



FEDERAL INLAND REVENUE SERVICE





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CHAIRMAN'S OVERVIEW

I am pleased to present the annual report of the Federal Inland Revenue Service (FIRS) for the financial year ended 31st December 2021.

Legal Establishment, Mandate and Objectives

The Federal Inland Revenue Service (Establishment) Act, No. 13, 2007 was enacted on the 16th of April, 2007 to provide for the establishment of the Service with the powers of assessment, collection of, and accounting for revenue accruable to the Federation.

The mandate of the Service is to control and administer the different taxes and laws specified in the First Schedule of the Act or other laws made or to be made from time to time by the National Assembly, or other regulations made thereunder by the Government of the Federation and to account for all taxes collected.

Our Agenda

Upon coming into office, our administration carried out a critical review of the Service to understand what we needed to do to improve service delivery. It was upon this review that we came up with a 4-point agenda that sought to achieve a rebuilding of the FIRS institutional framework, the improvement of our collaboration with stakeholders, as well as making the FIRS a customer-centric institution and a data-centric institution.

The implementation of this 4-point agenda resulted in the achievements that are articulated in details in this annual report.

General Operational Environment

The story of the Nigerian business environment in the 2020/ 2021 financial year and, indeed, the entire globe is not complete without mentioning the COVID-19 pandemic and its debilitating effects on people, businesses, and the economies of countries.

The Nigerian case and, of course, that of the Service in the year under review was further exacerbated by the "End SARS (Special Anti-Robbery Squad)" nationwide protest that shut down parts of the economy and businesses. Regardless of these unfortunate events, the Service under our watch, charted a way forward by rolling out various palliative measures such as

waiver of interest and penalty on outstanding tax liabilities resulting from tax desk reviews, audit and or investigations and self-assessments from 4 November to 31 December 2020; extension of the filing and payment deadline for Withholding Tax and Value Added Tax returns from 21st day of the month to the last day of the month; taxpayers who were facing challenges in obtaining foreign exchange (FOREX) offsetting their tax liabilities can pay their outstanding tax liabilities in Naira at the prevailing investors and exporters (FOREX) to offset their tax liabilities could pay their outstanding tax liabilities in Naira at the prevailing investors and exporters FOREX window rate on the day of payment; among many others, to enhance various sectors of business and stimulate tax revenue growths among others.

The various business continuity initiatives taken during COVID-19 lockdowns in addition to positive effects of the Finance Act, 2019 and internal restructuring of the Service, in no small measure, contributed to the improved performances.



Muhammad M. Nami

CHAIRMAN'S OVERVIEW

Our Scorecard

Financial Performance

The net operating position improved significantly during the period under review. Operating deficit decreased from ₦3.15 billion in 2019 to ₦1.07 billion in 2020 representing 66.16% reduction. The deficit is reducing gradually towards a net surplus position.

The net asset of the Service grew moderately by 2.15% over the prior financial year's figure of ₦148.34 billion to ₦151.53 billion. Furthermore, the liquidity position of the Service, in the course of the 2020 financial year, improved significantly and recorded positive net cash flows from operating activities of ₦8.71 billion against ₦2.53 billion negative in the previous financial year.

Other Non-Financial Information

Other achievements of the Service including but not limited to:

- Successful articulation of changes to the tax laws for inclusion in the 2019, 2020 and 2021 Finance Acts.
- Successful development and deployment of an in-house e-tax solution, TaxPro-Max.
- Full implementation of Automatic Exchange of Information-Common Reporting Standard (AEOI-CRS) system.
- Successful reorganisation of the Service, deployment of competent officers to fill existing and emerging vacancies, and improving staff morale.

Our Most Valuable Asset - Human Capital

There is no gainsaying that, as a tax administration, the crown jewel is the human resource. FIRS employs the best candidates into its workforce and keeps to its equal employment opportunities policies to not discriminate against any person on the ground of race, religion, colour, or physical disability.



In the event any member of staff becomes disabled, every effort is made to ensure that his or her engagement with the Service continues.

The Service places great importance on the training and development of its workforce. This is geared towards the developmental needs and enhanced capacity of officers to enable them tackle the challenges of modern tax administration. We will continue to invest in our human capital to ensure that our staff are positioned to compete and deliver services in line with the global best practices.

Corporate Social Responsibility

The Service continues to execute several Corporate Social Responsibility (CSR) programmes. We are committed to carrying out more impactful CSR projects in the nearest future as the required resources become available.

Conclusion

In conclusion, we immensely thank our numerous stakeholders amongst which are His Excellency Muhammadu Buhari, GCFR, President and Commander-In-Chief of the Armed Forces of the Federal Republic, the Honourable Minister of Finance, Budget and National Planning, Hajiya Zainab Shamsuna Ahmed, the Minister of State for Budget & National Planning, Prince Clement Agba, members of the 9th National Assembly, Members of the Board of the Service, the Office of the Accountant-General of the Federation (OAGF); the Central Bank of Nigeria, the National Information Technology Development Agency (NITDA); the Tertiary Education Trust Fund, esteemed taxpayers, the FIRS Management and staff. The support of our stakeholders, and many others too numerous to mention were the backbone to our modest achievements in the 2021 financial year which we believe would be surpassed in the new year.

Muhammad M. Nami

ABOUT THIS REPORT

This report is primarily intended, but not limited to providing disclosure of financial information to the various stakeholders about the financial performance and financial position of the Federal Inland Revenue Service (FIRS) for the fiscal year 2021. This Annual Report includes FIRS' performance information for the 2020 and 2021 financial years, governance, risks, stakeholder and human resource information.

The report gives insight into

- The Economic resources of FIRS at the reporting date and claims to those resources;
- The effect of transactions, other events and activities that change the economic resources of the reporting of FIRS as an entity and claims to those resources during the reporting period, including cash inflows and outflows and financial performance;
- FIRS' compliance with relevant legislation or regulation and legally adopted or approved budgets used

to justify the raising of monies from taxpayers and ratepayers;

- FIRS' achievement of its service delivery objectives during the reporting period.

