

THE CHARTERED INSTITUTE OF TAXATION OF NIGERIA¹

BEING OPENING ADDRESS DELIVERED BY THE CITN PRESIDENT, MR. JOHN FEMI SUNDAY JEGEDE, FCTI, AT THE OPENING CEREMONY OF THE 14TH ANNUAL TAX CONFERENCE HELD AT NICON LUXURY HOTEL, ABUJA, NIGERIA ON THURSDAY, 10TH MAY, 2012.

Our Special Guest of Honour, His Excellency, Dr. Goodluck Ebele Jonathan, GCFR, President and Commander-in-Chief of the Armed Forces, Federal Republic of Nigeria, ably represented by the Honourable Minister of Finance, Dr. Yerima Lawan Ngama

His Royal Majesty, Oba Adebajji, Ajibade, Alabi, Afuntade I, Alawe of Ilawe-Ekiti

The President of West African Union of Tax Institutes, Prince Kunle Quadri, FCTI

The President of the Chartered Institute of Taxation Ghana, FCIT

Vice President of CITN, Mr. Mark Anthony Dike, FCTI

Deputy Vice President, Dr. (Mrs.) Teju Somorin, FCTI

Honourary Treasurer of CITN, Mr. Adesina Adedayo, FCTI

I am most delighted to welcome you all to the CITN's 14th Annual Tax Conference which has become and will continue to be the largest and best gathering of tax professionals from across Nigeria, West Africa, Africa and the world. This can be attested to by the large number of delegates which cuts across groupings who have continually made it a point of duty to attend our conference yearly. I welcome you most warmly to this year's conference.

It is worthy of note that a lot has transpired between the last conference and now. Much as we have made progress as an Institute, we were also faced with some challenges that impeded our progress. However, we are thankful to God Almighty who has made it possible for us to surmount these odds and move forward. The most significant of such setbacks is the collapse of the building housing our Institute's Secretariat in October last year. We thank God that there was no casualty recorded during the incident. Also within the past one year, we had lost some of our members and it is on this note that I urge us to please stand up and

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observe a minute silence in honour of all those who have passed away praying that may God grant their souls peaceful rest. Amen.

I am very delighted and honoured to have in our presence the representative of our President and Commander-in-Chief of the Armed Forces, Federal Republic of Nigeria, Dr. Lawan Yerima Ngama, the Honourable Minister of State for Finance who is the Special Guest of Honour at this ceremony. Council and members of our great Institute appreciate immensely your acceptance of this role and presence at today's ceremony. I am also very delighted to welcome delegates from the Chartered Institute of Taxation, Ghana, the South African Institute of Tax Practitioners, Revenue Agencies and stakeholders from the ECOWAS region to this year's conference.

CITN's Annual Tax Conference has over the years provided a platform for Tax Professionals from Nigeria, Africa and other countries to meet in an atmosphere devoid of distractions to discuss, and take critical look at issues of economy, development, and also fashion ways to further assist our respective governments towards achieving good governance and improved quality of lives for citizens. The spectrum of participants comprises of members in the public and private sectors; independent practitioners, policy makers, and other professionals who are bound together by common resolve to proffer lasting and feasible solutions to issues affecting the development of efficient tax system in our respective countries.

The theme of this year's conference, which is in tune with Federal Government's Transformation Agenda, is **Taxation as a tool for Economic Transformation**, which was arrived at, having taken a critical look at the world economic problems viz-a-viz policies put in place to address the socio economic challenges plaguing developing countries such as Nigeria. Taxation is a bridge between development and underdevelopment because development requires resources, and resources can be obtained through productive activities and taxes. What this implies, is that, taxation is an essential tool towards economic development in any nation. Our emphasis on taxation as an Institute stems from its pivotal role in stimulating national development. All over the world taxes have formed an integral part of the economies of countries around the world such that tax policies are constantly

reviewed to be in tune with the state of affairs in the economy at every point in time.

Solid economic systems are a function of sound fiscal and monetary policies structured to drive growth in critical sectors of the economy such as energy, transportation, financial sector e.t.c. Taxation is a vital component in this chain as it helps to define the shape and direction of government's policies, which usually drives economic development. It is a fact that any serious-minded government desirous of attracting meaningful development to its economy must accord taxation its rightful place. It is only when this is done that a robust and sustainable development can be achieved.

