may be open-ended or close-ended. The Investments and Securities Act (ISA), 2007 is the legislation that regulates the operation of collective investment.

ISA defines a collective investment scheme as “a scheme in whatever form, including an open-ended investment company, in which members of the public are invited or permitted to invest money or other assets in a portfolio. The investors share the risk and benefit of investment in proportion to their participatory interest or on any other basis as determined in the deed. There are several collective investment schemes that are considered acceptable by the Security and Exchange Commission (SEC) in Nigeria. The prominent schemes include the following:

**Open-ended investment scheme:** this is a collective scheme that continually issues and redeems units (shares) after the initial public offer. The price of the unit is based on the net asset value, which is the sum of all the asset of the fund less all liabilities as at date of acquisition or redemption.

**Closed-ended investment scheme:** the closed-ended fund does not constantly reissue nor redeem additional issue of new units. Most times, it is listed and traded on the Stock Exchange and its price is determined by the market forces.

**Real estate investment scheme (REIS):** this scheme directly invests in both profit making real estate and related companies properties by utilising pooled funds from subscriptions of its participant investors / unit holders.

**Venture capital fund:** this is profit seeking scheme by entrepreneurs, whose primary objective is to provide fund to new and growing businesses with the sole aim of long term profit. It is usually an initial stage of financing new and developing companies seeking to develop quickly. Institutional investors (i.e. pension fund administrators and insurance companies, etc.), affluent individuals and corporate organizations are some of the sources of venture capital funds. The risk of return under this scheme is very high.

**Specialized fund:** this is mutual fund that invest in securities of a particular sector, industry or geographical location. This kind of fund is notable for higher risks and returns when compared to other funds as a result of lack of diversification of the portfolio of investment.

In Nigeria today, unit trust scheme and REIS are the most practiced schemes. Several financial institutions operate unit trust schemes. The scheme is considered to be beneficial for the development of the Nigerian capital market and gives assurance to investors as regards the management of their funds.

The decision to operate a unit trust scheme or invest in one should not be made without a good understanding of the tax implications. The Companies Income Tax Act (CITA) recognizes the importance of an authorized unit trust. The trustee of an authorized unit trust scheme are treated as a company and the unit holders treated as shareholders. The profits earned by a unit trust are subject to tax in the hands of the trustees. Furthermore, any income distribution to the unit holders are treated as dividends since the rights of such unit holders are deemed to be shares in the unit trust scheme.

The dividend received by a limited liability company from a unit trust scheme is exempt from tax. Therefore, there is no obligation to withhold tax on the dividend payable to companies that are unit holders in the scheme.

However, where any dividend is received by an individual from a unit trust scheme, personal income tax (PIT) is required to be accounted for on such income, as there is no specific exemption stipulated in the Personal Income Tax Act (PITA) in this regard. Consequently, the trustee of the scheme will apply withholding tax at 10% on the dividend and remit same to the relevant State Internal Revenue Service. In recent times, Lagos Internal Revenue Service (LIRS) has been aggressive in its drive to collect tax from unit trust scheme with respect to dividend distributed to individual unit holders.

There have been stories of trustees of unit trust schemes resisting this aggressive posture of LIRS on the ground that the exemption that applies to corporate unit holders should be extended to individual unit holders. This is a matter of what is good for the goose is not good for the gander, as the tax law does not appear equitable to individual unit holders in this particular instance.

In view of the above, it is expected that an amendment would be made to the tax law to address the seeming controversy highlighted above.

# Tax Limitation Period in Nigeria

## *Is the taxpayer deriving any benefit?*

Applicability of limitation period is undoubtedly a good principle in our tax laws. It serves a number of purposes and the relevance should be maintained. However, as a major stakeholder and key driver for the economy, the tax authorities should ensure transparency and fairness in its application \_\_\_\_\_ [www2.deloitte.com](http://www2.deloitte.com)



ertainty is one of the hallmarks of a good tax system. In this regard, a tax payer should know the timeframe within which he can be held responsible for previous noncompliance.