The Annual Financial Statements (AFS) for the year ended 31 December 2021 (2020) were prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and the requirements of the FIRS (Establishment) Act and the Financial Reporting Council of Nigeria Act, 2011.

As part of FIRS' commitment to align with global best practice in Corporate Governance and General Purpose Financial Report, the management adopted and is committed to the concepts of International Integrated Reporting Framework (IIRF).

The Annual Financial Statements in this report were audited by a licenced independent auditor.

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT

To the best of my knowledge, I confirm the following:

- All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by an independent auditor. The Annual Report is complete, accurate and has been fairly presented.
- The Annual Financial Statements included in this Annual Report were prepared in accordance with the applicable accounting standards.
- The Executive Chairman as Chief Accounting Officer of the Service is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Public Sector Accounting Standards (IPSAS) on Accrual Basis and the requirements of the Federal Inland Revenue Service (Establishment) Act, the

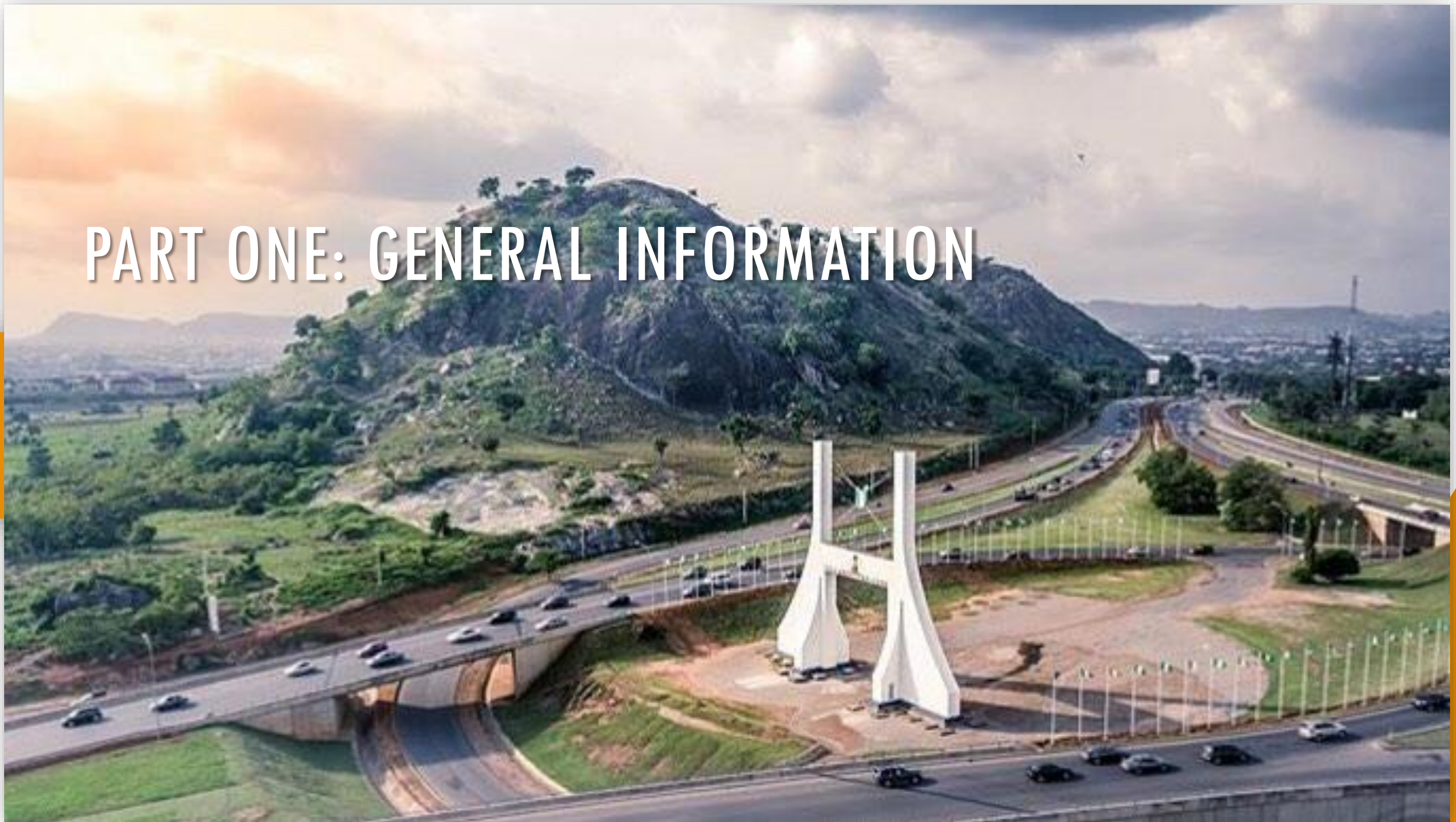
Financial Reporting Council of Nigeria Act., 2011.

- The Board of the FIRS is charged with responsibility for overall governance of the FIRS and is responsible for, overseeing its financial reporting process and providing such internal control policy as deemed necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resource information and financial affairs of FIRS for the financial year ended 31 December 2021

