



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

ISSN: 2489-0448

# KWAREVE*News*

A monthly publication of Kwara State Internal Revenue Service

October 2017 Volume 3 Issue 23

CHRISTIAN  
ASSOCIATION  
PRAYS FOR  
**KW-IRS** 10



# KW-IRS: 2 YEARS OF ALTRUISTIC SERVICE

 07

OCTOBER 2015 - OCTOBER 2017

**Four Things**  
to Know about Taxes and  
Starting a Business 16

**CTLOs**

Commence Work in Kwara State 14

**Re-strategising:**  
*From Start-Up to Growth* 19

**Eight Lessons**  
*on How to Design*



12



[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**



## EDITORIAL COMMITTEE

**Muritala Awodun, PhD, ACTI**

*Executive Chairman*

**Adenike Babajamu**

*Director, Admin & Operations*

**Omolara Ojulari**

*Asst. Director, Ministries, Departments & Agencies*

**Habibah Aiyelabegan**

*Manager, Corporate Affairs*

**Fareedah Abdulwahab – Media Correspondent**

**Bolaji Abdullahi – Media Correspondent**

**Olufemi Oguntokun - Media Correspondent**

**Doyinsola Akande - Photographs**

## MANAGEMENT TEAM

**Muritala Awodun, PhD, ACTI**

*Executive Chairman*

**Adenike Babajamu**

*Director, Admin & Operations*

**Iyabo Abubakar**

*Director, Property Tax*

**'Lekan Rotimi**

*Director, Tax Assessment and Audit*

**Olaide Muhammed, FCTI**

*Director, HNIs & Corporate Organizations*

**Segun Olaniyi**

*Director, Informal Sector*

**Lateef Okandeji, Esq**

*Director, Legal and Enforcement*

**Omolara Ojulari, FCA**

*Asst. Director, Ministries, Departments and Agencies*

**Kabiru Rufai, FCA**

*Principal Manager, Accounts, Finance & Reconciliation*

## EDITORIAL CONSULTANTS

Professor Kenneth Adeyemi, FNES

Professor Taofik Abdulrasaq, FCTI

Dr (Mrs) Olateju Somorin, FCTI

Dr (Mrs) Hafsat Saadu, ACTI

Lukman Adam, FCIB

*Editorial*

# TO DRIVE FOR GROWTH IN IGR, AUTOMATION IS A NECESSITY

**T**he results of the last three quarters of 2017 has shown to us that we still have a long way to go, if we must move the revenue of Kwara forward. The assignment given to us is very clear, and it is hinged on the mandate to block all leakages and ensure that the various revenue due to the government get into the coffers of the government. For this to be accomplished, the government realized, and agreed with the fact that the people, process and technology must change. However, while the process and technology cannot be much of a problem once they are clearly made available, the people remains the most significant issue to tackle.

“  
*The assignment given to us is very clear, and it is hinged on the mandate to block all leakages and ensure that the various revenue due to the government get into the coffers of the government.*  
”

The internally generated revenue of the State had been clearly delineated into three categories, namely, tax revenue, ministries revenues and other revenues. While we have been able to handle the tax revenue to a great level of success in the past two years of operations, moving the budget performance from 50 percent to between 72-75 percent, the ministries revenue has barely moved from about 20 percent to between 30-32 percent, while the other revenues have also moved from just about 35 percent to between 42-45 percent.

Worried about these poor performances at the other two levels, we have come to realize that certain things must change in our modalities of collecting both ministries and other revenues. This informs the reason for the drive for automation of the collection process of these other categories of revenues. The Service has painstakingly selected the staff to drive this change, and we have called them Business Development Officers (BDO). These officers are to be saddled with the responsibilities of ensuring that the automation process, to be introduced, achieves the desired objective of growth in IGR. The government has also taken an executive decision to support this automation with a Council Committee headed by the Secretary to the State Government, to monitor compliance and performance, and report appropriately on a bi-weekly basis.

It is clear that all hands have to be on deck to ensure the realization of this desired objective of completing the revenue reform process by ensuring that all concern, plug into the drive for growth through the automation of the revenues of Ministries, Departments and Agencies (MDAs) of government. It is only by doing this that the desired improvement in the operations and workings of the various government agencies can be accomplished.

For us at Kwara State Internal Revenue Service, we see ourselves as partners in progress to assist each of the MDAs to realize their full potentials and get to that stage of better service to the citizens of Kwara State as we continue the drive to “mobilizing revenue for the strategic development of Kwara State”.

*It is clear that all hands have to be on deck to ensure the realization of this desired objective of completing the revenue reform process by ensuring that all concern, plug into the drive for growth through the automation of the revenues of Ministries, Departments and Agencies (MDAs) of government. It is only by doing this that the desired improvement in the operations and workings of the various government agencies can be accomplished.*



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



# 07 KW-IRS: 2 YEARS OF ALTRUISTIC SERVICE

OCTOBER 2015 - OCTOBER 2017

*The establishment of Kwara State Internal Revenue Service in 2015 was a giant stride made by his Excellency the Executive Governor of Kwara State Dr Abdulfatab Ahmed is what the resident of Kwara State now refer to as "the life saver"*

## CONTENTS

October 2017, Volume 3 Issue 23

### 10 CHRISTIAN ASSOCIATION PRAYS FOR KW-IRS



*As part of the activities to mark the National Independent Day celebration, the Kwara State Government in conjunction with Christian Association Of Nigeria Kwara State Chapter has organized a special prayer session...*

### 12 Eight Lessons on How to Design Tax Reform



### 14 CTLOs Commence Work in Kwara

*The Community Tax Liaison Officers, CTLOs of Federal Inland Revenue Service (FIRS) have commenced work in Kwara State on Voluntary Assets and Income Declaration Scheme (VAIDS)*

### 15

### AWODUN HAS DONE EXCELLENTLY - MOSHOOD MUSTAPHA

*The Personal Adviser to Senate President on Intra- Parliamentary Affairs. Albaji Moshood Mustapha has described the Executive Chairman of Kwara State Internal Revenue Service, Dr. Muritala Awodun as a competent person, assessable, hardworking and the right person to mobilize revenue for the development of Kwara state.*

### 16 Four Things to Know about Taxes and Starting a Business



# Contents

October 2017, Volume 3 Issue 23

**17** RESTING ON  
HOARS: NOT  
ATTRIBUTED TO KW-IRS

**19** **Re-strategising:**  
*From Start-Up to  
Growth*

**21** **FOREIGN REVENUE News**  
COMPETITIVE TAX REGIME IN  
HUNGARY WITH A ONE-DIGIT  
CORPORATE TAX RATE

SINGAPORE MINISTRY OF FINANCE INVITES  
COMMENTS ON DRAFT INCOME TAX  
(AMENDMENT) BILL 2017

DIVIDENDS - ITALIAN SUPREME COURT SHEDS  
SOME LIGHT ON THE 'BENEFICIAL OWNER'  
CONCEPT

**24** **KWIRS**  
HOSTS CODE OF  
CONDUCT BUREAU



**26** **TAXPRENEURSHIP:**  
INNOVATING PROCESS  
IMPROVEMENT WITH  
AUTOMATION

**28** **TAX PERSONALITY**  
**Sir Emmanuel  
Adebisi Ojo**



*Sir Emmanuel Adebisi Ojo was born in 1943 in Ghana Ashanti Region, he hails from Osun State in Okuku Local Government. In his early life he had his primary and secondary education in Ghana before proceeding to college of Education and he obtained Diploma in Marketing at University of Ghana.*

**29** **HEALTH MATTER**  
**HOW TO  
MANAGE STRESS**

**31** CROSSWORD PUZZLE  
HALL OF FAME  
TAXPEDIA

**32** **Youths Must Be  
Productive**  
To Meeting the  
Economic Demand of the Society

**38** *The new  
age of* **Tax  
Transparency**

**42** What are the  
**Benefits of  
Paying Taxes?**

**46** ART IMPRESSION  
KWAREVE TOONS  
TAXATION QUOTES

**47** **Luxury Tax:**  
To be or not to be?

**50** THE MUST KNOW  
**TAXES**  
FOR DOING  
BUSINESS IN  
NIGERIA

GTBank

Guaranty Trust Bank plc  
RC 152321

# INTRODUCING



## Quick links

Airtime (Self) \*737\*AMOUNT#

Airtime (Third Party) \*737\*AMOUNT\*PHONE NO#

Transfer to GTBank \*737\*1\*AMOUNT\*NUBAN A/C NO#

Transfer to Other Banks \*737\*2\*AMOUNT\* NUBAN A/C NO#

Bill Payment (Startimes) \*737\*37\*AMOUNT\*SMART CARD NO#

Internet Banking Details \*737\*6\*5#

Generate Token Code \*737\*7#

Account opening \*737\*0#

Balance check/enquiry \*737\*6#

Just dial \*737#  
to start.

Try it today!

For more information, kindly  
visit [www.gtbank.com/737](http://www.gtbank.com/737)

GTCONNECT  
24 Hours Self Service Connection Call Center  
Please use the self-service for all service requests

+234 700 GTCONNECT or +234 700 482666328,  
+234 1 448 0000, +234 80 3900 3900, +234 80 2900 2900

Connect with us





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

# With my petty trade, I am tax compliant. I pay my Tax

Small shop owners, kiosk owners, motorcycle riders, taxi drivers should be tax compliant in supporting the State Government for a better environment.



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

PLAY YOUR PART  
PAY YOUR  
**TAX**



# KW-IRS:

## 2 YEARS OF ALTRUISTIC SERVICE

OCTOBER 2015 - OCTOBER 2017

Olufemi Oguntokun



**T**he establishment of Kwara State Internal Revenue Service in 2015 was a giant stride made by his Excellency the Executive Governor of Kwara State Dr Abdulfatah Ahmed is what the resident of Kwara State now refer to as “the life saver”, although it initially generated mixed reactions in the state due to economic meltdown of the country caused by dwindling in oil revenue on whether it was the right time to start new process of tax collection or not. Kwara State like other states in the country experienced slash in federal allocation and it was difficult for governments to carry out its constitutional responsibilities such as payment of civil servants' salaries, provision of social amenities among others.

In 2015, the signing into law the “Kwara State Revenue Administration law” that established Kwara State Internal Revenue Service, gave it power as a sole entity to collect all revenues in the state using new mechanism and approach.

October 1, 2015, the Governor of Kwara State appointed, Dr Muritala Awodun as the Executive Chairman of the Service with Mrs Adenike Babajamu, Mr Segun Olaniyi, Alhaja Iyabo Abubakar, Mr Lekan Rotimi, Alhaji Olaide Muhammed and Dr Isaac Gbenle as Directors. Without relenting efforts, the Executive Chairman and Directors moved into action by defining the organization's mission, vision and core values.



Dr Abdulfatah Ahmed during the commissioning of the Revenue House



Phase I of the Revenue House, G.R.A, Ilorin

When the service started in October 2015, it started with a Mission statement “to serve the residents of Kwara State using convenient strategies that will add value and integrity to the revenue mobilization process and actualize the developmental objectives of Kwara State” and a Vision “to mobilize revenue for the strategic development of Kwara State”.

Moreso, the revenue 'talisman' performance was by simply changing the People and the Process and designed a 'five force' framework called PRESS to mobilize revenue for Kwara State, namely;

- PATRONIZING AND PERSUADING the populace to embrace KW-IRS and voluntarily come into taxable net.
- RAISING AND RECRUITING support for KW-IRS from various stakeholders and overcoming the anticipated societal resilient
- ELICITING AND ENERGIZING commitment from the KW-IRS team towards realizing the targets/purpose of change.
- SELECTING AND STAFFING of the organization's change team fired up for performance and excellence.
- SEQUENCING AND SYSTEMATIC pursuit of 10<sup>3</sup> (10 by 100) day reporting strategy setting critical day by day targets and deliverables.

For an organization to succeed, the goals and objectives need to be stated, Dr Awodun also stated KW-IRS goals and objective as; maximizing the collection rates by eliminating existing leakages through improve tax strategies, expansion of the taxable base by bringing in those not captured in the tax net, developing a solid data base through critical data gathering and information dissemination using appropriate information technology and advising the government on tax and social policy measures responsive and supportive of administration's

developmental agenda and business/human welfare focus.

The Executive Chairman also deem it fit to understand that for revenue service to gain the trust of the people especially the taxpayers although the law of taxation says “taxes must be paid without any direct benefit but as a social responsible organization, COMMUNITY IMPACT PROGRAMME (CIP) was designed to cover the 5Es i.e EMPOWERMENT, EDUCATION, ENTERPRISE, EMPLOYMENT AND ENVIRONMENT. Through the CIPs, the service has touched the lives of kwarans directly or indirectly, by employing over 600 staff drawn from all Local Government of Kwara state, started tax club, donations to physically challenged, gave school bags, school uniforms and books for students, sanitizing markets and dirty parts of the state on environmental days among others.

To improve the staff capacity, the Executive Chairman on a monthly basis gets feedback from field staff and also train staff on strategies to improve their collections and awarding outstanding staff and directorate is what has never happen in the history of revenue in Kwara state.