Distinguished ladies and gentlemen, May I seize the opportunity of this address to state some of our Institute's activities in the Nigerian Tax System and efforts aimed at sustaining CITN's position as a top rate professional body in Nigeria, in line with our enabling Charter.

Tax Professionals' House

It is indeed delightful to inform you that our collective aspiration to build a befitting permanent secretarial edifice for our noble Institute is beginning to be realized as the Contractors are being mobilized to site and construction work will start next month. May I also implore our members who are yet to pay the N20,000.00 building construction levy as agreed at the last Annual General Meeting to do so without further delay so that funding will not impede the progress of work. In the same vein, I urge members of the public, corporate bodies, and stakeholders to contribute towards this noble cause which is expected to be a significant milestone in the Institute's developmental strides. It should be remembered that any donation to the Institute is tax exempt under Section 25(6) of Companies Income Tax Act (CITA) cap C 21 LFN 2004 (as amended). I confirm to this noble gathering that this venture is the first of its kind in Africa for any tax professional body and requires your support. Your individual and collective mite towards the actualization of this noble project would definitely be appreciated and duly acknowledged. In addition, Your Excellency, with due respect, we are still expecting the donation from Federal Government of Nigeria.

i. AUTONOMY AND PROFESSIONALISATION OF STATE INTERNAL REVENUE SERVICE

The need for autonomy for Revenue authorities has always been stressed by CITN. An administratively and financially independent IRS shall have the following benefits among others:

- a. Targets set and inspiration to achieve such
- b. Better Taxpayer Enlightenment Programme
- c. Simpler assessment and payment procedures
- d. Comprehensive and Reliable Database
- e. Automation of Processes
- f. Better Remuneration
- g. Training and Motivation of Staff
- h. Accountability on the part of the collecting agencies
- i. Foolproof Tax Clearance Certification
- j. Relationship With Government and Private Agencies

Unless the revenue agent is totally independent with powers to carry out its assignments without hindrance but in compliance with the dictates of the law, government shall continue to lose revenue. The political will of government shall be a morale booster for the improvement of the state's IGR.

There is the need to have professionals within the tax system to drive this all important sector of the nation's economy. It is our belief that government policies and programmes in the area of increased revenue generation can be best implemented with a State Internal Revenue Service that is autonomous and consisting of professionally competent chartered tax administrators in accordance with the law of Federal Republic of Nigeria. Lagos, and Adamawa States are among the States that have autonomous status for their SIRS while Ekiti State Government had sent a bill for the autonomy of the State IRS to the State House of Assembly. The States should start to look inwards for alternative source of funding if they are serious in diversifying their economy and place little or no reliance on monthly allocation from Abuja which is becoming unforthcoming.

It is important to re-emphasise once again that only members of CITN are backed by law to be appointed the Chairman of the Federal and State Internal Revenue Service. Also only our members have statutory mandate to engage in tax practice. This clarification becomes very apt now that the office of the Chairman of FIRS is vacant so that Government would not make a mistake of appointing a quack to the position thereby contravening the law of Nigeria. In as much as a lawyer has always been appointed to head Ministry of Justice and a medical doctor to head Ministry of Health or any health institution, it will be illogical to appoint anybody who is not a member of CITN as Chairman FIRS and SIRS.

Let me mention here the role of tax practitioners (otherwise known as tax consultants) in the tax system. While it is known that the tax officials are responsible for assessing, collecting and accounting for the revenue collected, the consultant, who ordinarily should be appointed by IRS would be relevant only on short time in the following areas:

- i. Manpower training;
- ii. Installation and maintenance of information technology facility,
- iii. Conduct enumeration of tax payers;
- iv. Updating and codification of tax laws; and
- v. Conduct complex tax audits rather than routine and simple tax audit.

The tax consultants are not supposed to carry out the statutory functions of tax administrators and vice versa.

Collaboration and interaction with other professional bodies

In realization of the need for our Institute to be visible in the league of professional bodies, we have continually positioned CITN as a force to be reckoned with both locally and internationally. We have a good working relationship with Taxation Institutes in Ghana, South Africa, Senegal, Sierra Leone, Liberia, Mali and Burkina Faso through the auspices of West Africa Union of Tax Institutes (WAUTI) and Association of African Tax Institutes (AATI). May I mention here that just last month, I was part of the delegation from the West African Union of Tax Institutes (WAUTI) invited to the meeting/conference of the Confederation Fiscale Europeenne (CFE) in Brussels, Belgium. The CFE which is the body of Tax Advisers in the European Union boasts of 33 national associations from 24 European States with over 180,000

tax advisers. This conference afforded me the opportunity to observe and share ideas with tax professionals in Europe and also relate CITN's role and activities in the Nigerian Tax System. Last year, we attended the tax conferences in Ghana and Senegal. In Nigeria, we maintain good relationship with Association of Professional Bodies in Nigeria (APBN) and the professional accountancy bodies.