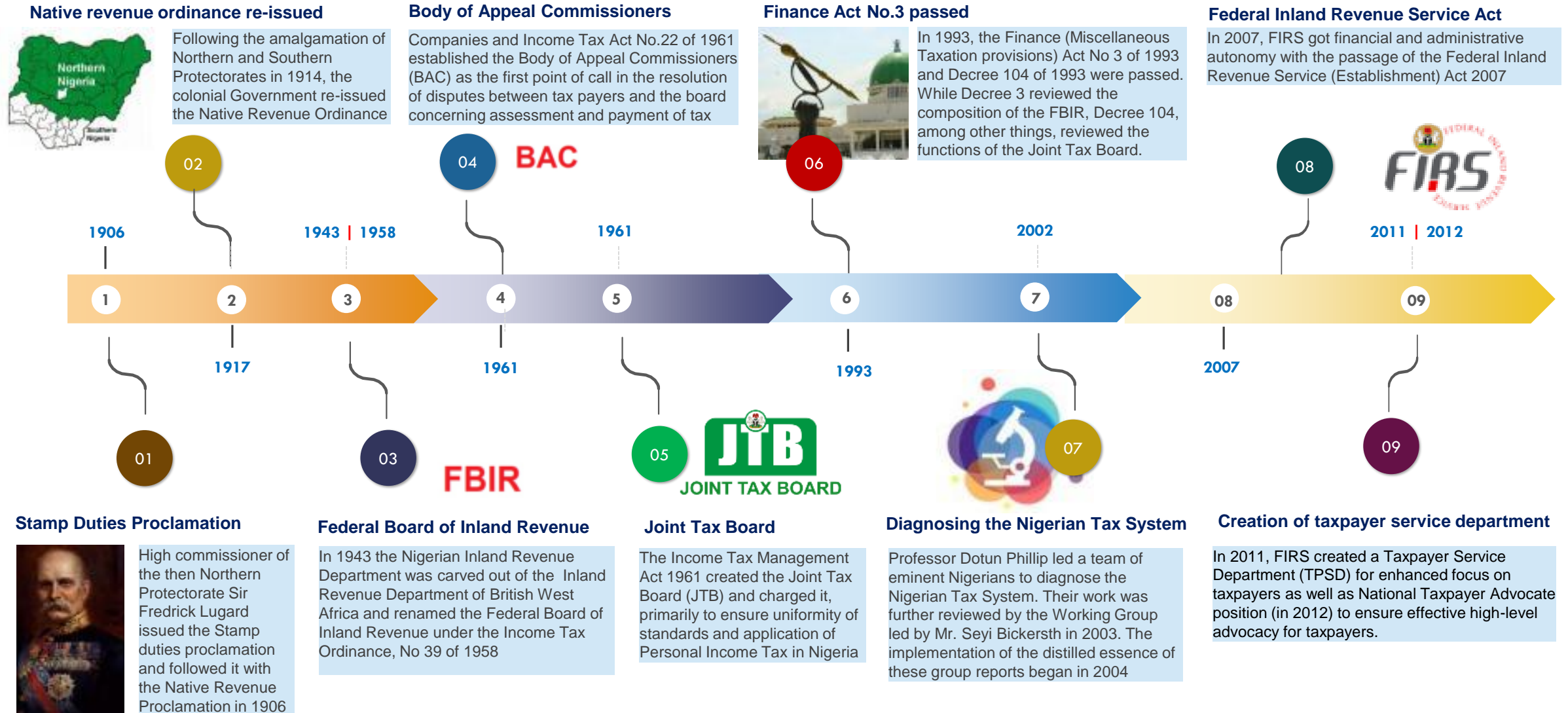
Muhammad M. Nami
(Executive Chairman)

PART ONE: GENERAL INFORMATION



- Federal Inland Revenue Service (FIRS) was created in 1943. Prior to that time, its functions had been performed by the Inland Revenue Department of British West Africa.
- The Board of Inland Revenue was created in 1958, and the Service gained autonomy with the passing of the FIRS (Establishment) Act 13 of 2007.
- The commencement date of this Act was 16th April, 2007 and the Act is a compendium of provisions to guide the effective administration of taxation in Nigeria by the FIRS. By virtue of its mandate as stated in the Act, the FIRS is charged with the primary responsibility of assessing, collecting and accounting to the Government for various Federal taxes specified in the First Schedule of the Act.
- In 2003, the Federal Government of Nigeria recognized that poor service delivery in the public sector had become an urgent national issue and undertook a series of steps that lead to the entering into a Service Compact (SERVICOM) with all Nigerians in March 2004.
- This was followed by the creation of the SERVICOM office within the Presidency to ensure the entrenchment of excellent service delivery in the public sector in policy, programmes and practice.
- In line with the subsequent Presidential Mandate, the FIRS created a Unit in 2014 to institutionalize Service Delivery within the Service. This Unit has undergone various transformations to meet the tempo of ever-changing FIRS organizational reforms and the needs of taxpaying public and stakeholders.
- In 2011 FIRS created a Taxpayer Service Department (TPSD) for enhanced focus on taxpayers as well as National Taxpayer Advocate position (in 2012) to ensure effective high-level advocacy for taxpayers.





Service Delivery Statement

We align our actions with our core values to:

- Ensure prompt, professional and courteous attention to taxpayers and stakeholders at any of our service windows all times: visitors to all our offices will be attended to within a maximum of 15 minutes.
- Conduct the task of tax administration with due skill, diligence and with proper regard for the technical and professional standards expected of tax administrators.
- Accommodate persons and corporate bodies with special needs and unique interests within the limits of the law and national interest.
- Ensure that all communication is acknowledged within 48 hours of receipt, and that a timeline for action and contacts for follow up are also provided.
- Commit to closing all requests/complaints within 10 working days and where this is not feasible, to communicate alternative dates to the concerned parties in a timely fashion.
- Recognise taxpayers' rights to privacy and confidentiality

Collection and accounting for the following taxes to the Government:

- Petroleum Profits Tax
- Companies Income Tax
- Value Added Tax
- Education Tax
- Capital Gain Tax on corporate bodies & residents of the Federal Capital Territory and non –resident individuals
- Stamp Duties on bodies corporate and non–resident individuals
- National Information Technology Development Fund (NITDF) Levy
- Personal Income Taxes in respect of: Members of the Armed Forces of the Federation Members of the Federation, Members of the Police Force, Staff of the Ministry of Foreign Affairs and non-resident individuals.

e-Services

The FIRS e-Service platforms for ease of doing business are as follows:

- **e-Registration:** an online platform that enables Taxpayers to register and have access to all FIRS e-Services.
- **e-Stamp Duty:** enables Taxpayers to pay their stamp duty, stamp their documents electronically and download the e-stamp duty certificate.
- **e-Tax Payment:** enables taxpayers to pay their taxes from their comfort zones using any of the approved FIRS online payment channels such as internet, Remita, Interswitch, e-Transact, Nigeria Inter-Bank Settlement System (NIBSS), and Government Integrated Financial Management Information System (GIFMIS).
- **e-Receipt:** enables taxpayers receive or verify e-receipts generated for taxes paid through the e-Tax Payment. It also enables taxpayers to confirm whether WHT and VAT deductions have been remitted to the Government.
- **e-filing:** enables taxpayers to file their returns and conduct other tax activities online at their convenience, irrespective of their locations.
- **e-Tax Clearance Certificate (e-TCC):** enables Taxpayers to apply for Tax Clearance Certificate (TCC) after fulfilling their tax obligations, download TCC through their emails and also enables third party to verify the authenticity of TCCs issued by FIRS.
- **e-VAT Filing and Collection System:** ensure an efficient & seamless collection of VAT on all chargeable transactions in the wholesale/retail sector and enable direct reconciliation of all VAT transactions.