As an exemplary leader, Dr Awodun led management and staff for sanitation, enforcement exercise, courtesy visits to community leaders, meeting with artisans and markets women. He believes that everyone is a stakeholder as far as revenue drive is concerned.

One of the most important elements that is sustaining Kwara state despite the recession and will continue to sustain the livelihood of Kwarans for a long time is Infrastructure Fund Kwara (IFK) which contribute N500 million monthly to fund capital projects in the state is an initiative Dr Muritala Awodun is part of.



Dr Muritala Awodun, making his speech during the commissioning

As what many people will think of Dr Awodun as a magician who has in a short period achieved so much in revenue drive and moved Kwara State to 5<sup>th</sup> in the national revenue chart released by Joint Tax Board (JTB) did not increase tax but only block leakages by using available technology and resuscitate some revenues that have been neglected for example Cattle Tax (Jangali).

The service under the leadership of Dr Awodun has enjoyed recognition among her counterparts

nationwide. States revenue services such as Lagos State Internal Revenue Service (LIRS), Ogun State Board of Internal Revenue, also some states such as Ondo State, Oyo state, Zamfara State, Kogi State, Ekiti State, Osun State and University of Wolverhampton, UK all visited the revenue house to compare note and to see the strategies behind the success of KW-IRS that made N17 billion in their first year as against N7 billion recorded by the defunct Board of internal revenue a year before KW-IRS commenced.

Aside these, Kwara State hosted the 137<sup>th</sup> Joint Tax Board Meetings in March, 2017, the Joint Tax Board (JTB) Chaired by the Executive Chairman of Federal Inland Revenue Service (FIRS) Dr. Babatunde Fowler with all 35 states Internal Revenue Service came to Kwara State to see the hasty change in Internally Generated Revenue (IGR) of Kwara State and the visit was concluded with commendations from other revenue services, to many of them, Kwara state performance was least expected.

Despite challenges, under the chairmanship of Dr Muritala Awodun, Kwara State Internal Revenue Service in twenty-one (21) months has generated thirty-six billion naira (N36 Billion). Indeed Dr Awodun's name is written in gold in the book of history in Kwara state and Nigeria.

## MONTHLY INTERNALLY GENERATED REVENUE FROM OCTOBER 2015 - OCTOBER 2017

Month		Monthly IGR 2016	Monthly IGR 2017
January		N1,076,081,980.52	N2,157,257,509.86
February		N1,056,457,127.19	N1,729,379,210.32
March		N1,344,492,692.03	N2,790,235,997.62
<b>Total Q1</b>		<b>N3,477,030,799.74</b>	<b>N6,676,872,617.80</b>
April		N2,110,078,504.05	N880,561,698.23
May		N1,451,551,890.69	N956,063,768.93
June		N1,419,497,366.58	N2,318,448,812.42
<b>Total Q2</b>		<b>N4,981,127,761.22</b>	<b>N4,155,074,279.58</b>
July		N1,090,316,199.47	N1,628,736,009.17
August		N1,741,289,691.52	N2,221,911,927.40
September		N1,342,223,145.55	N1,292,562,433.56
<b>Total Q3</b>		<b>N4,173,819,036.54</b>	<b>N5,143,210,370.13</b>
October	N596,430,611.81	N1,071,084,804.21	N1,432,732,801.83
November	N348,450,040.14	N1,412,482,737.62	
December	N380,250,004.67	N2,367,102,752.79	
<b>Total Q4</b>	<b>N1,325,130,656.62</b>	<b>N4,650,670,294.62</b>	

# CHRISTIAN ASSOCIATION PRAYS FOR KW-IRS

Olufemi Oguntokun



As part of the activities to mark the National Independent Day celebration, the Kwara State Government in conjunction with Christian Association Of Nigeria Kwara State Chapter has organized a special prayer session and sensitization convocation on peace and security in Nigeria with the theme "Speech, Prayer, Peace and Security" at Powerful Prayer Bible Church, Sabo Oke Ilorin.

The wife of the Executive Governor of Kwara State, Deaconess Omolewa Ahmed appreciated the Christian association body for their steadfastness in supporting the present administration led by her husband Alhaji (Dr) Abdulfatah Ahmed which began in 2007, she identified prayers as the key factor for constant peace being enjoyed in the State. Deaconess Omolewa said despite the security challenges faced in the country, Kwara as a State of harmony has continued to enjoy peace and prosperity which according to her was the supplications of saints.

In her address, the guest speaker, Barrister (Dr) Mrs Biola Adimula said the people of God need to seek God in soberness and repentance because disobedience, greed and impatience has caused many things to the country. She stressed that many churches have derailed from the doctrine of righteous to their selfish gain forgetting that pastors' treasures are in heaven. Mrs Adimula added that for societal benefit, churches should question the source of members instead of their passion about tithes and offering.

In the same vein, the host pastor, Reverend Noah Adeosun admonished Christians to pray for public servants and for peace and security in the North-Eastern part of Nigeria because there is no development without peace. He advised the public servants to be upright in the discharge of duty and to be faithful and be consistent with God.

A special prayer session was held for the Executive



Host Pastor, Rev'd Noah Adeosun, Powerful Bible Church, Sabo-Oke, Ilorin



Her Excellency, Dns Omolewa Ahmed (middle) and other guests



Dr. Muritala Awodun exchanging pleasantries with Her Excellency, Dns Omolewa Ahmed at the event

Chairman Dr Muritala Awodun, his family and Kwara State Internal Revenue Service for God's protection and wisdom to get the service to a greater height.

Dignitaries present at the occasion include; the Executive Chairman of Kwara State Internal Revenue service, Dr Muritala Awodun, Director of Informal Sector, Mr Segun Olaniyi, Director of Tax Assessment and Audit, Mr Lekan Rotimi, Kwara State Head of Service, Mrs Susan Modupe Oluwole, All Progressive Congress State Secretary, Mr Olabode Adekanye, special Adviser to the Governor on Labour, Special Adviser on Special Matters Mrs Dupe Fadunni among others.



The New Head of Service, Mrs Susan Modupe Oluwole delivering her address



L-R: Director, TAA Mr Lekan Rotimi and Wife and Director Informal Sector, Mr Segun Olaniyi



Exchange of Pleasantries



Exchange of Pleasantries



Prayer session



Cross Section of Members at the church



# Eight Lessons *on How to Design* Tax Reform



**D**orsoring the concept of tax reform is just one small step towards making it a reality. How do lawmakers, who are confronted with an almost infinite number of policy options, the lawmakers must ensure that reform serves the public in a meaningful way.

To help focus those choices, here are eight lessons that were vital to the organization of the Department of Treasury study (“Treasury I”) that led to the Tax Reform Act of 1986, the only comprehensive base-broadening tax reform in the hundred-plus year history of the income tax.

**1. Know the unique requirements and opportunities of the time.** No past reform is repeatable. Society today has new needs, opportunities, and challenges. For example, the 1986 reform occurred at a time when growing tax shelters were widely seen as unfair and inefficient, economic productivity was strong, and the Federal budget deficit, while then also a problem, had at least been tamed somewhat by deficit-cutting bills in 1982, 1983, and 1984. President Reagan was focused on lowering tax rates and congressional leaders like Democratic Senator Bill Bradley and Republican Representative Jack Kemp had been promoting tax reform for years.

**2. Don't try to build reform from a stack of wants.** The more politicians try to organize tax reform by supporting a bunch of giveaways rather than fixing flawed parts of the tax system, the less likely they are to succeed. Instead, they'll usually end up with provisions that are costly, inconsistent, difficult to administer, and which fail to meet their stated objectives—the very opposite of reform.

**3. Use principles to drive policy choices.** Sponsors of tax bills, no matter how bad, want to label their work “reform.” But principles should guide where one is going and can deter consideration of items that are outside that framework.

Tax policy principles should center on: equal treatment of equals; efficiency; progressivity; limits on the disincentives to work, save, or invest that are inherent in any tax; and “administrability,” or avoiding both high enforcement costs and the erosion of trust in the system that arises when cheating can't be controlled.

**4. Focus first on principles that are accepted by conservatives, liberals, and independents alike.** For decades, the political parties have been fighting over two principles: progressivity and avoidance of the distortions that higher tax rates create. Yet,



lawmakers share many concerns about flaws in the tax system, such as needless complexity and tax preferences or subsidies that promote neither fairness nor growth. Reform should focus first on those shared concerns. After all, members of a family can work together to fix a leaky roof it even if they can't agree on whether to spend money on a new bed or on a sofa.

**5. Remember the balance sheets in the tax system and between taxes and spending in the broader budget.** Nothing derails the tax reform train more than trying to give away money without simultaneously calculating who will pay the bill—whether through tax increases to offset the tax cuts, spending decreases, or rising debt and interest costs to be paid by future generations.

**6. Recognize the health, housing, charity, retirement, and other policies woven into the tax code.** Hundreds of billions of dollars are spent on the tax subsidy for employer-provided insurance. Housing tax subsidies exceed the entire budget of the Department of Housing and Urban Development (HUD). Overall, about one quarter of all federal subsidies are provided through the tax code, a reality that is hard to ignore even in modest reforms and impossible to avoid in comprehensive reform. To the extent these subsidies are maintained, they should be made more explicit and more cost-effective.

**7. Gather evidence throughout the legislative process.** Among the many reasons for success in 1986, Treasury and IRS worked hard to gather evidence on

growing problems such as the tax shelters and who benefited from various provisions. Some of this work, such as building and maintaining individual and corporate tax models, requires long-term investment and staff creativity.

For example, before 1984 when calculating who benefits from tax changes, tables showed taxpayers grouped by adjusted gross income (AGI) categories. As a result, when Congress curbed tax shelters, the fictitious negative partnership income from those tax-shelter investments was subtracted to calculate AGI in a way that made many rich taxpayers look poor in these tables, and if maintained would have made the forthcoming initiative subject to criticism as an attack on the poor. The methodology was fixed by making changes to the underlying approach for understanding tax burdens, the type of modification that can't suddenly be done at the last minute.

**8. Empower the professionals at Treasury's Office of Tax Policy and the congressional Joint Committee on Taxation.** These talented professional staff know how to fix a broken tax system but can help only when their political bosses let them. For some reason, once smart doctors, lawyers, and entrepreneurs find themselves in positions of political power, they think that they have miraculously garnered the knowledge and skill to understand complicated tax provisions, the incentives they create, and the interactions among them. As a result, these policymakers tend to over-estimate their own tax reform abilities and instincts relative to the career professional staff.

# CTLOs

## Commence Work in Kwara

Olufemi Oguntokun

**T**he Community Tax Liaison Officers, CTLOs of Federal Inland Revenue Service (FIRS) have commenced work in Kwara State on Voluntary Assets and Income Declaration Scheme (VAIDS) sensitization exercise with a view to increasing tax awareness and compliance level, which will in turn enhance the tax base of the country at large.

The CTLOs arrived at the Kwara State Internal Revenue Service Corporate Headquarters and were warmly addressed by the Executive Chairman, Dr. Muritala Awodun. In his inspiring remarks, Awodun urged the fifty-four officers to be determined, committed, diligent and cultured in their duty.

He further stated that KW-IRS as a performance-driven organization would not condone indolence or flippancy, and the CTLOs should bear in mind the importance of VAIDS to the development of the country as they are laying a foundation of tax reforms in Nigeria.

The CTLOs, who were selected through the Federal Government Youth Empowerment Scheme (N-power), have been saddled with the sole responsibility of VAIDS advocacy, part of the efforts to increase tax awareness in various communities all over the 16 Local Government Areas in the State.



Dr. Muritala Awodun  
Executive Chairman, KW-IRS



Mr Segun Olaniyi  
Director, Informal Sector



Dr Awodun addressing the CTLOs



Cross Section of CTLOs



Dr Segun Olaniyi addressing the CTLOs



Cross Section of CTLOs



# A WODUN HAS DONE EXCELLENTLY

– MOSHOOD MUSTAPHA

Olufemi Oguntokun

**T**he Personal Adviser to Senate President on Intra- Parliamentary Affairs, Alhaji Moshood Mustapha has described the Executive Chairman of Kwara State Internal Revenue Service, Dr. Muritala Awodun as a competent person, assessable, hardworking and the right person to mobilize revenue for the development of Kwara state.

Alhaji Moshood Mustapha gave this remark during an interview session with head of Corporate Affairs, Habibah Aiyelabegan at his resident in GRA Ilorin, Kwara State capital.

The special adviser said the Kwara State Internal Revenue Service has surprised everybody in terms of performance in a short period following the vision of the Senate President , Dr. Bukola Saraki and the Executive Governor of Kwara State, Alhaji Abdulfatai Ahmed who saw the need for Kwara state not to depend on the Federal Government allocation which is nothing to write home about.

He said “I don't expect things to continue to remain where we were in the area of revenue generation, things have to change and things are changing and im glad the governor came up with this KW-IRS idea and it is really helping us because the issue is why is it impossible for us to be self-sufficient to generate revenue that we need to run our mundane activities without looking at the allocation from the federal government” stressing that if allocation come it will be an additional revenue not what we should depend on holistically.