This is probably one of the reasons the National Tax Policy (NTP) canvasses for periodic and timely audit by tax authorities of returns filed by tax payers. It notes that this would ensure that difficulties associated with recovery of relevant information/documents by tax payers due to passage of time (loss or deterioration of information, deliberate destruction of information in line with tax payer's policy, staff movement, liquidation of taxpayer etc.) is minimised.

This perspective is consistent with the provisions of the Companies Income Tax Act (CITA), the Personal Income Tax Act (PITA) and the Petroleum Profit Tax Act (PPTA) which prescribe that tax payers have an opportunity to recover any overpayment of tax within a six year period. Thus, the tax laws impose a six year limitation (from the relevant year of assessment) on the timeframe within which the tax authority may raise additional assessment in connection with the returns filed by the tax payer. The Federal Inland Revenue Service (Establishment) Act (FIRSEA) further stipulates that no officer shall make a demand for an under-assessment or erroneous repayment of tax after five years.

Therefore, it is logical that where the tax authorities have not carried out an audit on a tax payer for a period of more than six years (or five years in the case of under-assessment or erroneous repayment of tax), the period beyond six or five years (as applicable) becomes statute barred. Ordinarily, the above, should bring some form of comfort to the tax payer. However, tax authorities are usually not open to precluding any assessment year for tax audit even where the relevant periods have become statute barred. The legal weapon used by the tax authorities to open the barred period is a recovery of tax on the basis that the taxpayer has probably been fraudulent in the tax returns filed or has wilfully

defaulted or neglected to file appropriate returns with the tax authorities or otherwise has actively facilitated the circumstances from which he now seeks to benefit.

This triggers a tax investigation on the basis of an alleged tax evasion rather than a routine or normal audit. Tax evasion is a criminal offence and therefore not statute barred. Hence, where at any time and as often as necessary the tax authorities are 'of the opinion' that fraud, wilful default, neglect or misinformation has been committed by the tax payer, it may commission an investigation to recover any lost tax.

Depending on the direction of interpretation, a review of the provisions around a tax payer's right to reclaim excess taxes either shows a strict six year window (according to CITA) or a refund after a proper audit by the tax authority and eligibility rules and conditions, though subject to the approval of tax authority's management board (according to FIRSEA). Obviously, when the provisions of any of the tax laws are inconsistent with the provisions of the FIRSEA, the FIRSEA prevails.

But then, is there a risk that a tax payer who fails to institute a tax recovery process within the six year window would be exposed to a forfeiture of excess taxes paid to the tax authorities? What happens if the overpayment was due to an ambiguity in the law which is subsequently clarified in favour of the taxpayer by the judiciary?





# National Tax Policy and inheritance taxation

## *Is it time for a more definitive framework?*

Taxing the estate of the deceased does not only augment government's budget, but also help in re-distributing wealth within the economy.

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**I**nheritance, in Latin is known as “Donatio Mortis Causa”, which means a gift in the prospect or view of death. In other advanced climes like Europe, such bequeathed properties (i.e. tangible assets, bonds, money and other possessions) in the hands of the beneficiary, are veritable source of tax revenue to the State.

Taxing the estate of the deceased does not only augment government's budget, but also help in re-distributing wealth within the economy. Taxation is normally a plenipotential instrument in the hands of a skilful administration. It can be used to incentivize or dis-incentivize certain patterns of socioeconomic behaviour in the society or stimulate certain patterns of development in specific sectors of the economy.

The efficacy of taxation is manifest in one instance of dubious accumulation of wealth among others in that though Al Capone could not be prosecuted for any of the (open secret) heinous crimes that he was known to be directly involved, he was ultimately found guilty of tax evasion on his ill-gotten wealth. He was sentenced to ten years in federal prison.

There is a tendency to assume that Nigeria does have some form of inheritance tax when you consider that there is a 10% Estate fee that is charged on the deceased estate whenever the administrators or executors processes the approval/authority to administer or execute the estate. In addition, there are the provisions of the Personal Income Tax Act (as amended) in respect of income arising from settlement, trusts or estate. But are these arrangements or provisions definitive or far-reaching enough?