OUR MANDATE



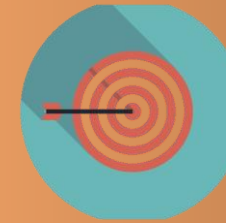
Under the Federal Inland Revenue Service Establishment Act (FIRSEA) 2007, the Service is charged with the powers of assessment, collection of and accounting for revenues accruable to the Government of the Federation and for related matters.

OUR VISION



To deliver quality service to taxpayers in partnership with other stakeholders and make taxation the pivot of national development.

OUR MISSION



To operate a transparent and efficient tax system that optimizes tax revenue collection and voluntary compliance.

OUR CORE VALUES



Professionalism

- Competence and know-how
- Accountability
- Fairness
- Continuous learning
- Respect to taxpayers, constituted authority and colleagues

Ownership and Collective Responsibility

- Team spirit
- Partnering
- Information sharing

Integrity

- Candour
- Courage
- Transparency
- Self-discipline

Efficiency

- Speed
- Accuracy

Stakeholders of FIRS

There are a large number of bodies and individuals that we provide various services to and these include but are not limited to:

- Taxpayers and the General public
- Tax Advisers/Practitioners/Consultants
- Auditors, Lawyers, Accountants and relevant professional bodies
- Embassies, Diplomats and other Foreign bodies
- Contractors and service providers to FIRS and all public and private institutions
- FIRS Board and staff
- Tax Appeal Tribunal
- The Joint Tax Board
- Three Arms of the Federal government, namely the Executive (Presidency) Legislature (National Assembly) & Judiciary
- Three Arms of the State government, namely: Executive, Legislature & Judiciary as well as Local Government Councils
- Ministries, Departments and Agencies (MDAs) of the Federal government
- Ministries, Departments and Agencies (MDAs) of the State governments
- Civil society and Not for profit organizations/Non-Governmental organisations
- International and local donors, Strategic and Technical partners



Key achievements include:

- ISO Certification of Automatic Exchange of Information Centre
- Interagency collaboration to expand the corporate tax payer net
- Launch of the FIRS Contact Centre
- Developed and deployed 6 e-solutions to ease tax payment and make payment of taxes, easy, convenient anytime, anywhere, 24/7. Taxpayers are also allowed to file at the FIRS offices nearest to them;
- Automation to other key sectors like, Oil and Gas, Banks and the Financial institutions, Telecommunication, Power and the tourism;
- Received several awards, including the African Tax Administration Forum (ATAF) adjudged FIRS online Stamp Duty portal as the Best Innovation in Tax Administration on the African continent in 2016;

E-SERVICES: TaxPro-Max | E- TCC | E- Stamp duty | Tax forms | Help Desk

FIRS Brings ICT To Your Doorsteps

INNOVATION CONVENIENCE TRANSPARENCY

INTRODUCING e-SERVICES FROM THE FEDERAL INLAND REVENUE SERVICE
A REVOLUTION IN TAX ADMINISTRATION IN NIGERIA



The Federal Inland Revenue Service (FIRS) has automated its tax administration processes through the **Integrated Tax Administration System (ITAS)**

To file online:

- Go to www.firs.gov.ng
- Click on **e-Services**.
- Click on **e-Filing**.
- Click on download e-filing access form.
- Complete the form.
- Ensure that it is duly signed by the taxpayer and/or authorized officer of the taxpayer.
- Select your tax office, scan and email the completed form to your Tax Office.
- Check your e-mail for your user ID and Password.
- Log into ITAS e-Filing portal with your ID and password.
- Upload your return.
- Click Submit.
- Document Number will be provided automatically.
- Click on payment.

Increased growth of cross border trade and investment has directed the focus of governments all around the world on the development of international tax rules and standards that govern them. This has also necessitated increased international cooperation for adequate standardisation and implementation of international tax norms and collaboration through assistance in tax matters.

Towards this end, recent efforts of Nigerian tax policy has been focused on ensuring that Nigeria is effectively represented in these discussion through membership and active participation in relevant international tax fora. FIRS represents Nigeria in various international tax bodies on tax treaty, Transfer Pricing, Base Erosion and Profit Shifting and other international taxation matters. Nigeria is ably represented in the following international bodies by FIRS:

The Organisation for Economic Co-operation and Development (OECD)

a) Inclusive Framework on BEPS

Nigeria joined the Inclusive Framework for the implementation of BEPS in 2016. Currently, an officer of the Service, in his personal capacity, serves as a member of the Steering Group and co-vice chair of the body which currently has 140 member-countries.

Under the auspices of the Inclusive Framework, Nigeria is committed to implementing the minimum standards of the BEPS project and participating in the development of the two pillar approach addressing the tax challenges of the digitalised economy, as well as developing a systemic solution to address remaining BEPS issues.

The IF meetings are attended by officers of the Technical Services Department of the Federal Ministry of Finance and Federal Inland Revenue Service. Nigeria also participates in all relevant working groups, sub-committees and meetings of the OECD, including the Steering Group of the Inclusive Framework (SGIF), to deliver this objective.

b) OECD Working Party 1 (Tax Conventions and Related Questions)

Nigeria participates in the work of WP1 on Tax convention and related questions and the Extended Bureau for WP1 which deals with technical issues for WP1. WP1 is a forum for the discussion of issues related to the negotiation, application and interpretation of tax conventions,

to examine proposals for the modification of the OECD Model Tax Convention, and to draft appropriate recommendations for dealing with the issues it has examined and for periodic updates to the Model Tax Convention.