Alhaji Mustapha worried that if allocation cease from Federal Government, a lot of state, including Kwara will suffer for a long period, advising all states to gear up in their internally generated revenue.

He expressed his delight on the success of KW-IRS and its ability



Hon. Moshood Mustapha

to use the collected revenue to augment the civil servant's salary and these has repose the confidence of citizens in the government.

He therefore advised KW-IRS to be modest in collecting tax, avoid double taxation and do more sensitization programme about tax in the state. He assured the support of the senate President and other stakeholders towards achieving the target by KW-IRS.



Head, Corporate Affairs, KW-IRS, Mrs Habibah Aiyelabegan and a staff, Olufemi Oguntokun presenting KWAREVE News to Hon. Moshood Mustapha

# Four Things to Know about Taxes and Starting a Business



**N**ew business owners have tax-related things to do before launching their companies. Here are some items to consider before scheduling a ribbon-cutting event.

## Choose a business structure

When starting a business, an owner must decide what type of entity it will be. This type determines which tax forms a business needs to file. The most common forms of businesses are:

- Sole Proprietorships
- Partnerships
- Corporations
- Limited Liability Company

## Determine business tax responsibilities

The type of business someone operates determines what taxes they need to pay and how to pay them. There are the five general types of business taxes.

- **Income tax** – All businesses except partnerships must file an annual income tax return. They must pay income tax as they earn or receive income during the year.
- **Estimated taxes** – If the amount of income tax withheld from a taxpayer's salary or pension is not enough, or if the taxpayer receives income such as interest, dividends, alimony, self-employment income, capital gains, prizes and awards, they may have to make estimated tax payments.
- **Self-employment tax** – This is a Social Security and Medicare tax. It applies primarily to individuals who work for themselves.

- **Employment taxes** – These are taxes an employer pays or sends to the revenue service for its employees. These include unemployment tax, income tax withholding, Social Security, and Medicare taxes.
- **Excise tax** – These taxes apply to businesses that:
  - o Manufacture or sell certain products
  - o Operate certain kinds of businesses
  - o Use various kinds of equipment, facilities, or products
  - o Receive payment for services

## Choose a tax year accounting period

Businesses typically figure their taxable income based on a tax year of 12 consecutive months. A tax year is an annual accounting period for keeping records and reporting income and expenses. The options are:

- **Calendar year:** Jan. 1 to Dec. 31.
- **Fiscal year:** 12 consecutive months ending on the last day of any month except December.

## Set up record keeping processes

Being organized helps businesses owners be prepared for other tasks. Good record keeping helps a business monitor progress. It also helps prepare financial statements and tax returns.

# RESTING ON HOARS: NOT ATTRIBUTED TO KW-IRS

Bolaji Abdullahi



Cross Section of KW-IRS staff

**B**eginning a quest on an endeavour is one thing, maintaining the value, momentum and probity in operation is another. Holding forth the value which Kw-irs stands for as well as maintaining the pace it began with is one admirable achievement we can be proud of after our first two years in operations. Our targets ab initio are those things we are seeing today even though, we are not there yet. Conspicuously, we have laid a foundation worthy of emulation and a legacy that has come to stay in the administration of tax in Kwara State. Our vision to move development of the state to the next level with Internally Generated Revenue cannot be realised in two years, the first two years is still our start-up period where we evaluate our performance thoroughly as well as re-strategize for the next two years and beyond.

At this juncture I believe the organization and its drivers are well aware of the mode of operations, the mission and the vision and value it stands for. This in no

small measure had helped staff operate under less supervision. This, we were optimistic about and we are proud that its playing out the way we anticipated and we believe with hard work and perseverance, it will lead us to being a sustainable organization. Sustainability of any organisation is no doubt in the hands of employees who understands the nitty gritty behind lifting an organisation beyond its anticipated vision. Dr Muritala Awodun, at the monthly Feedback Training session in October 2017, expressed delight and commend the efforts put together by the staff, individually or group to moving the organisation to the next level since inception and urged everyone not to be complacent if results are to be achieved.

The overall performance of the revenue generated in the third quarter of the year was described as fair, after reports on performances were evaluated. The revenue collecting Directorates despite challenges were able to record satisfactory results for the quarter. Improving on performances rests on the approach we put toward



Mr Segun Olaniyi



Special Adviser on IGR

our efforts. Dr Awodun reiterates improvement and change in approach stressing that we won't achieve different results with the same approach. He however urged that our strategy must change for the next two years. He stated in his closing remarks how improved our operations have been in the last two years, how well staff understands what the service stands for and how to improve on our core values. 'If there are no cracks on our walls, we won't have reptiles in them' says the Executive Chairman.



Mr 'Lekan Rotimi



Mr Temi Kolawole



Cross Sections of Staff



Cross Sections of Staff



Cross Sections of Staff



# Re-strategising: *From Start-Up to Growth*

Habibah Aiyelabegan



Management Staff of KW-IRS at a retreat



Director, Tax Assessment and Audit making a point



Cross Section of Management Staff

As part of efforts to strengthen the standard of operations and enhance performance, the Kwara State Internal Revenue Service (KW-IRS) Management team on Saturday, 14<sup>th</sup> October, 2017, held a Strategy Retreat Session at Whitefield Hotels, Ilorin. The session was chaired by the Executive Chairman, Dr. Muritala Awodun. The Meeting witnessed attendance and participation from Heads of Directorates, Heads of Departments and other members of Staff.

The purpose of the Strategy Session was to brainstorm on new tactics for increased Revenue Mobilization. Since KW-IRS commenced as established by the

Kwara State Revenue Administration Law No. 6 on 22<sup>nd</sup> June, 2015, the organisation had operated with a start-up strategy which was appropriate for the period, therefore there was need to re-strategize on how to improve collections.

Dr. Awodun however stated that after 2 years of operations, it is only realistic to move to a growth strategy, if the desired increase in Internally Generated Revenue (IGR) will be achieved.

The Session started with a review of theoretical underpinnings of effective strategy development and implementation, as well as their application to and implications for KW-IRS. Some of the key constructs reviewed included those of Strategy, Leadership, Accountability, Competitive Advantage and Strategic Planning among others.

The Second Session witnessed presentations from various directorates and departments, on the strategy to be adopted for the next 2 years to enhance operations of the KWIRS.

The Executive Chairman thanked all in attendance and he urged all to continue working toward actualizing the vision of the organisation.



Executive Chairman, Dr Muritala Awodun



Director Informal Sector and Director Legal & Enforcement



Staff of KW-IRS



Head, Corporate Affairs, Mrs Habibah Aiyelabegan



Head, ICT Temi Kolawole



Mr Koledade presenting to the Management Staff



Head, Corporate Affairs, presenting to the Management Staff



### COMPETITIVE TAX REGIME IN HUNGARY WITH A ONE-DIGIT CORPORATE TAX RATE

For years, the Hungarian government has been focusing on developing Hungary into an attractive location for foreign investors. Although the tax rules effective before 1 January 2017 were also favourable, with a flat 9% corporate tax rate recently introduced, Hungary is ready to become one of the first target jurisdictions when group structuring plans are considered.

#### One-digit corporate tax

By introducing a 9% flat corporate income tax rate as of 1 January 2017, Hungary offers by far the lowest tax rate within the EU. This 9% tax rate applies to all Hungarian companies, regardless of their activities or shareholders. Obtaining this tax rate does not require separate tax agreements with the tax authority.

Although assessing corporate taxation also needs to take into account the fact that local municipalities may levy local business tax on enterprises up to the level of 2% of their adjusted turnover, this tax can be mitigated or even avoided with the careful choice of the location of the entity.

#### Favourable holding and IP location

As a result of the recent changes to the corporate tax legislation, Hungary has become an efficient holding company location, competing with traditional holding jurisdictions like Luxembourg and the Netherlands. As part of the rules, dividends received by a Hungarian entity (except for dividends received from controlled foreign companies) are exempt from corporate tax. Capital gains realised on the sale of shares can also be tax exempt if certain conditions are met (under the so-called registered shareholding regime); however, capital losses or impairment losses cannot be deducted. This regime provides good planning opportunities both for multinational groups searching for tax-efficient holding locations and Hungarian domestic groups wishing to achieve capital gains tax exemption on the sale of a Hungarian or non-Hungarian company.

Exemption may also be available for companies registered outside Hungary with an effective place of

management in Hungary.

Apart from the holding company rules, the Hungarian intellectual property (IP) legislation also offers various opportunities for structuring. While Hungary needed to align the IP tax incentives to the BEPS requirements, profits from royalties realised by a Hungarian company can still enjoy a 50% tax deductibility (leading to a 4.5% effective tax rate). Furthermore, similarly to the concept of the registered shareholding outlined above, the Hungarian corporate tax law also provides exemption on capital gains on the sale of so called registered IPs under certain conditions, and double deduction of the direct cost of a company's own R&D activity is still available. Based on the above, multinationals can continue to use Hungary as a centre for IP developments and R&D activities.

#### No withholding taxes

Under its domestic legislation, Hungary levies no withholding tax on dividends, interest or royalties received by foreign enterprises from Hungary. This withholding tax exemption applies irrespective of whether the recipient foreign company is subject to tax in its jurisdiction, whether it is a tax transparent, look-through, or any other special type of entity which is not taxable in the country of residence for any specific reason.

#### Summary

In the light of the above, it can be concluded that the Hungarian tax regime offers all the advantages of the customary holding and IP locations. The position of Hungary is also reinforced by its membership in the European Union: after Brexit, it is already considered as an advantage that Hungary provides all the benefits and legal tax guarantees accorded to an EU Member State.



### SINGAPORE MINISTRY OF FINANCE INVITES COMMENTS ON DRAFT INCOME TAX (AMENDMENT) BILL 2017

In July 2017, the Ministry of Finance (MOF) carried out a public consultation exercise on the draft Income Tax

(Amendment) Bill 2017 ('draft Bill') and invited the public to give their feedback on the draft Bill. After a thorough review, where appropriate, the MOF will incorporate the comments received from the public into the draft Bill prior to its introduction in Parliament for approval. The draft Bill essentially contains 34 proposed legislative amendments to the Singapore Income Tax Act, and includes amendments to give legislative effect to proposals announced under Budget 2017 earlier in February 2017, as well as other non-Budget related changes.

We provided an update on Budget 2017 in an earlier issue of BDO World Wide Tax News.

We highlight four of the proposed changes as follows:

### 1. Tax treatment for foreign companies domiciled in Singapore

Under the draft Bill, foreign companies which have re-domiciled into Singapore will be subject to the following tax treatment, which amongst others includes:

- i. Eligibility to claim capital allowances for transferred-in plant and machinery used for business in Singapore;
- ii. Eligibility to claim writing-down allowances for transferred-in intellectual property rights used for business in Singapore;
- iii. Disallowance of transferred-in trade receivables that have subsequently become bad or impaired after the re-domiciliation;
- iv. Allowance of tax credit to relieve double taxation on Singapore-sourced income on an approval basis; and
- v. Eligibility to claim tax deduction on pre-commencement expenses incurred by a re-domiciled company that has not commenced business in the original jurisdiction.

We expect the Inland Revenue Authority of Singapore (IRAS) to announce further details on qualifying conditions for enjoying some of the tax treatments mentioned above in due course.

### 2. Tax incentives

The draft Bill includes amendments to give legislative effect to the following Schemes that were announced in Budget 2017:

- i. Extension and refinement of the Aircraft Leasing Scheme;
- ii. Extension of the tax exemption on payments made to non-resident non individuals for structured products offered by financial institutions; and
- iii. Extension of the Tax Incentive Schemes offered for Infrastructure Projects.

Legislation on Intellectual Property Development

Incentive (IDI) which was announced in Budget 2017 was not included in the Draft Bill. IDI will incentivise income generated from R&D exploitation of intellectual property arising from R&D activities conducted in Singapore or outsourced to third parties.

The incentive was slated to take effect from July 2017; however, to date, the Economic Development Board has not yet issued details on this incentive.

### 3. Transfer pricing changes

The draft Bill also includes amendments to give legislative effect to the following:

- i. Introduction of a mandatory transfer pricing documentation requirement and penalties for non-compliance;
- ii. Imposition of a surcharge for transfer pricing adjustments made;
- iii. Lifting of the statutory time bar for Mutual Agreement Procedures cases; and
- iv. Requirement for contemporaneous transfer pricing documentation to support any claim for error or mistake on transfer pricing.

The MOF states that the proposed amendments above are intended to 'strengthen the transfer pricing regime' of Singapore.

Looking at the various enhancements made to the Transfer Pricing Guidelines in recent years, it is clear that Singapore is moving towards greater alignment with the transfer pricing action items under the OECD Base Erosion and Profit Shifting (BEPS) initiative.

### 4. Cost Sharing Agreements (CSAs) for Research & Development (R&D) projects

The draft Bill provides for the following liberalised tax treatment for payments made under CSAs for R&D projects:

- i. Payments made under CSAs need not be related to the taxpayer's trade or business, and need not be undertaken in Singapore if unrelated to the taxpayer's trade or business, in order to be deductible; and
- ii. Allowance of an additional 50% tax deduction on qualifying costs incurred on R&D performed in Singapore by the taxpayer or an R&D organization performing R&D on its behalf, under CSAs, even if the costs are reimbursed under the CSAs. The additional 50% deduction is subject to a prescribed cap.