National Tax Policy and National Development

Council is delighted that the National Tax Policy document has finally been launched and made public for adoption and administrative implementation by all tiers of government. This is an important step in Nigeria's march towards creating an economy that is reliant on taxation as a more sustainable source of income for national development. The National Tax Policy is expected to translate the entire tax system into a competitive and virile system. May I commend this government for the giant strides that have been made towards ensuring taxation is accorded a prime place in national development. Also worthy of commendation is the signing into law the Personal Income Tax (Amendment) Act 2011. CITN is aware of the great stride being taken by the administrations of government at all levels but a lot still needs to be done particularly in ensuring that obsolete provisions in our tax laws are constantly reviewed and replaced. In this wise, yearly review of the tax laws is recommended whereby the changes are reflected in the Annual Appropriation Acts as is obtained in the developed nations like UK and South Africa. The practice will ensure that tax rates and allowances are in tandem with current economic realities and encourage voluntary tax compliance.

In concluding this address, I want to comment on some critical and urgent national issues in our country today.

National Security

Our Institute has viewed with serious concern the challenges we have faced as a country in respect to national security. We are worried over the continuous loss of lives in northern part of our country and hereby call on the Federal Government to as a matter of national urgency ensure that steps are taken to guarantee the safety of lives and properties throughout the nation. CITN wish to remind Government that we had similar problem before with the Niger Delta Militants and

the problem was resolved through dialogue and that the same dialogue method should be used to resolve this quickly as non-timely resolution could scare away foreign investors. As regards unemployment situation in the country, which is the major cause of this problem, Government should mandate Ministry of Labour to open registers for the unemployed school leavers and come up with reliable statistics which would form the basis of addressing the menace.

Restructuring of downstream sector of the nation's petroleum industry and construction of new refineries

Our Institute have noted with concern policies by the Federal Government aimed at repositioning the petroleum industry in Nigeria to be locally driven and also to attract investors. We are particularly gladdened by government's resolve at constructing new refineries geared principally at ensuring that local capacity increased in terms of petroleum products refining which will bring about multiplier effects on the country's economy both in the short term and long term. CITN believes that these laudable initiatives can be better sustained with an unwavering commitment and a multi-faced approach. It is in this light that we are advising that one refinery should be constructed in each of the six geo-political zones of the country. This can be done if the commitment and will power to follow this through is in place. Furthermore, the existing refineries and new ones to be constructed can either be sold, leased or given to major oil companies to manage at agreed terms. By so doing, the refineries would be better managed at full capacity utilization which will accrue from the technical expertise and managerial capabilities of these companies. This is because as being presently managed, the refineries have operated with constraints such as undue bureaucracy, lack of maintenance and sharp practices that have resulted in low output. Oil majors can also be encouraged to construct at least one refinery yearly until an appreciable level of self sufficiency in refining capacity is achieved locally. Government should evolve a policy whereby there would be a paradigm shift from the exportation of crude oil to exportation of finished products. As long as Government continues to export crude oil, so long we continue to export employment to foreign countries and as long as we continue to import finished products, we are unwittingly

importing unemployment into Nigeria. Venezuela is a member of OPEC, yet the country does not export a drop of crude oil. When we refine our crude internally, we create employment and it has a multiplier effect on the economy.

This will no doubt translate to increased and reliable petroleum product availability, technology transfer, local capacity improvement and better economy for our country. We look forward to a Nigeria that is self sufficient in refining petroleum products locally and economically prosperous in the long run.

Finally ladies and gentlemen, I have the rare privilege and honour to invite the Special Guest of Honour, His Excellency, Dr. Goodluck Ebele Jonathan, GCFR Commander – In – Chief of the Armed Forces, Federal Republic of Nigeria ably represented by the Honourable Minister of State for Finance, Dr. Yerima Lawan Ngama, to deliver his Keynote Address and declare the 14th Annual Tax Conference of The Chartered Institute of Taxation of Nigeria open.

Thank you all for listening and God bless.

John Femi Sunday Jegede, FCTI

President