As part of Nigeria's agreement to work with the OECD on the implementation of BEPS, Nigeria as an IF member is peer reviewed annually on the minimum standards. Nigeria also participated in the review of the terms of reference and methodology of Action 6 peer review.

c) OECD Working Party 6 on the Taxation of Multinational Enterprise

As part of Nigeria's agreement to work with the OECD on BEPS, Nigeria is represented in WP 6 on Transfer Pricing (TP) for multinational enterprises. The WP 6 is responsible for developing global standards on TP particularly the development and review of the TP Guidelines- and all transfer pricing related matters. WP6 also serves as the technical hub charged with the design and development of Amount B rules under Pillar 1, which are aimed at determining base-line remuneration for marketing and distribution activities.

An officer of the Service is a Co-Chair of the Working Party.



d) Forum on Harmful Tax Practices.

Nigeria is represented on the FHTP that works on agreeing and applying agreed methodology to define the substantial activity requirement to assess preferential regimes, looking first at intellectual property (IP) regimes and then other non-IP preferential regimes.

The work is focused on improving transparency through compulsory spontaneous exchange of certain rulings that could give rise to BEPS in the absence of such exchanges.

Nigeria, as an IF member, undergoes annual peer reviews with respect to Action 5 minimum standard.

e) The Forum on Tax Administration Mutual Agreement Procedure (FTA MAP)

As a Member of the Inclusive Framework Nigeria is committed to implement the Action 14 minimum standard. Nigeria's peer review on the minimum standard was deferred in line with the peer review methodology. The peer review and monitoring process is conducted by the Forum on Tax Administration MAP Forum. Nigeria also actively participated in the review of the minimum standard and the terms of reference on the peer review.

f) Working Party 9 on Consumption Taxes

Nigeria is engaged in discussions on international VAT/GST rules and standards, as well as exploring the roles that Digital Platforms must play in value added tax policy in the sharing and gig economy. Nigeria through its membership was able to implement a simplified registration and compliance regime for VAT collection and consultation with Business at OECD (BIAC).

g) Working Party No. 10 on Exchange of Information and Tax Compliance

Nigeria actively participates in the meetings of WP10 on exchange of information and country-by-country reporting. Most of these meetings are in conjunction with WP6..

h) Working Party 11 on Aggressive Tax Planning

Nigeria, in 2020 joined the work of Working Party 11 on Aggressive Tax Planning. WP11 provides policy and technical support to the OECD, G20 and the Inclusive Framework on aggressive tax planning. WP11 is also saddled with the development the Global Base Erosion Rules (GloBE) under Pillar 2 and it model domestic rules. FIRS representation in this work group includes staff from the Tax Policy and Advisory Department and the International Tax Department.

i) Task Force on Digital Economy

Nigeria actively participates in the meetings of the Task Force on Digital Economy (TFDE), a subsidiary body of the Committee on Fiscal Affairs (CFA) of the OECD that was established in September 2013 to carry out work, with the aim of developing a consensus-based solution to the tax issues raised by the digitalised economy. The TFDE is presently involved in developing the technical work on Pillar 1, including the model rules and Multilateral Convention.



j) OECD Global Forum on Transparency & Exchange of Information for Tax Purposes

To enable FIRS provide adequate support to the Competent Authority on treaty matters, Nigeria was admitted as a member of the Global Forum (GF) on Transparency and Exchange of Information for Tax Purposes in June 2011. The GF comprises of over 120 member jurisdictions.

The Forum is mandated to ensure that all jurisdictions adhere to the standards of international co-operation in tax matters. The standards are met through a comprehensive Peer Review process conducted by teams of experts, independent assessors and overseen by a thirty member Peer Review Group.

The reviews are carried out in two phases: assessment of the legislative and regulatory framework (Phase 1) and assessment of the effective implementation in practice (Phase 2). Nigeria has successfully passed both reviews. Nigeria is presently going through the process of the second round of reviews.

United Nations Committee of Experts on International Cooperation in Tax Matters.

Nigeria is an active member and active participant of the UN Committee of Experts on International Cooperation in Tax Matters. An officer of the Service is a member and Co-Chair of the Committee in his personal capacity.

Nigeria also has membership in key subcommittees of the tax committee:

- Wealth Taxes
- UN Model Double Taxation
- Increasing Tax Transparency
- Digitalisation and Improvement of Tax Administration
- Extractive Industries
- Tax, Trade and Investment
- Environmental
- Value Added Taxation
- Dispute Avoidance and Resolution
- Transfer Pricing
- UN Manual on treaty negotiations
- Health Taxes
- Digitalisation and Globalized Economy
- Tax and Covid-19



African Tax Administration Forum (ATAF)



Background

The African Tax Administration Forum (ATAF) was established in 2009 and currently comprises the Revenue Authorities of 40 African countries. ATAF today is foremost body in Africa championing the cause of effective Tax administration and a platform for international collaboration in tax matters between African countries with the aim of enhancing the capacity of African countries for domestic resource mobilisation through tax revenues.

Federal Inland Revenue Service representing Nigeria, was one of the founding members of ATAF and has over the years played a key role in its development and the pursuit of ATAF's mandate.

FIRS Nigeria Role in ATAF 2019 – 2021

- As Chairman ATAF

Nigeria was elected by ATAF members to serve as the Chairman of ATAF for 4 years - 2 terms of two years each, for the period October 2016 - November 2020.

The Executive Chairman of FIRS hence had to lead and provide strategic direction for Africa's foremost tax body for the period 2016–2020, which entailed that FIRS had to:

- Chair major activities and events of ATAF, such as the biennial ATAF General Assembly, annual ATAF International Tax Conferences, biannual meetings of the ATAF Council and involved in major decisions that affected tax administrative practices in Africa, etc.
- Lead ATAF's engagements with other international bodies whenever the area of discussion is focused on Tax administration, such as the United Nations, OECD, the African Union etc.