While we await the final Income Tax (Amendment) Bill, it is clear that these changes are here to stay and some of the changes may be further clarified by the IRAS by way of Tax Circulars. Hence, it is important to watch this space to stay updated with the final changes.

We are happy to have a discussion with you to analyse how the changes may affect your overall tax position.



## DIVIDENDS – ITALIAN SUPREME COURT SHEDS SOME LIGHT ON THE 'BENEFICIAL OWNER' CONCEPT

On 28 December 2016 the Italian Supreme Court, with Decision No. 27113/2016, helped to clarify the correct meaning of the concept of 'beneficial owner' under Italian Law.

### The issue considered by the Supreme Court

This case involved a French company which held all of the group's European subsidiaries, owning 100% of the shares of a company resident for tax purposes in Italy and which had its ultimate parent company resident in the United States. The French company claimed a tax credit under the Italy-France Double Tax Treaty; however, the Italian Tax Authorities (ITA) denied the tax refund by considering two relevant elements:—The French company was not the beneficial owner of the dividends, as it was a mere conduit company.—The French company did not have its operational management place (administrative/managerial structure), nor any employees or related costs, in France.

### Earlier court rulings

The First Tier Tax Court decided in favour of the taxpayer, while the Regional Tax Court (Second Tier Tax Court) reversed the decision. The Second Tier Tax Court ruled that the French company was a mere conduit company whose only purpose was to take advantage of the tax benefits deriving from the Double Tax Treaty, also having the intention to transfer all the profits to the 'real beneficial owner' in the United States. In detail, the Regional Tax Court based its conclusion on the following four considerations: —The Italian dividend payer was controlled through a chain of ownership, and the United States parent company was the real beneficial owner of the dividends, and the tax treaty between Italy and the United States did not provide for a dividend tax credit; —The balance sheet of the French company certified huge amounts of shareholdings, while the operating receivables were modest; —The French company had neither employees nor organisational structure; —In consideration of a lack of economical substance, the French company did not meet the requirements to be a 'beneficial owner' and did not have an operational management office in France.

After these decisions, the case was submitted to the Italian Supreme Court. The Supreme Court's decision The Supreme Court disagreed with the Second Tier Tax Court, pointing out that the conditions of 'beneficial owner' and 'place of effective management' both needed to be verified. The lack of organisational structure, as well as both the absence of employees and the presence of limited operating costs and receivables, do not prevent a holding or sub-holding company from qualifying as 'beneficial owner' of dividends and from being eligible to obtain a dividend tax credit, as provided by the Double Tax Treaty.

In the Supreme Court's view, the beneficial ownership condition should be assessed by considering whether the holding company: —Was created only to benefit from a tax relief; —Has the effective power to manage and control its subsidiaries; —Has the legal and economical right to use the dividends.

The Supreme Court found that neither the ITA nor the Regional Tax Court were able to prove that any of those conditions were not met. While investigating whether the requirements of the 'place of operational management' were respected, the Supreme Court had to suppose that the French company's registered office was placed in France, that it was eligible to be a taxpayer in France, that the directors were also resident in France and that most of the decisions concerning the management of the company had been taken in France. For these reasons, the Supreme Court argued that there was no proof that the 'place of operational management' was not in France.

The Supreme Court did not agree with the conclusion of the Tax Court for the following reasons: —The French company was the real owner of the shareholdings and recipient of the dividends that were certified on the balance sheet and could have been used; —The Supreme Court recognised that the structure of the group had already existed since 1946, while the Italy-France Tax Treaty was signed in 1989 and ratified in 1992.

### Conclusion

The Supreme Court seems to be in line with EU Judgments Halifax C-255/02 and Cadbury Schweppes C-196/04. The concept of the 'beneficial owner', relevant for tax treaty purposes, will be assessed by looking at the activity of the relevant company. The lack only of personnel and organisational structure are not decisive elements for the characterization of pure (sub)holding companies as conduit vehicles.

This judgment and position should constitute a valid and authoritative document that can be used in order to settle previous and/or future ITA assessments based on the beneficial owner condition.

# KWIRS

## HOSTS CODE OF CONDUCT BUREAU

Habibah Aiyelabegan

**T**he Executive Chairman of the Kwara State Internal Revenue Service (KW-IRS), Dr Muritala Awodun on 6<sup>th</sup> October 2017 hosted the team from the Code of Conduct Bureau (CCB) at the Revenue House, G.R.A. Ilorin. The CCB team was led by the State Coordinator Mrs Ayobami Afolabi. The purpose of their visit was to enlighten KW-IRS management team on their responsibilities as public office.

Giving a background about the CCB, Mrs Afolabi described it as an executive body set up to fight corruption. She posited that corruption can be found not only public offices but even in homes. It is thus imperative to strive towards eradicating corruption. It is in this bid that the mandate of the CCB is to establish and ensure every action and behaviour of Public Officers are lined up to the highest standards of morality which can be achieved by conforming to the Code of Conduct.

The State Coordinator explained that the programme was not set up to intimidate, but to enlighten citizens. She further explained that under-declaration or non-declaration of assets is a breach of the Code of Conduct which is a punishable offence by law and the same goes for over-declaration and anticipatory declaration of assets.

With the mission to eradicate poverty, the Vision of the CCB lies in **Honesty, Transparency and Accountability** in public offices. She emphasised that the



law provides for people who have held public offices to be called upon even after Service.

Furthermore, she mentioned punishments for breaching the Code of Conduct, including vacation of office, ineligibility to partake in

politics for ten (10) years and forfeiture of property to the State Government who will sell and use the funds, among other punishments.

The KW-IRS Executive Chairman enjoined all to ensure compliance to the provisions of the law to avoid sanctions. He appreciated the CCB State Coordinator and her team for the session and assured her that the organisation and its staff who are saddled with the responsibility of mobilising revenue for the State which also entails enforcement in cases of default understand the importance of law and compliance.

The meeting was attended by the management staff of Kwara State Internal Revenue Service.



Group photograph of KW-IRS Management staff and representatives from Code of Conduct Bureau



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

# A Secured Future. Creating Job Opportunities. Your Taxes.

Tax is what we pay for a good education, great opportunities and a bright future.



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

PLAY YOUR PART  
PAY YOUR  
**TAX**



## TAXPRENEURSHIP: INNOVATING PROCESS IMPROVEMENT WITH AUTOMATION

*“From the perspective of a tax administrator, innovating the service delivery process is one sure way to accomplish or meet the yearnings of the people and the government. How do we ensure that the people are better served, as the convenience of payment is significant in this age and time that the taxpayer has to be met at his space. We cannot but be innovative in process and service delivery and this can only be achieved through the automation of payments and collection processes.”*

**T**he fact that the world is characterized as volatile, uncertain, complex and ambiguous (VUCA) is no longer in doubt, as we see today the manifestations of these characteristics in people, organizations and states. But in the midst of these manifestations, the society is continuously making demands on us that requires consistent growth and improvements in all activities, be they public or private sector, products or service delivery. A major fact that cannot be contested is that the resources required to deliver these demands of the people continue to dwindle by the day. Within the limits of these constraints, the society is still very expectant of even more and better service and products. Therefore, we remained saddled with the responsibility of solving this recurring problem of meeting the societal needs with the constrained resources.

From the perspective of a tax administrator,

innovating the service delivery process is one sure way to accomplish or meet the yearnings of the people and the government. How do we ensure that the people are better served, as the convenience of payment is significant in this age and time that the taxpayer has to be met at his space. We cannot but be innovative in process and service delivery, and this can only be achieved through the automation of payments and collection processes. There are diverse developments in technology that are available and adaptable to the processes involved in revenue and tax collection and we have to begin to look into how to make this work for us in the drive for growth of revenue collection. More importantly is the efficiency advantage of the automation processes which when fully adopted makes life more convenient for all.

We have experimented with the automation of some of our services, and have realized, through the results obtained, that the way to go

*The State Government have given its full support to this with the necessary backings and pronouncements and the Service is rolling out as plans are underway to ensure that this exercise becomes another success story for the State. We are in a modern world and the sustainability of any reform is believed to be dependent on the institutionalization processes and the applicability of those processes.*

is to target full automation over a period of time. For instance, in January 2016, we developed an automation process for pilgrims (both Muslims and Christians) and popularized the process. This is already in its third year and it has been hitch free, with testimonies of convenience and success, year in year out. Also in the same year, the citizenship certification process was automated without any significant hitch, and it is another success story. These have more than encouraged us that the public service revenue process can also be automated, hence the target for automation of the MDAs revenue collection process in the State beginning from January 2018.

The State Government have given its full support to this, with the necessary backings and pronouncements and the Service is rolling out, as plans are underway to ensure that this exercise becomes another success story for the State. We are in a modern world, and the sustainability of any reform is believed to be dependent on the institutionalization processes and the applicability of those processes.

Based on our taxpreneurship concept;

- we have engaged and iterated with the stakeholders and consumers of our

services (the MDAs) as we will continue to observe their behaviour and expectations so that we can design the appropriate automation process that will endure,

- we have flex our assets such that we can remain flexible to meet the requirements of the consumers, even to the extent of making tailor made processes for service delivery, and this we will continue to do,
- we have created sustainable solutions that will be waste free, and will be re-applicable to similar and related customers, and stand the test of time in a cradle to cradle format,
- we have shaped our customers' behaviour; by ensuring that we affect the way our customers think, feel and behave to properly position and communicate the aspirational value of our frugal solutions,
- we have co-created value with prosumers so as to accommodate the tech-savvy generation making them evolve from their passive position to an active involvement in the design and creation of solutions that will meet their needs and expectations,
- we have made innovative friends; by collaborating with external partners in the frugal innovation drive, more than depending on our own internal abilities and capacities alone, and
- we have fostered a frugal innovation culture within the Service to ensure that all staff and management not only understand this as the way to go, but get bought into the vision and begin to run with it for the sustainable development of the Revenue Service.

With the above steps taken, we hope to grow the revenue of Kwara State by doing more with less through process innovation and automation that will be sustainable through our taxpreneurship concept.

**Muritala Awodun, PhD**  
**Executive Chairman**

# TAX PERSONALITY

## Sir Emmanuel Adebisi Ojo

**S**ir Emmanuel Adebisi Ojo was born in 1943 in Ghana Ashanti Region, he hails from Osun State in Okuku Local Government. In his early life he had his primary and secondary education in Ghana before proceeding to college of Education and he obtained Diploma in Marketing at University of Ghana.

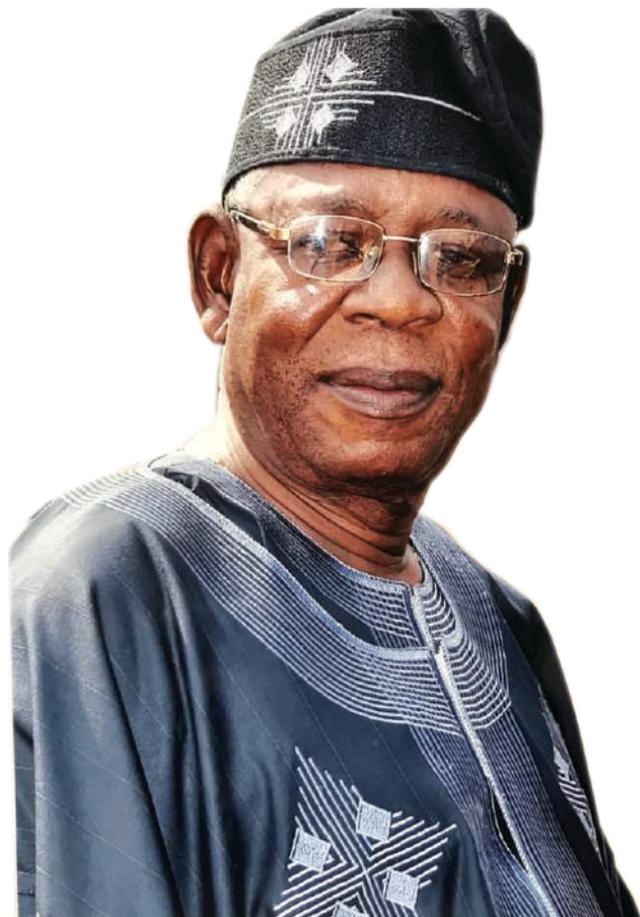
Sir Emmanuel Adebisi Ojo has been in business for over 40 years. He started his working experience at Nestle Ghana producer of Milo, Maggi etc. He later worked with Ashanti Gold Field at Works Department and some other few places before returning to Nigeria when the government told Ghanaians to leave. He returned back to Nigeria with his marketing background and worked with 7UP Bottling Company. After spending few months with 7UP Bottling Company, he spent over six months with Nigeria Bottling Company producers of Coca Cola. He worked as a marketing manager of Briton owned by Brian Muroe with companies in Lagos, Kano and Benin. He resigned from Kano to start his own business in distributive trade.