The model of inheritance tax regime, as is being practiced in developed countries, reflect the following characteristics:

- A flat rate is usually charged on the excess of a threshold amount of estate of the donor or deceased
- Exemption of amount donated to charity from inheritance tax
- Inclusion of any money given to persons for a specific period prior to the death of the donor as part of their estate which is chargeable with the exemption of certain small gifts
- Applicability of inheritance tax only in the country in which the donor is resident (obviously, the residency rule may be different in some countries)

Our reality in Nigeria today is that there are individuals who

have spent their life accumulating wealth which is more than they can ever need, with the intention of handing it down to subsequent generations. The negative socio-economic impact of this attitude is descendants who may become complacent and reliant on the bequeathed wealth without impetus to strive and have any meaningful impact to help move the economy, as a whole, forward. A more insidious impact of this mind-set is the unwitting prevalence of a get rich quick attitude in the active working population with its attendant escalation of corrupt practices in the country.

The introduction of a definitive inheritance tax regime can play a big role in mitigating corruption and impact the economy positively. A study has shown that “unearned wealth diminishes character”. Accordingly, rabid accumulation of wealth which is becoming a rampant phenomenon must be arrested by all means available. Adopting and implementing a more definitive and rigorous inheritance tax regime could complement all other existing anticorruption regulatory frameworks and help to strengthen the middle class in Nigeria.

The ongoing reform of the tax system should include a proposal for a more definitive inheritance tax regime. Such a regime would require:

- Reorganization of the General Registry Office to aid the prompt recording of births and deaths of citizens as soon as they occur and reported
- Proper registration of housing deeds and properties
- Monitoring of transfer of estate by government
- Enactment of laws to give appropriate legal backing
- Effective enforcement and collection machinery.

The inheritance tax rules however need to be applied in such a manner that the rules are not harmful to those who accumulated their wealth through sheer hard work and industry. Although an ancient held the view that “it is meaningless and a great misfortune for a person to labour and acquire wealth and then have to leave all they own to another who has not toiled for it”, from a tax perspective, this is an opportunity to add to the public treasury and also address the socio-economic evil called “corruption”!

As the NTP declares, *“taxation is not only a means of revenue generation to the government but also can be used to stimulate other sources of revenue and develop other areas of the economy from which government can realise revenue”*.

# COMMUNITY DEVELOPMENT IS PART OF OUR STRATEGY IN KW-IRS

Bolaji Abdullahi

**H**ealth they say is wealth and lack of it would cripple any society. In Kwara State Internal Revenue Service KW-IRS, we don't just collect taxes & revenue, we also take cognizance of what is happening in our environment and try as much as possible to find immediate solutions to what requires attention, even if not to them all but to at least that which is imminent. The activities of the KW-IRS in various capacities of its designed strategy Community Impact Program hold a pedestal and is a platform which brings the service closer to the people.

Saturday 29, July 2017 had all the staff of the Kwara State Internal Revenue Service within and outside Ilorin engaged in environmental sanitation at major streets, various market and other non-market areas. The exercise kicked off at about 7:30am where staff were dispatched to different market locations within Ilorin at Oja Oba, Ipata, Mandate Market, Adeta Itamo axis, Gaa Akanbi, Pipeline, Ola Olu, Agbabiaka axis. Staff outside Ilorin at their various stations also covered markets and areas to carry out the same obligation, sanitation exercise. The activity is aimed at improving the environmental hygiene in the State as well as creating an ambience in communities in collaboration with environmental agency. Such engagement in the State by KW-IRS is an epitome of goodwill to further developing the State.



Offa Local Government



Mandate Market, Ilorin



Mandate Market, Ilorin



Post Office, Ilorin





Post-Office, Ilorin



Mandate Market, Ilorin



Mandate Market, Ilorin



Gaa-Akanbi-Agbabiaka



Post Office, Ilorin



Omu-Aran Local Government



Mandate Market, Ilorin



Bode-Saadu



Offa Local Government



Omu-Aran Local Government







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