- Providing technical assistance

A key area of ATAF's work is the delivery of Technical assistance to member States, in order to address gaps which exist in capacity in various areas of tax administration in African Countries. Such areas include Tax audit and Investigation, Transfer Pricing, taxation of the Oil and Gas sector, etc. FIRS has a number of Staff with the requisite skills and competence in these areas. Based on request from the ATAF Secretariat, FIRS has over the years made available our Staff to embark on technical assistance missions to some ATAF member States.

• FIRS Staff in technical committees

To enable it diagnose and address specific challenges faced by Revenue authorities in Africa, ATAF often sets up Technical committees with a specific mandate and timeline, to propose effective strategies to be adopted by ATAF members to address tax challenges which are commonly experienced by ATAF members. Such include taxation of cross border business, administration of indirect taxes, effective administration of Tax treaties, taxation of the informal sector, etc.

• FIRS Staff representing ATAF in international bodies

One of the key mandates of ATAF is to act as the voice of Africa in the various international platforms where rules and treaties (nations taxing rights) guiding the taxation of multinational enterprises (MNEs), are determined. These deliberations on tax issues at these platforms are critical to African countries, as these MNEs account for over 70% of tax revenues in most African countries.

Such platforms include the OECD, United Nations Tax Committee of Experts, etc. The participation of ATAF ensures that tax revenues due to Africa countries are safeguarded. ATAF in recognition of the expertise available in FIRS has over the years had a number of FIRS Staff represent ATAF in the Committees and important meetings/events of the OECD and the United Nations.

Key achievements 2019 - 2021

• As Chairman ATAF:

One of the major achievement for FIRS as Chairman ATAF was that it was under the leadership of the Executive Chairman, during the global lockdown caused by the Covid-19 pandemic in year 2020, as Chairman ATAF, that the organisation transformed from being solely for face-to-face engagements (trainings, conferences, Technical assistance missions, etc.) to an organisation which now effectively uses virtual and digital tools to provide value adding services to members without any need for African tax officials to travel and be in one location.

• Provision of Technical Assistance:

FIRS officers have under the auspices of ATAF, conducted technical assistance missions to 5 African Countries to enhance their capacities in Tax Audit, Tax treaties and Transfer Pricing administration.

• Membership of ATAF Technical Committee:

FIRS officers have Chaired, the ATAF Committee on Cross border taxation and participated as members of two other ATAF Technical Committees on Indirect Taxation and Exchange of Information. The expertise of the FIRS officers in these Committees contributed to the text of various ATAF Technical Notes on Transfer Pricing, Effective VAT Administration and How to Set up functional Exchange of information units, issued to ATAF members by the ATAF Secretariat.

• Representing ATAF in OECD and United Nations

FIRS officers played a key role (as Vice Chairman. Inclusive Framework) to register the position and defend the interest of developing countries in the OECD brokered international rules to guide the taxation of digital businesses. Also at the United Nations Tax Experts Committee, FIRS officers ensured that the latest update to the UN Model Tax Convention addressed the concerns of developing countries.



West African Tax Administration Forum

Nigeria, through FIRS, was at the forefront of the establishment of WATAF and over the years has been supporting its activities. As part of the resolve to strengthen the programmes of the Forum, a Memorandum of Cooperation between WATAF and FIRS was signed on 27th February 2018. The memorandum relates to the contributions of FIRS towards the hosting of the WATAF Secretariat.

Article 25 (3) of the Agreement on the Establishment of the West African Tax Administration Forum provides for the Federal Inland Revenue Service (FIRS) to perform some duties and functions of the Secretariat including the function of Depository until such time when West African Tax Administration Forum is in a position to establish a Secretariat.

Below are the details of the contributions of the Service to WATAF:

- i. **Secondment of Staff:** FIRS seconded six (6) staff to the WATAF Secretariat and these officers receive salaries and allowances from the Service. One of the staff on secondment, Mr. Babatunde Oladapo is currently the Executive Secretary of WATAF and he is on a second tenure of four (4) years.
- ii. **Office Accommodation:** FIRS currently provide WATAF with a fully equipped Headquarter building as well as working tools for the staff of the Secretariat.
- iii. **Annual Contribution:** FIRS pays an annual membership subscription of \$10,000 USD and an annual cash contribution of \$100,000 USD to WATAF. From 2019 to date, the Service has remitted a total of \$30,000 USD and \$300,000 USD for annual membership subscription and cash contribution respectively
- iv. **Provision of Technical Expertise:** The Memorandum of Agreement provides that the FIRS will provide at no cost to WATAF technical experts in support of WATAF capacity development, programmes, seminars and/or conferences, where required and upon written request. Below are some of the technical expertise provided by the FIRS:

- v. Technical Session on the policy implication of the October 8th Inclusive Framework (IF) Statement on the Taxation of Digital Economy (Pillar 1 & 2) held on 26-27 October 2021.
- vi. **Hosting of WATAF Events:** FIRS has hosted quite a number of WATAF events apart from the inaugural meeting of the Forum over the years amongst which are:
 - WATAF 10th Year Anniversary and High Level Policy Dialogue held on 21-23 September 2021 at Transcorp Hilton, Abuja.
 - Training on Human Capital Management in Tax Administrations held on 10-12 March 2020 in Abuja
 - Training on Exchange of Information for Tax Purposes held on October 23-25, 2019 in Abuja, Nigeria. This was conducted in collaboration with the Secretariat of the Global Forum for Transparency and Exchange of Information for Tax Purposes of the Organization for Economic Development (OECD)



Benefits of WATAF Membership to the FIRS

Fundamentally, being a member country of WATAF has made Nigeria a major player on issues associated with international taxation, which by extension has improved the profile and reach of FIRS on tax matters. In addition, the collaboration between FIRS and other member countries in West Africa on issues of tax administration has helped to mitigate the challenges associated with fiscal evasion and illicit financial flows in the region thus shifting emphasis to increasing domestic revenue mobilisation and collection within the regional bloc.