He is a member of Council of Knights in Nigeria, the Balogun of Ijo Saint Micheal Anglican Church Okuku, Osun State. He is also the Chief Bobasewe of Okuku Land.

Because of his diligence and selfless service, he got to his peak at a time when he was Local Government Chairman and Vice Chairman of a party and became Chairman Civil Service Commission at the early state of his life. There was a time in his life when everything went upside down to the extent that he had no capital to invest, but he was determined and courageous to go into business. He is the Chairman Ratem Group of Hotels under which E-Phoenix Hotels and Waterview maintain a high class of its own.

Dr. Emmanuel Adebisi Ojo is happily married with a wife, Children and grand Children. He is KWAREVE tax personality for the month of October for his corporation with the service and prompt remittance of his staff pay as you earn (PAYE)

*There was a time in his life when everything went upside down to the extent that he had no capital to invest, but he was determined and courageous to go into business. He is the Chairman Ratem Group of Hotels under which E-Phoenix Hotels and Waterview maintain a high class of its own.*



# HOW TO MANAGE STRESS

FAREEDAH ABDULWAHAB



result you want.

If you have to multi-task a few things during your day then set off some time for that. Single-task during most of your day but set off an hour in the afternoon for instance to do all of that multi-tasking stuff in one big swoop.

## **DON'T MAKE MOUNTAINS OUT OF HEAPS:**

One of the best ways to make your day and life easier, lighter and less stressful is to not build mountains out of bumps. Do not create extra drama, overthink or create a problem out of something that doesn't matter much.

## **ASK INSTEAD OF GUESSING:**

Reading minds is very hard. Misunderstandings will be plentiful if you try to do it. So communicate instead. You'll have a lot less unnecessary conflicts, negativity and waste less of your and other people's time.

## **PACK YOUR BAG BEFORE YOU GO TO SLEEP:**

A simple one but one that can save you a lot of stress in the morning. Take 5 minutes before you go to bed to do this and you'll also be less likely to forget something important like your book, wallet etc.

## **DISCONNECT OVER THE WEEKEND:**

It is also really helpful to find a good balance between work and rest from a weekly perspective. Stay away from work

**S**tress affects millions of people. One of the most common forms of stress is related to our careers and the workplace. In today's commercial difficulty, work related stress is even more pronounced than ever before. Worries about whether or not people will be able to keep their job, their well-being, and even keep their homes, plays a large role in stress, and the possibility of losing a job can be scary. Another word for stress is tension or anxiety. When someone experiences stress, there are many different symptoms and repercussions. Depending on the level and frequency of stress, some of these symptoms can become serious and cause a myriad of problems. Stress affects people both mentally and physically. The heart rate increases, you may feel tired

before the week has barely begun. Be overwhelmed on a daily basis. Get an upset stomach, headaches or migraines too often and even start to feel burned out. Individuals who work in high stress or dangerous jobs as well as those who are employed at a place where there is a high pressure environment are often prone to experiencing stress.

Below are tips and habits that you can start using in your own life to reduce stress and live a much lighter and more relaxing life.

**ONE THING AT A TIME:** You'll feel better and less stressed if you just do one thing at a time. No matter if it is at work, in school or in your private life. This will make it easier to focus and to do a job of higher quality right away. Instead of having to go back several times and polish and rearrange to get the

and staying offline – except for one email check – during the weekend. If you have a cellphone for work leave it at your job. Or at least put it in silent mode, check it once every 24 hours and only call back if it is something important. Otherwise, let it wait until Monday.

These strict limits between hourly, daily and weekly work is a huge help for you to avoid the grey zone.

When you are in the grey zone then you are basically thinking and worrying about work when you are at home or you having a day off. Or you think about your private life and challenges there while you are at work.

Avoid the grey zone. It slurps the life out of you and can leave you so stressed that it becomes hard to focus or even to get a good night sleep.

**DELEGATE:** You don't have to do everything yourself. You don't have to control or micromanage. If possible delegate and let someone

else get that task or project to done.

**KEEP A VERY SIMPLE WORKSPACE:** A simple desk with your Laptop, Desktop, and Printer on it. This simplicity makes it easier for you to focus on what truly matters in a relaxed and undistracted way.

**IF IT DOES NOT GET DONE THEN THERE IS A DAY TOMORROW TOO:** Sometimes life interferes or you have a bad day. And you don't get done what you had planned or hoped for. To handle stress is to simply and kindly tell yourself that there will be a day tomorrow too and you can do it then.

Beating yourself up or getting angry will only add stress that will suck the energy, self-confidence and motivation out of you.

**EVERYTHING IN ITS PLACE:** When things have their own home where you always put them back

then they will be a lot easier to find and your workspace and home will be in better order. This will greatly reduce the number of stressful times when you can't find an important report or your car keys as you are heading out the door.

**LISTEN TO YOURSELF:** When you are starting to feel drained, more irritable listen to yourself and your body. Schedule more time to take care of yourself. Just spend the evening in bed watching your favourite movies, or go out for a walk or run. Be kind to yourself and prioritize your health.

**BE HERE:** When you spend too much time in your head reliving the past or imagining the future then it is easy to become worried. Fearful or even stressed out. Choose to spend more of your day and time in the present moment.

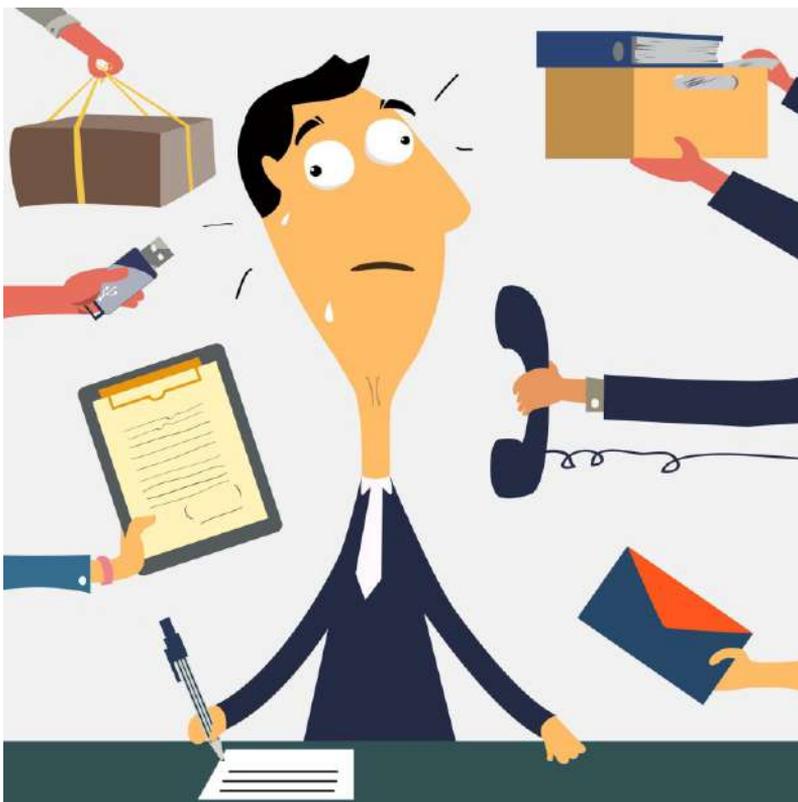
One simple way to reconnect with the now if you get lost in the past or future is to just focus fully outward for a minute or two. Sit or stand still and take in everything that is happening around you at this moment.

### References

Erdman Laurie, What to Do When Your Job Is Seriously Stressing You Out, Available at <https://greatist.com/happiness/manage-workplace-office-stress>, last accessed on 04 October, 2017.

Wormley Rob, How to Manage Stress At Work: An Epic Guide, Available at <https://wheniwork.com/blog/how-to-manage-stress-at-work/>, last accessed on 04 October, 2017.

Goudreau , Jenna 12 Ways to Eliminate Stress at Work, Available at <https://www.forbes.com/sites/jennagoudreau/2013/03/20/12-ways-to-eliminate-stress-at-work/#128649967f29>, last accessed on 04 October, 2017.



# CROSSWORD PUZZLE

By: Fatimah Jaji



**ABDULHAKEEM ABDULRAHMAN**

AbdulHakeem AbdulRahman a staff of Admin and Operations Directorate has been nominated as deserving the hall of fame spotlight for the month of October, 2017. Abdulhakeem is a web content manager in the ICT Department of the Admin and Operations Directorate.

He is hardworking, intelligent, humble, enthusiastic, passionate, bold, and above all courteous. AbdulHakeem fondly called 'ALFA' by all is fast as he update and tweet events of the service as it happens. He is dependable despite the enormous pressure for urgency under the Department which he works.

The entire Kwareve Team congratulates you.

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

Fill in the new 8 directorates in KWIRS

- ADMIN AND OPERATION
- LEGAL AND ENFORCEMENT
- PROPERTY TAX
- CORPORATES
- TAX ASSESSMENT
- MDAS
- INFORMAL SECTOR
- EXECUTIVE CHAIRMAN

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 23

## Solution to Kwareve News Issue 22 Crossword Puzzle

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

- TAX
- TAXABLE
- TAXATIONS
- TAXEMES
- TAXERS
- TAXICAB
- TAXIDERMISTS
- TAXIDERMY
- TAXA
- TAXABLY
- TAXED
- TAXEMICS
- TAXES
- TAXICABS
- TAXIDERMISTS
- TAXIES
- TAXABLE
- TAXATION
- TAXEME
- TAXER
- TAXI
- TAXIDERMIC
- TAXIDERMIST
- TAXIED

# Taxpedia

Abdulwahab Fareedah

## TERTIARY EDUCATION TAX

This type of tax was formally known as Education Tax, it was introduced in 1993. The objective of introducing the Tertiary Education Tax was to prevent the educational system from total collapse due to the financial crisis that affected the sector for years. As a matter of fact, Tertiary Education Tax is a tax that its use is aimed at enhancing the functionalities of tertiary education in Nigeria.

The tax is charged at the rate of 2 percent on assessable profit of a company registered in Nigeria, ascertained in a manner specified in CITA or PPTA (ETA Section 1 (2004) and it should be assessed alongside the normal assessment for CITA or PPTA for an accounting period of a company.

Every Nigerian company chargeable under the Company Income Tax (CIT) and the Petroleum Profit Tax (PPT) is expected to pay Tertiary Education Tax, Non-resident companies and unincorporated entities are exempt from tertiary education tax. Therefore, only companies registered and make their annual tax returns in Nigeria pay Tertiary Education Tax. Tertiary Education Tax is collected by the FIRS and paid into the Tertiary Education Tax Fund (ETF) Account of the Central Bank.

### References

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

# Youths Must Be Productive

## To Meeting the Economic Demand of the Society

**- Dr Muritala Awodun**

Bolaji Abdullahi

**I**n the bid to further the creation of employment and empowerment for the youth in Kwara State, the state government amongst other empowerment initiatives buoyed the State's Ministry of Youth and Sports and Resource Intermediaries in flagging off an initiative tagged, Employability Advancement Solution for Youths (EASY). An initiative created to strengthen the alleviation of unemployment in the State and empowering the youth. Apparently, youths in the state are endowed with potentials which perhaps haven't been discovered or maximally utilised. This was discovered by the state government and it gave rise to the introduction of numerous youth empowerment programmes to foster development in the state.

The EASY initiative was targeted at tapping into the potentials of the youths who doesn't have the required tool in knowledge and equipment to broaden their horizon towards self-development and independence as well as helping the government develop rapidly in the eradication of idleness of the youths in the state.

The Managing Director, Resource Intermediaries, Mr Soji Oyawoye expressed his pleasure for being a part of such incredible initiative by the Kwara State Government and urged the youths to see themselves as ambassadors to growth and entrepreneurial development in the state. Mr Soji also encouraged the youth to think outside the box, make job creation their ultimate goal and watchword rather than being job seekers.

The Executive Chairman, KW-IRS, Dr Muriala Awodun at the occasion stressed the need for the youths to embrace entrepreneurship. He stated that, entrepreneurship is a bedrock of economic development in any state in the world today. He reiterated on how scarce employments are in the country at the moment, that youths should be productive as much as possible to meeting the economic demand of the society. The Executive Chairman who was represented at the event by the Director, Tax Assessment, Mr Lekan Rotimi refreshed the memories of the youths present at the event with the journey of the Kwara State Internal



L-R: Mr Lekan Rotimi representing th Executive Chairman and other special guests



Cross section of participant at the event

Revenue Service how ideas prevailed in the revamp of the service as well as urged the youths to be conscious of time, turning their time into productivity. He (Lekan Rotimi) stated that to survive in life resonates with the youth by turning their ideas to resources.

The Honourable Commissioner for Youths and Sports, Pharmacist Kale Ayo at the event addressed the youths saying that there is a rail of hope that the future is brighter should the youths endeavour to attend several empowerment programmes to equip themselves with information on how to excel in businesses as quickly as possible. He stated that, youth empowerment workshops is the angle which the Ministry of Sports and Youth Development has focused its attention on from the beginning. He counselled the youths to shun the act of frivolities and violence, that the funds which the government exhausts to prosecute criminal cases could be channelled toward the development of the youths and the society. He however asked the youths to

develop their natural ability to stand a better chance edging those who sit idly by all day and underutilise their potentials. Concluding his address, he said 'Creativity is key as the ability to think critically is a virtue youth must embrace'.