Participating in capacity building events organised by WATAF has provided the Service a platform for peer learning, capacity building, and peer review, exchange of information, etc. This has always been a reliable way of sharing best practices between tax authorities. As at date over two hundred members of staff of the Service benefited from participating in both online and physical WATAF trainings.

The most recent of these events was an online knowledge sharing session held on 1 November 2021 between FIRS and Kenyan Revenue Authority (KRA) on ways to automate Value Added Tax (VAT) collection and administration using KRA as case study.

FIRS Collaboration with the Inter-American Center of Tax Administrations (CIAT)



In pursuance of its international cooperation policy fueled by the intention to remain globally visible and up to date with modern tax administration best practices, the FIRS keeps a vibrant relationship with the Inter-American Center of Tax Administrations (CIAT). Through this collaboration, FIRS accesses tax administration trainings, conferences, workshops and technical assistance programmes annually.

Notably, FIRS has consistently participated in CIAT's Annual Conferences and General Assemblies within the past few years. The last edition of the CIAT General Assembly in June of 2021 provided the opportunity for the Service to initiate a technical assistance request to access the CIAT developed Digital Electronic Collection (DEC) tool for the collection of VAT on online transactions.

The collaboration with CIAT on the deployment of the DEC Tool which has a go-live date of 1 January, 2022, is expected to help boost the Service's ability to collect VAT on digital transactions with the attendant benefit of increasing tax revenue collection.

Additionally, FIRS' membership of CIAT has the potentials of opening up the possibility of better optimisation of tax treaty benefits with other CIAT membership aside providing peer learning opportunities through staff exchange programmes, study tours and joint staff training participation

Commonwealth Association of Tax Administrators (CATA)

CATA is an association of tax administrators, established in London on the 22nd of May, 1978, upon an agreement by the finance ministers of the Commonwealth countries at Barbados in 1977.

Nigeria, through the Federal Inland Revenue Service (FIRS) is one of the twenty three (23) founding members of the association. CATA presently has 47 members from countries who were former territories of the Britain.

FIRS has been contributing immensely to the activities of CATA since inception. Specifically, FIRS designed the CATA logo in 1982, hosted the Technical Conference in Nigeria in 1992 and 2010 and has served on the management committee for over 25 years.

The mandate of CATA is:

- i. Convening forums of technical and administrative personnel in tax administration for the exchange of ideas and experience;
- ii. Organising seminars, workshops and training courses on various aspects of tax policy and tax administration;
- iii. Collecting, analysing and disseminating information on tax administration;
- iv. Providing directly or, collaborating with, and generally facilitating the work of bilateral and multilateral agencies providing technical assistance and research facilities in the field of tax;
- v. Facilitating bilateral or multilateral engagements between member countries aimed at capacity building in taxation; and
- vi. Promoting dialogue between member countries with tax professionals, corporate bodies, academics, taxpayer associations, representatives of trade associations to evolve realistic and workable solutions to existing and emerging issues in tax policy and administration.

Over the years, the FIRS has benefited from the capacity developmental programmes of CATA, specifically the following programmes:

- a) **Senior Leadership Programme (SLP)**- This programme is targeted at training senior tax officials and has held annually in the UK since 1983;
- b) **The Commonwealth Tax Auditors Course (CTAC)**- The course is designed for middle level officials who are involved in Examination of business accounts; and/or those dealing with the training of such staff.
- c) **Taxation of International Transactions (TOIT)**- This programme, organised in co-operation with the Inland Revenue Board of Malaysia. The workshop is to broaden participants' understanding of the rules of international taxation.



Election and mandate of Mr. Nami as President of CATA

The Executive Chairman of the Federal Inland Revenue Service (FIRS), Mr. Muhammad Nami was elected the 15th President of the Commonwealth Association of Tax Administrators (CATA) on the 12th of November 2021.

Mr. Nami took over a three (3) year term of leadership of CATA from Mr. Sudhamo Lar, the present Director General of Mauritius Revenue Authority.



Functions of the President of CATA

The major function of the President of the CATA is to preside over General Meetings which is the highest decision making meeting where all programmes of CATA agreed. The President is also responsible for signing the minutes of the General Meeting. However, the Management committee chaired by the Chairman is responsible for the implementation of the programmes.

Mr. Nami's goals during his tenure as CATA President are:

1. Improved capacity building for tax administrators from member countries especially on the digitalization of tax administration;
2. Promotion of the Multilateral Commonwealth Income Tax Relief among all member countries;
3. Promotion of Bilateral Avoidance of Double Taxation Treaty among member countries;
4. Strategic partnerships with developmental and multilateral institutions such as African Development Bank (AFDB) for support in capacity building.
5. Engagement with other partners such as ATAF, WATAF and other network of tax organisations to restructure CATA and make it more relevant in the affairs of taxation in present world.

Nigeria at helm of affairs at CATA, the country stands to gain from collaboration between member countries on several front:

- i. FIRS will be more positioned to leverage on opportunities for training and manpower development programmes organised by CATA. At least six training programmes holds annually.
- ii. Access to information sharing among member countries concerning new knowledge or innovative tax practices and administration, which Nigeria can leverage on.
- iii. Nigeria has better opportunity to advocate for the Commonwealth income tax relief, which is available to members. However, member nations must legislate it in their various countries before they can have access to it.
- iv. Exchange of information among members on taxable business activities relating to member countries;
- v. The Service will have opportunities to understudy advanced tax administrators in CATA in the area of digitalization of tax administration.