Buttressing the admonition of the Commissioner, Alhaji Isiaka Gold, Secretary to the State Government, enthused that the youths are the partners of today and the accredited leaders of tomorrow. The SSG also support the claim that building the youth is building the state and the nation. The Senior Special Assistant to the Governor on Youth Empowerment, Alhaji Saka Babatunde, also at the event said that the (EASY) initiative is in collaboration with the State Government's rebranded Kwara Youth Empowerment Programme (KWAYEP) which aims at addressing various challenges of youth unemployment in the state, intending at equipping the youths with market-aligned knowledge, soft skills, business tools and mind-set reorientation to the labour world.



Commissioner for Youth & Sports, Pharmacist Kale Ayo



Cross section of participants



Cross section of participants



Cross section of participants

# HEAR ME OUT

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

*Hello,  
Recently I heard some staff in your organization were disengaged, how do we identify those people so we don't fall prey transacting business with them?  
Anonymous..*

Hello, anonymous  
Thank you for your observation. The first thing we'll urge you to do is to ask for the identity of the individual, if not related to KW-IRS, then you can contact KW-IRS helpdesk line on 07006959477 to lodge a complaint. Please, do not transact any business with anyone unless you have confirmed the legitimacy of that individual as KW-IRS staff.  
Thank you.

*Hello,  
I and some persons had issues with the citizenship registration online. Is the registration difficult to do?  
Anonymous.*

Hello, anonymous  
Some of the complaints we get often is, 'I made mistake while I was filling my info' 'I wrongly chose a local government council' and the rest. Please, kindly read the instructions well and pay attention to information to avoid this recurring mistakes.  
Thank you.

## ADVERT RATES

Positions	Amount
Back Cover	N500,000
Inner Back Cover	N350,000
Inner Front Cover	N350,000
Pre-Editorial	N300,000
Double Spread	N450,000
Full Page (ROP)	N250,000
Half Page (ROP)	N150,000
Quarter Page (ROP)	N80,000



For Advert Placement, please contact  
0700MYKWIRS (07006959477) or **Email:** [press@kw-irs.com](mailto:press@kw-irs.com)

Adverts should be submitted in raw CorelDraw format or Pdf  
and sent to [press@kw-irs.com](mailto:press@kw-irs.com)

### Readers' Feedback



We are committed to continually improving KWAREVE News, your foremost Kwara State Internal Revenue Service In-house Magazine.

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

CONTENT

LAYOUT/  
DESIGN

PRINT  
QUALITY

ANY OTHER  
SUGGESTION

Note: kindly fill and cut-out the completed form and scan or snap, then send via email to [press@kw-irs.com](mailto:press@kw-irs.com)



# 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
TSAACCOUNT	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

**Website:** www.kw-irs.com

**Telephone:** 0700MYKWIRS (07006959477)

Mobilizing Revenue for the Strategic Development of Kwara State

# PHOTO NEWS



Director, Admin & Operations unveiling VAIDS Shirt



Cross Section of CTLOs



Some members of CTLO with the Director



## 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 references, 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)

# Your Tax Can Do More!



{CIP}  
COMMUNITY  
IMPACT  
PROGRAMMES

PLAY YOUR PART  
**PAY YOUR TAX**

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



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

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

[info@kw-irs.com](mailto:info@kw-irs.com) | 0700MYKWIRS (07006959477)

# The new age of Tax Transparency

Comrad Law

**C**omrad Law sets out the key features of the new age of tax transparency and looks at the impact on tax audit risk management for multinational enterprises.

Multinational enterprises (MNEs) have always faced a multitude of different transparency and data disclosure requirements as the international tax environment evolved to deal with the new globalized way of business. Over the last few years, the pace of change of the transparency debate and requirement has significantly quickened. This has a direct impact to the global tax audit and controversy landscape, with the volume of tax audits and disputes expected to continue to rise as a result.

Tax administrations around the world have continued to demand for more, and more readily accessible, information from MNEs. Whereas the tax administrations already have the power to request taxpayers to produce all records, more information than ever before are now available in the hands of the tax administrations that can be used in data analysis and subsequently as part of tax audit challenge material against the taxpayers.

This article provides an overview of some key recent changes in the world of tax transparency and suggests how MNEs should act in light of the increase in tax audits and controversies.

## Tax Transparency Initiatives Global Tax Transparency Initiatives

The early initiatives for “transparency disclosure” was largely industry-focused and voluntary, with the key forerunner being the Extractive Industries Transparency Initiative (EITI) that dealt with transparency over payments made by participating oil, gas and mining companies to governments and government-linked entities, as well as transparency over revenues by

those host country governments. Such voluntary initiatives were then followed up by various mandatory regimes, such as the European Union's disclosure rules for large extractive enterprises and logging industry enterprises in the Accounting Directive and Transparency Directive.

At the heart of the new transparency developments is Action 13 of Base Erosion and Profit Shifting (BEPS) project of the G20 and OECD. In this respect, the Final Report on Action 13 recommends that MNEs should prepare transfer pricing documents comprising of three documents: a master file, jurisdiction-specific local files and a country-by-country report (CbCR). Countries are required to implement CbCR requirements as one of the BEPS minimum standards.

Standing alone, the disclosure of the global revenue and profit allocation of the Action 13 initiative including the CbCR reporting may be intended to serve as a “risk assessment tool for the tax administrations”. Practically, tax administrations will now be in an unprecedented position to obtain a global picture of where the MNE's profits, tax and economic activities are reported. This information will enable tax administrations to assess transfer pricing and other BEPS risk better than ever before, to use the reported information to perform data analytics and therefore to initiate tax audits.

## Regional Tax Transparency Initiatives

The drive for tax transparency has also attracted significant interest from regional organisations such as the EU. An example of a recent transparency measure implemented by the EU was the directive adopted by the Council of Europe in December 2015 requiring all the 27



Member States to exchange information automatically on advance cross-border tax rulings and Advanced Pricing Agreements (APAs) from 1st January 2017.

During the first half of 2016, the Council of Europe further adopted the rules for an EU-wide version of the CbCR that will be consistently applied to all Member States, with countries expected to implement the rules into their domestic legislation no later than 4th June 2017. Shortly thereafter, the European Commission issued draft directive on public CbCR that provides for certain information to be publicly disclosed (e.g. available on the company website) in addition to sharing information with the concerned tax administration. Whether such public CbCR may be implemented (requiring qualified majority approval in the Council of Europe) will remain to be seen.

activities in conjunction with the advancement in transparency initiatives.

### **Global Tax Administrations' Cooperation**

In a global context, international standards on the exchange of information among tax administrations have been promoted by the OECD, in particular through its framework of the Global Forum on Transparency and Exchange of Information for Tax Purpose (The Global Forum). The Global Forum is instrumental in drafting a new model treaty, the OECD Model Tax Information Exchange Agreement (TIEA), aimed at ensuring that an agreement concerning information exchange can be reached between OECD economies and the other members of the Global Forum as well as other jurisdictions normally cut from mainstream tax treaty networks. The most visible outcome of this has been the

*On the other hand, the Convention on Mutual Administrative Assistance in Tax Matters, jointly developed by the OECD and Council of Europe in 1998 to provide all possible forms of administrative cooperation between tax administrations in the assessment and collection of taxes, received a significant boost in the recent years because of renewed interest in cooperation by the tax administrations. As of the beginning of November 2016, the latest version of the Convention has been signed by some 106 countries. This Convention provides the legal framework to implement automatic exchange of information between the tax administrations, as well as the legal framework to implement the automatic exchange of CbCR.*

### **Jurisdictional Transparency Initiatives**

Countries have individually begun taking action to enhance tax transparency too in anticipation of the OECD's BEPS recommendations. Examples of this include the UK Finance Bill 2016 that introduced the requirement for qualifying large businesses to disclose their tax strategy as it relates to UK taxation. UK even became the first country to approve the public CbCR in its statute books. On the other hand, half-way around the world, the Australian Tax Office (ATO) developed and implemented Reportable Tax Positions schedules in 2015 – to be completed by certain taxpayers – with regards to their detailed tax positions.

### **Tax Administrations' Cooperation Initiatives**

Once the information becomes available due to enhanced transparency, an effective exchange of information program and cooperation programme will enable the concerned tax administrations to trace and, where necessary, assess cross-border transactions, and these additional information can help support tax administrations to more effectively assess taxpayer in tax audits. While some of these cooperation initiatives may have started a number of years ago, the last few years have seen solid development of membership and

significant increase in number of TIEA inspired by the OECD Model in recent years.

On the other hand, the Convention on Mutual Administrative Assistance in Tax Matters, jointly developed by the OECD and Council of Europe in 1998 to provide all possible forms of administrative cooperation between tax administrations in the assessment and collection of taxes, received a significant boost in the recent years because of renewed interest in cooperation by the tax administrations. As of the beginning of November 2016, the latest version of the Convention has been signed by some 106 countries. This Convention provides the legal framework to implement automatic exchange of information between the tax administrations, as well as the legal framework to implement the automatic exchange of CbCR.

### **Regional Tax Information Exchange and Cooperation Initiatives**

Besides the activities of international organisations such as the OECD, tax administrations tend to form networks on a regional basis. These regional frameworks aim to enhance cooperation among tax administrations more directly, and the building up of effective exchange of

information experience between tax administrations will no doubt have positive impact to their further collaboration. Examples of such regional network include the Joint International Taskforce on Shared Intelligence and Collaboration (JITSIC) comprising of 36 tax administrations to deal with anti-avoidance, Study Group on Asian Tax Administration and Research (SGATAR) comprising of 17 Asian tax administrations that cooperate on joint training and experience sharing and the African Tax Administration Forum (ATAF) comprising 36 member countries aiming to develop, share and implement best practices.

### Forces in action to further drive tax transparency

In the context of tax transparency, it is worthwhile to note some of the significant forces that are driving its continued development in the last few years.

#### Public pressure

Whereas, in the past, campaigners against corporate income tax avoidance were either ignored or drowned out, the tide had changed whereby they now find a much more sympathetic ear with the public. The group of external stakeholders has widened too and now also include politicians, the media and social justice activist groups/NGOs whose influence in the development of relevant law and regulation can be significant. They often see direct link between tax and corporate social responsibility, and hence exerting pressure to push for an effective monitoring mechanism through transparency and disclosure.

#### Public Sector Revenue pressure

The financial crisis has seen tax issues climb much higher on the political agenda, and coincided with increased demand for tax administrations to collect against government budget pressure. Tax administrations can be expected to establish more measures to drive tax transparency in order to facilitate efforts to initiate tax audit challenges, while taxpayer will often be worn down by the ensuing appeal process / uncertainty and come to a settlement.

#### Transparency facilitated by technological advancement

The advancement of technology has enabled the tax administrations to amass a significant amount of information concerning the taxpayer either at real time or shortly after key milestones e.g. financial year-end. Such aggregation of data sources, together with a new generation of data analytics platforms, are allowing the tax administrations to better identify compliance issues and reap the benefits of transparency when initiating tax audits.

### How MNEs should react to new world of tax transparency and manage tax audit risks

The world of tax is therefore very different compared to a few years back. The implementation of new transparency measures globally, regionally as well as nationally, in combination with new tax disclosure requirements will enable tax administrations to scrutinize the taxpayer in a new enhanced way. This will be complemented by increased tax authority resources and new tools intended to leverage on the new data availability. In addition, the drive for transparency through automatic exchange of information will undoubtedly lead to more questions from tax administrations as they gain access to new sources of information such as CbCRs. More tax audits and controversies will arise especially in a transition period where countries may implement the new rules at a different pace. Within this new complex world, the MNE tax function will need to adapt in order to effectively manage the increase of tax audit risks and disputes.

#### Develop a strong and robust tax risk control framework

Tax audit risks are best tackled at source via the effective control of tax risks in the first place. In this respect, the development of a risk control framework that can identify and manage potential tax issues and risks at an early stage, as well as ensuring compliance with applicable law and be free of material errors, will be of critical importance. A robust tracking mechanism should also be in place to monitor the implementation of tax risk mitigation measures.

#### Tap into the new environment of cooperative measures

Many tax administrations have propagated cooperative measures e.g. horizontal monitoring, tax ruling, advance pricing arrangement programmes (APA), etc.



in order to seek to modernize the relationship with corporate income taxpayers, with a view to more effectively resolve any uncertainty around tax issues. When managed effectively, these measures can provide upside for taxpayers to reduce controversy and tax audit pressure.

Even without formally entering into such a programme, part of the tax audit risk management process should involve pro-active relationship building with the key tax administrations through regular lobbying and engagement, especially in light of increased global enforcement and information exchange across geographies.

### **Embrace the need to change the tax function**

The MNE tax function is forced to deal with a rapidly increasing workload resulting not only from a deluge of new and increasingly complex tax law and other regulation, but also increases in tax audit challenges from tax administrations. Consequently, the MNE tax function must:

Assess the additional resource (internal and external) that will be required to cope with the increased workload of managing compliance and handling tax audits, and equip itself accordingly.

Enhance internal processes to manage new ways of cooperation between central and local teams in terms of managing local regulatory developments as well as handling tax issues, tax dispute support and resolution.

Build linkages to other parts of the organization, not only with respect to tax risk management, but also in securing the proper data support and understanding when handling tax audit responses

### **Be prepared to deal with the uncertainty**

The unprecedented availability of data and information available to the tax administrations and the exchange of information mechanism will give rise to concerns over the inappropriate utilization of such information against the taxpayer:

- Data may be susceptible to misunderstanding and misinterpretation by the tax administrations and initiate tax audits and bring inconvenience to the taxpayers as a result.
- In the context of exchange of information, there may be a risk that countries will fail to reach consensus on the provisions of the multilateral instrument or abuse the provisions of bilateral TIEA.

There is also a risk that any exchange of information may result in a leak to the press or third parties of business and personal data.

*Even without formally entering into such a programme, part of the tax audit risk management process should involve pro-active relationship building with the key tax administrations through regular lobbying and engagement, especially in light of increased global enforcement and information exchange across geographies.*



Consequently, the MNE tax function should have a contingency plan in place to deal with the undesirable effects of a more volatile audit and dispute environment.

Conrad Law  
Conrad is Tax Director, Tax Risk Management, Huawei Technologies

#### **Source:**

<http://www.taxadvisermagazine.com/article/new-age-tax-transparency>

# What are the Benefits of Paying Taxes?

**W**hy do we pay taxes? The word *tax* comes from the Latin word *taxare* but the Romans were not the first civilization to impose taxes on their citizens. We know the ancient Greeks and Egyptians levied taxes on their own people and foreigners, as did the Hebrews. Other civilizations also left records of tax-keeping, along with many names for the fees they assessed.

The direct benefit of paying taxes for everyone is that they are used to pay for services that governments provide to communities. In a modern society a government needs administrators and clerks, police forces, emergency forces such as firefighters, engineers and maintenance workers for streets and buildings, politicians, and to pay for property used and goods consumed by the government services. In ancient times there were fewer government specialists but all of these basic needs had to be met.

As large cities developed in the ancient world rulers and their communities had to devise ways to compensate the people who delivered services to the communities. We don't know what the earliest forms of government revenue were but the options were few until money was developed.

As an example, if a city of 30,000 people needed to pay someone to clean the streets, they might rely on community donations of food and shelter. Temples became centers of collection for food and other donations and so in many early civilizations the temples were the leading institutions of the cities.

It would seem that warfare and conflict with raiders forced ancient communities to train dedicated warriors and raise armies. They chose kings to lead these armies, defend the communities against attack, and to negotiate with other kings for trade and defense. The earliest kings may have been men of wealth who could afford to pay for

their own armies, but in time the kings became powerful enough to demand contributions from their subjects. Some kings even seized control of the temples and took control over the temples' wealth.

Taxes are classified as *regressive* if they affect poor people more than wealthy people and as *progressive* if they affect wealthy people more than poor people. Progressive taxes have been popular throughout history, probably because wealthy people were easier to tax and the taxes would weaken their ability to raise their own armies.

Historians generally agree that the Roman Republic gave way to first permanent dictatorship and then imperium because wealthy men were able to raise their own armies. Future civil wars under the emperors arose due to rival claims to the throne among ambitious generals who led some legions in mutinies. The civil wars of the Republic era were fought by men who simply became so wealthy their ambitions knew no boundaries.

There are four basic types of taxes and all three have been used throughout history:

1. Property taxes
2. Income taxes
3. Estate taxes
4. Consumption taxes

**Property taxes** are most often assessed on an annual basis. A portion of the value of the property must be surrendered to the government. In current practice that is a monetary payment made to the appropriate tax





authority. In earlier times property taxes might be paid in money, goods or animals, or in service.

An early but widespread form of service tax for property owners was collective farming. Local and national rulers would require farmers to devote part of their labor to maintaining the rulers' fields and herds.

**Income Taxes** have been used by many countries in many different periods of history. It is not easy to collect an income tax because it requires a lot of record keeping and auditing. Income taxes are also unpopular because people feel deprived of their means on a continual basis.

Income taxes are usually progressive but rarely deemed fair by anyone. Only the poorest of citizens are exempted from paying income taxes.

**Estate Taxes** were first used by Augustus Caesar to help pay the empire's military expenses. Caesar's

estate taxes were modest by modern standards but they proved to be a rich source of income for imperial coffers. Unlike income taxes, which can decline when recessions put people out of work, estate taxes are driven by the continual turnover of property as heads of families die.

Kings and governments have also used estate seizures to pay their finances. Estate seizures still happen today, most often as punishment for criminal activity. The goods and property seized from an estate can be sold to raise money for the government.

**Consumption taxes** take the forms of sales taxes (paid at the time a product or service is purchased), tariffs (paid when goods are imported into the



country), and usage fees (such as tolls for bridges and roads). Consumption taxes are easier to collect than income taxes but they also require extensive record keeping and auditing.

Consumption taxes are popular with local governments and were also used by many European nobles during the Middle Ages. An important bridge or highway might be the source of revenue for a town or baron.

Consumption taxes are usually levied for use of



government resources such as harbors, forests, and highways. Citizens may also be asked to pay for special government services, such as unusual police and fire protection.

**Many taxes are tied directly to specific projects or services.** A “highway tax”, for example, may be limited by law to only pay for construction and maintenance of public roads. A “licensing fee” may be used to pay for the salaries of the administrators and clerks who issue licenses.

**In short, the benefit of paying taxes is to ensure that everyone in a community enjoys the services provided by government.** Whether the taxes pay for defense, infrastructure, education, or public safety the intention is that they create a safe and stable environment in which people can live.

In practice this does not always happen. In fact we can easily find many examples where “poor” neighborhoods receive less benefit from taxation than “wealthy” neighborhoods. But the reasons for these disparities in government services are

*In a perfect world we would only pay enough taxes to ensure that everyone receives equal benefits from their communities. In reality we pay taxes because that is the most efficient way to provide services, safety, and infrastructure to large populations.*

Some taxes are used to discourage consumption. For example, “windfall taxes” may be levied by governments to make it more expensive for consumers to buy items. The name “windfall tax” implies that unexpected profits on sales are being taxed but the sellers usually pass the cost of the tax on to their customers. In US history “windfall taxes” have been proposed to curb use of energy resources.

“Sin taxes” are similar to “windfall taxes” because they are used to discourage consumption of some goods, usually alcohol and tobacco, or services (such as prostitution), which are deemed unhealthy for people or the community in general. These “sin taxes” usually hurt poor people and do nothing to discourage wealthy people from consumption.

Some economists suggest that “sin taxes” reimburse governments and communities for the services they provide to compensate for the harm that bad consumption leads to, such as poor health and rising crime.

complex. The distribution of taxation benefits is not directly tied to the purpose for which taxes exist.

In a perfect world we would only pay enough taxes to ensure that everyone receives equal benefits from their communities. In reality we pay taxes because that is the most efficient way to provide services, safety, and infrastructure to large populations.





[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**



## MY ASSIGNMENT

Still in the dark hours of the night  
 Just before cock crows  
 Groping in the dark  
 I sneaked out to perform my Prodigious assignment

Silently and hurriedly I tiptoed  
 Humming through the night  
 I struggled to put on my branded apparel  
 Armed with my weapon, for duty calls

I glide carefully as I picked my way  
 Through, the stalls, shops and booth  
 Why must it be thus?  
 Why won't alakori pay to Ceaser what is Caesar's

Even the chirping of the night cricket  
 Dutifully fades as I approached the market center  
 Yet alakori remained adamant and unshakeable  
 "I will not comply. Olorioko has failed us" he whined daily

A baby who says his mother would not sleep  
 Is sentenced to a night of sleeplessness  
 Alakori has murdered sleep  
 He has devoured a breakfast of Pestle and so must sleep standing

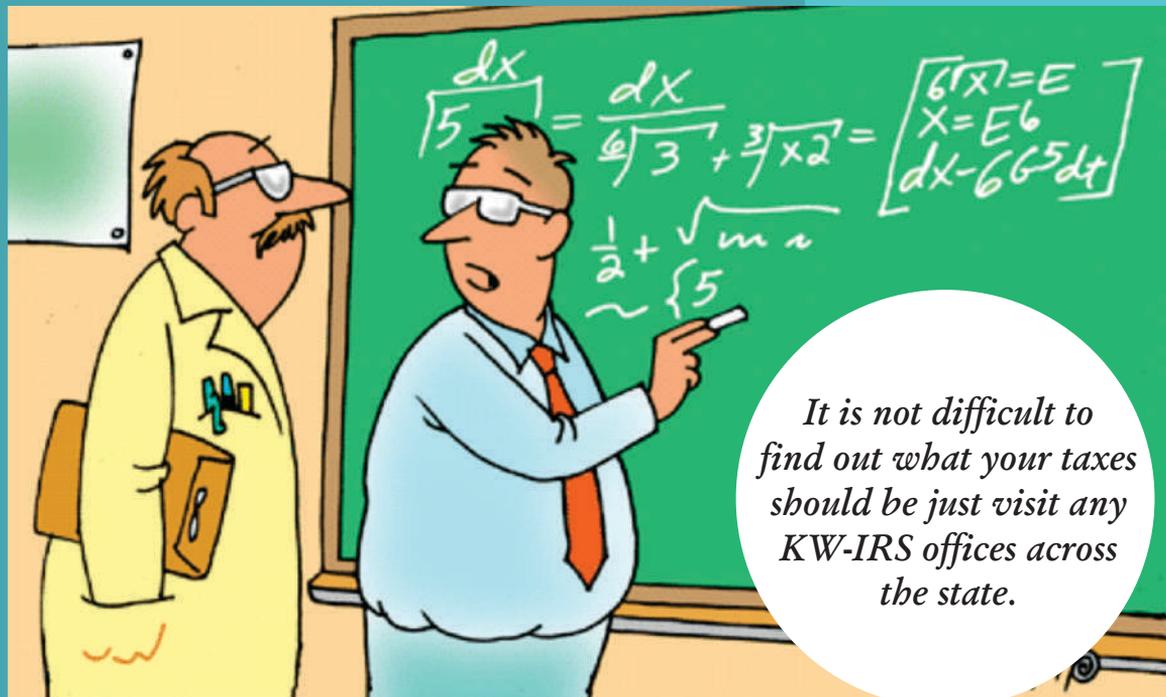
Armed with my weapon  
 I matched confidently in the early hours of dawn  
 S- E- A- L- E- D, S- E- A- L- E- D  
 The bomb shell is delivered, doors barricaded

Won kilo fun Olode...  
 Alakori was warned but remained resolute  
 Now he has to dance to the rhythm of the drum  
 A tune called by himself

As for me, my great task is just concluded  
 The trap was set and it just caught a big game  
 I return home to the Informal Sector  
 My Assignment of great repute.



## KWAREVE JOONS



**"Do you have my taxes figured out yet?"**

# Luxury Tax: To be or not to be?

To what extent will Nigeria benefit from the proposed luxury tax?

*Introducing luxury tax on certain items would increase the cost of those goods or services; therefore, more individuals may opt to make purchase at cheaper prices from the black market. An increased patronage of the black market is especially problematic because when taxable persons begin to operate in the informal market, the tax base is eroded.*

Bitrus Baba

## Introduction

**W**hether it seems timely or a little too late, Nigeria seems to be keen on measures to make the “rich” pay more and therefore address redistribution of wealth through taxation of luxury items.

Generally, luxury tax is a tax on luxury goods and services i.e. goods and services that are not essential and consumed by only a niche. It could be implemented through a sales tax system, value added tax system, or customs duty system of taxation. It typically affects the wealthy as opposed to the vast majority of the populace because the wealthy are the most likely to purchase luxury items.

In recent times, the Nigerian Government has been showing interest in this form of taxation as a response to the declining revenues from oil and to deal with social imbalance. In November 2014, the past administration announced plans to introduce luxury taxes in the form of surcharges on items such as private jets, luxury yachts, luxury cars, business class/first class tickets on airlines etc. The plan at the time included the following:

- 10% import surcharge on new private jets; 39% import surcharge on luxury yachts; 5% import surcharge on luxury cars;

- undisclosed surcharge on business and first class plane tickets;
- 3% luxury surcharge on champagnes; wines and spirits; and a
- 1% Federal Capital Territory (FCT) mansion tax on residential properties valued at ₦300 million and above.

The goal of the new taxes was to raise up to N10.56 billion in 2015 as additional revenue for the government and ₦480 billion within the three years following its implementation. However, the goals were never achieved due to lack of implementation. The Federal Inland Revenue Service attempted to implement but their enforcement faced stiff resistance and eventually it was abandoned particularly due to lack of a legal instrument backing the implementation.

Now, the imposition of a luxury tax mechanism has been reactivated. The current administration has announced plans as part of economic recovery and growth to increase the VAT rate on some luxury items. Although affected items and rates were not stated, the minister of finance disclosed that the increase will not affect basic food items.

### *Some challenges of introducing luxury tax*

The first question should be “What are the specific goods and services that will constitute luxury goods and services?” This question is especially important in a developing country like Nigeria, where even the most basic of amenities such as electricity, air transportation and certain clothing can be subjectively deemed as luxuries. If the luxury tax must absolutely be introduced, a clear and unambiguous definition and/or categorisation of items that constitute luxury goods should be established.

Variation and inconsistencies in the definition of “luxury” exists from country to country. For

resulting in more people being affected.

Secondly, the introduction of luxury tax without careful studies and plugging leakages at the port could discourage the purchase of certain “luxury” items from local businesses and potentially impact negatively on the sales and profits generated by such businesses. This could have adverse effects on the affected businesses and by extension the economy. The idea behind introducing a luxury tax is to get the wealthy to contribute a bit more towards easing the pains of the current economic recession.

For example, in the early nineties in the United States, when a 10% luxury tax was levied on fur, expensive jewelries, airplanes and cars worth

*Introducing luxury tax on certain items would increase the cost of those goods or services; therefore, more individuals may opt to make purchase at cheaper prices from the black market. An increased patronage of the black market is especially problematic because when taxable persons begin to operate in the informal market, the tax base is eroded. As a result, the desired results for which the luxury tax was instituted may not be achieved. In 1980 when Canada introduced a large luxury tax on cigarettes, an intense black market was formed. Legal sales and in turn tax revenues declined and as a result, more money had to be spent to curb the criminal activities.*

example, in the UK, chocolate covered biscuits are considered luxury yet somehow biscuits and cakes are considered necessities. Similarly, in Norway, cars and chocolates are considered luxury items and are liable to luxury taxes.

In developed countries like Ireland and Norway, the term “luxury” continues to evolve. The evolution continues in some instances to the extent that many of the goods associated with the luxury tax are no longer viewed as “luxuries” in the literal sense. Today, the term is sometimes mistaken with so-called “sinful items” such as sugary drinks, tobacco and alcohol amongst others. Hence the concept of “sin tax”. There is also the risk that over time, the term “luxury” might metamorphose, and goods formerly considered “ordinary” may incur the luxury tax,

\$30,000 and above, there was a sharp decline in sales of such items. This caused problems for producers of these items and their retailers, so much so that the law enacting the luxury tax had to be repealed.

The third issue to consider is the potential increase in black market patronage. Introducing luxury tax on certain items would increase the cost of those goods or services; therefore, more individuals may opt to make purchase at cheaper prices from the black market. An increased patronage of the black market is especially problematic because when taxable persons begin to operate in the informal market, the tax base is eroded. As a result, the desired results for which the luxury tax was instituted may not be achieved. In 1980 when Canada introduced a large luxury tax on cigarettes, an intense black market was formed. Legal sales and

in turn tax revenues declined and as a result, more money had to be spent to curb the criminal activities.

### Conclusion

The proposed increase in the VAT rate for luxury items comes as no surprise considering that Nigeria has one of the lowest VAT rates in the world. In Africa, Ghana has a VAT rate of 15%, Egypt 10%, Mauritius 15%, Morocco 20%, Namibia 15%, South Africa 14%, Tanzania 18% and Zimbabwe 15%. Across the continent, countries like France, the United Kingdom, Romania and Ukraine have VAT rates of 20%. Therefore, it would appear that the proposed increase in VAT is not out of place and should not have adverse effects on the poor since items like basic food items are excluded. However, in order to fully determine the effect of the proposed VAT increase on the populace, a clear definition and/or categorisation of the luxury items needs to be in place.

In addition to having one of the lowest VAT rates, Nigeria additionally has one of the lowest tax to gross domestic product (GDP) ratios at about 6%. This is clearly an indicator of the tax system's inefficiency and generally Nigeria's inability to harness the tax generating capacity of the economy. The introduction of a luxury tax regime is however not going to address the low tax to GDP ratio in the long run.

Alternative and more sustainable ways in which to improve the revenue generating profile of the country and at the same time reverse the current low tax to GDP ratio include: widening the tax base to capture business owners/entrepreneurs and small and medium enterprises; increasing transparency by judiciously accounting for monies collected from taxpayers, so as to motivate voluntary compliance; closure of gaps in tax administration by the tax authorities; and then focusing on tax policy after strengthening tax administration. The recent approval of the National Tax Policy which establishes fundamental principles to guide an orderly development of the Nigeria tax system and reinforces the need for tax laws and administrative practices to promote economic development is most certainly a step in the direction.

*Alternative and more sustainable ways in which to improve the revenue generating profile of the country and at the same time reverse the current low tax to GDP ratio include: widening the tax base to capture business owners/entrepreneurs and small and medium enterprises; increasing transparency by judiciously accounting for monies collected from taxpayers, so as to motivate voluntary compliance; closure of gaps in tax administration by the tax authorities; and then focusing on tax policy after strengthening tax administration. The recent approval of the National Tax Policy which establishes fundamental principles to guide an orderly development of the Nigeria tax system and reinforces the need for tax laws and administrative practices to promote economic development is most certainly a step in the direction.*

Bitrus is an Assistant Manager at PwC Nigeria. His experience cuts across tax compliance, inwards investment planning and strategic tax management.

Reference:

[www.pwc.com/ng/on/publications/tax-watch](http://www.pwc.com/ng/on/publications/tax-watch)

# THE MUST KNOW TAXES FOR DOING BUSINESS IN NIGERIA

*A major source of revenue for the governments around the world is Tax. It is no surprise why governments are keen about the safety and productivity of their citizens, as this translates to more taxable persons. The same applies to companies and businesses, because the more the businesses, the higher the source of revenue for the government.*

**O**n the other hand, especially in a situation like Nigeria where people perceive the government is not upholding its obligations; citizens do not enjoy paying taxes. It is always hard to just give your hard earned money away to a government; well maybe you have a point.

The truth however is that paying taxes is not an issue of morality that can be done by choice, rather it is a compulsory legal obligation, failure to remit taxes attracts severe penalties. So, whether the government is useful or not, taxes have to be paid by all taxable persons or businesses.

For you not to be found guilty in the eye of the law, below are some popular and must pay taxes that apply to almost all businesses in Nigeria, except those enjoying tax holidays or businesses that fall into the tax exemption category.

## **COMPANY INCOME TAX:**

This tax, as the name suggest apply to companies, and it is calculated on the profit of the company. Now we know that profit in its most simplistic meaning is expenses subtracted from income. This is why it is said that revenue isn't the same thing as profit, it is important for every business to know the difference. However for the purpose of taxes, there is taxable income, because to the taxman, it is not every expense that is acceptable. The rate of a company's income tax is fixed at 30% of taxable income (a major quality of taxes, they are always fixed at a certain rate or percentage).

This Tax is remitted to the Federal Inland Revenue Service, and it is payable on a preceding year basis. It is very important that business owners secure the help of an



accountant to help prepare accounting books so as to have a clear picture of the tax liability for each year, or whatever accounting period used by the company. Companies in the oil and gas field do not pay Company Income Tax, rather they pay Petroleum Profit Tax

## **EDUCATION TAX:**

For those who attended Federal Universities or institutions in recent years, (no not you from the first republic). Those of this generation will be familiar with many buildings in these institutions having inscription such as 'Education Trust Fund 2009'. This fund is made available to the Federal government by the companies, and no, it is not a voluntary contribution. It is fixed at 2% of the assessable income; you can see this isn't taxable income. The tax man has a way of arriving at different profits, so you should also always seek tax advice.

## **VALUE ADDED TAX (VAT):**

arguably the most popular tax in Nigeria. This tax is paid irrespective of whether you are a company or an individual. This tax is placed on goods and services; the burden of the tax is borne by the final consumer. The way this tax works is such that, for every good sold, or service rendered, it is compulsory to add a VAT at the rate of 5% of sale price. So for example if a good is being sold for N

200, with VAT added it would be eventually sold for N 210. The VAT of N 10 cannot be calculated as a profit to the seller or its business, but would be recorded as VAT to be remitted to the FIRS. VAT is paid by the final consumer, collected by the seller, and remitted to the FIRS. A failure to include VAT, or not declare it is an offense that attracts serious fines and severe punishments.

VAT filing is monthly, and always due on the 21st day of the subsequent month.

There are however some goods that are exempt from VAT, an example is educational materials like books. You may require an expert to guide you on how to balance VAT output and VAT input for your business, as these determine your final VAT liability.

### **WITHHOLDING TAX:**

A withholding Tax is not a tax you pay, it is just another type of tax you help the tax man secure. This type of tax like the name suggests is withheld by the person paying for a service to the service provider. For example, if Mr A provides a service to Mr B, Mr B pays Mr A his money less 10% of the agreed sum. Mr B remits that 10% to the FIRS, and Mr A gets a credit note as a receipt to show that he has paid part of his tax liability for the year, and a total of the Tax withheld shall be deducted from his payable tax for that year. It is a means of ensuring that people pay taxes, so it is an advance form of tax payment.

### **PAY AS YOU EARN (P.A.Y.E):**

this is a scheme by the Taxman to ensure that employees pay their taxes, and puts the duty on the employer to deduct the tax liability of the employees at source, thus the employees are paid their net salary, The employer on monthly basis remits the tax to the State's Internal Revenue Service, a tax clearance for that month covers all employees of the company.

The PAYE becomes applicable to a business or company with 4 or more employees.

### **CAPITAL GAIN TAX:**

This is not an everyday Tax, it is payable by companies or individuals. This is a tax paid on the sale of an asset. CGT is always fixed at 10% on the profit of the sale. Emphasis on profit, not sale price, so it is important that you learn how to calculate a CGT or employ the service of a person who can guide you.

### **PERSONAL INCOME TAX:**

This tax is payable by individuals or unincorporated businesses. Therefore this type of tax applies to employees, traders, sole proprietors, partners in a partnership, and businesses not registered as companies. It is calculated by what is regarded as direct assessment, and like the company income tax, the tax man allows for some reliefs, but not all expenses, so it is always important

to approach a tax expert in computing your tax liabilities.

### **This is the rate of calculating personal income tax;**

- First N300,000 of income @7%
- Next N300,000 of income @ 11%
- Next N500,000 of income @ 15%
- Next N500,000 of income @19%
- Next N1,600,000 of income @ 21%
- Above N3, 200,000 of income @ 24%.

### **MINIMUM TAX:**

This is a tax payable when a company does not make a profit in a year, or where the tax on profit when computed is lower than the minimum tax that would have been payable by the company. Where the turnover of the company is NGN 500,000 or below, minimum tax is computed as;

### **The highest of:**

- 0.5% of gross profits
- 0.5% of net assets
- 0.25% of paid-up capital, or
- 0.25% of turnover of the company for the year.

Where the turnover is higher than NGN 500,000, minimum tax is the highest of the calculations listed above plus 0.125% of turnover in excess of NGN 500,000.

It is evident that many start-ups will opt for the minimum tax.

### **LOCAL GOVERNMENT LEVY:**

Now this is can be a real thorn in the flesh, as the local governments can come up with many ridiculous levies and charges like Television and Radio License fee. While the local governments usually pay attention to petty traders and small shops, they sometimes reach out to the Small and Medium –sized enterprises.

As stated earlier, these tax liabilities are mandatory, and many have a period which they must be filed, else you find yourself in default and subject to heavy fines.

There is good news for Tax defaulters; the Federal government has recently introduced the Voluntary Assets and Income Declaration Scheme as a tax amnesty for those who have been in default of many years to pay the default taxes without any liability of the fines or punishment. This scheme has however been declared as valid for a limited period.

You can always contact us at legitng.com if you need more guidance on how to go about paying your taxes, ensuring you file at the proper time, and how to explore the lacuna and provisions of the law to reduce your tax liability.

**Written by:** LegitNG , a startup aiming to improve access to legal services and content by leveraging on the advantage of technology to make Nigerian legal information and services available.

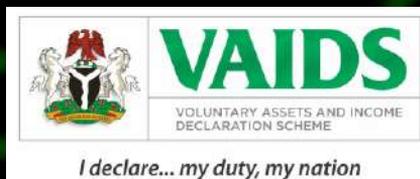
<https://brandspurg.com/the-must-know-taxes-for-doing-business-in-nigeria/>

# Let's Build Together



FROM JULY 1ST, 2017 TO MARCH 31ST, 2018

# DECLARE YOUR ASSETS AND INCOME



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

[vaids.gov.ng](http://vaids.gov.ng)



@vaidsng



@ideclareng



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

# Paying Your **PROPERTY TAX** in Kwara State is Now Easier

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

Enter your demand notice number and personal details

Make payment with your ATM card online or

Issue a cheque or pay cash into any of the Kwara State Government IGR collection account.

Wait for confirmation SMS/email

Present proof of payment to be exchange for receipt at KW-IRS Head Office.



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

PLAY YOUR PART  
PAY YOUR  
**TAX**





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

# **DON'T GET CAUGHT** evading tax is a criminal offence. **Pay your tax.**

It is a criminal offence to evade tax and harass tax officials, so join hands to make **KWARA STATE** great!



**PLAY YOUR PART**  
**PAY YOUR**  
**TAX**