Goals	Strategies
<p>1 Achieve Government Revenue Targets; A key responsibility of the FIRS is to raise revenue to finance government expenditures at all levels; Federal, State and Local Governments. Whatever we do therefore is geared towards performing this onerous and most important function. We will therefore deploy all our existing resources and seek to acquire more resources and capabilities to achieve this. We will deepen collaboration with all relevant stakeholders in the Nigerian tax system and indeed the entire economy to enable us achieve this important objective.</p>	<ul style="list-style-type: none"> i. Implement a comprehensive Compliance Improvement Plan for all taxpayer segments (Large taxpayers, Medium taxpayers and Medium & Small taxpayers). ii. Develop and implementing an e-commerce strategy for the digital economy. iii. Develop a programme for the effective recovery of tax arrears and enhance enforcement activities to boost compliance and arrears reduction. iv. Develop a more focused approach to audit with a smaller number of comprehensive audits and a more targeted approach to issue-oriented audits. v. Implement the key changes and initiatives introduced in the annual Finance Acts. vi. Simplify tax procedures and processes
<p>2 Build a Data-Centric Organisation; Making FIRS a Data-Centric institution is one of the key aspirations of Management. That is, one in which its people, processes, and technologies are all geared towards a clear goal of generating and utilizing clear and relevant data/information for efficient revenue generation.</p> <p>A data-centric organisation aligns people, processes and technology to produce, organize, protect and use relevant information to move the organization forward. It places data at the heart of tax administration – gaining actionable insight and enabling better decision making.</p>	<ul style="list-style-type: none"> i. Develop and implement policies, procedures, standards and methodologies for data centrality. ii. Develop and Implement a digital transformation plan. iii. Fully deploy all modules of the TaxPro-Max Solution to ease tax administration iv. Develop and implement a clear strategy to harmonize data and decommission legacy systems. v. Institutionalise and automate the exchange of data between FIRS and key strategic partners. vi. Strengthen Enterprise Risk Management to detect and mitigate institutional risks.
<p>3 Build a Customer Centric Institution; FIRS will be built into an institution that supports Nigeria's longing to become an investment destination by moving up further on the global Ease of Doing business ladder. This can only be done if the Service focuses on efficient service delivery to taxpayers and provides a positive customer experience on all tax processes.</p> <p>In the light of this, the Service is prioritising Customer-centricity. Customer-centricity (also known as client-centricity) is a business strategy that is based on putting your customer and in our case the taxpayer first and at the core of your business in order to provide a positive experience and building long-term relationships. It involves aligning organisation resources for effectively responding to the ever-changing needs of customers, while building mutually profitable relationships.”</p>	<ul style="list-style-type: none"> i. Design and implement a Taxpayer Engagement and Awareness Framework. ii. Improve taxpayer assistance services. iii. Implement a robust customer relations management system. iv. Customize information to meet the specific needs of all taxpayer segments. v. Simplify administrative procedures and requirements for taxpayers. vi. Introduce a Taxpayer Appreciation Day to celebrate exemplary taxpayers. vii. Institutionalise Stakeholder Engagement to facilitate structured and consistent engagements that offer solutions to key tax issues.

Goals	Strategies
<p>4</p> <p>Strengthen FIRS Institutional Framework</p> <p>The institutional framework of the Service has weakened over time, hence during this period, Management plans to build and strengthen the capacity of departments, functions and staff. Fundamentally, rebuilding institutional framework will improve FIRS governance framework and performance.</p>	<ul style="list-style-type: none"> i. Maintain a proper and effective alignment between organisational structure, people and business/internal processes. ii. Introduce a knowledge management framework, to build a knowledge-driven culture and increase level of expertise. iii. Implement a comprehensive framework for performance management to cover all functional areas of FIRS. iv. Reposition FIRS Training School to ensure development of required skills. v. Continuously improve the welfare of employees to improve motivation and commitment to organizational goals. vi. Develop and Implement a robust succession plan. vii. Instil the FIRS core values in all staff to promote professionalism in the Service. viii. Ensure all offices are provided with needed facilities and equipment that will aid effective operations. ix. Provide staff with the necessary tools, technology and skills towards high performance.



Introduction

In addition to discharging its core mandate of assessment, collection and accounting for revenue accruable to the government of the federation, it is also important for the Service to operate in a responsible manner towards the fundamental needs of the community or society within which it operates while also helping taxpayers relate the taxes they pay with verifiable projects.

Such responsibility will help FIRS in building its reputation as a responsible corporate institution and also improve tax compliance. The CSR framework in FIRS is driven by the Board and Management's willingness to directly contribute to the building of a society that works for everyone.

To achieve the above, there is the need for a defined Corporate Social Responsibility (CSR) policy framework which provides clear guidelines and objective selection and implementation process.

CSR Committee

There is a Corporate Social Responsibility Committee to exercise powers and perform the functions assigned to it by the Board and the CSR Policy. The committee is comprised of the following:

- (i) The Executive Chairman of the FIRS
- (ii) Chairman of Enlightenment, Engagement and Communications Committee (EEC)
- (iii) All Co-ordinating Directors in the Service
- (iv) Director of Communication.

Our Philosophy for CSR

The 3 main strands to our CSR activities and commitments are:

1. Our taxpayers and stakeholders
2. Our people
3. Our communities and environment

Approved CSR Activities

The following broad areas of FIRS' CSR interventions:

- (i) Promoting preventive healthcare and sanitation to the public
- (ii) Promoting education, including primary, secondary and higher secondary education, professional as well as special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects
- (iii) Projects, activities, and programmes relating to infrastructure development needs for selected communities. Provided that such projects, activities and/or programmes shall:
 - (i) be replicated in all 6 geo-political zones of the country;
 - (ii) be solely "not for profit" i.e. have no commercial intentions.

Approved CSR Activities (Contd.)

- c. be for the construction or development of physical infrastructure that would constitute part of FIRS CSR projects and be labelled as such.
- (i) Promoting Gender equality and empowerment of women
- (ii) Community Health- Innovation projects to meet local needs. Reaching out with basic health care to all (bridging the gap).
- (iii) Sustainable livelihood Projects – Holding hands of all marginalized group to improve livelihood opportunity, thus improving their quality of life.

Approved Bodies

The CSR Policy scope covers financial, non-financial aid, gifts in cash or kind and or assistance to bodies or funds engaged in programmes and projects approved by the Board. This also includes grants to relevant professional bodies approved by the National Assembly, which has direct relationship with the vision, mission and operations of the FIRS.

Unapproved Activities

The CSR Policy does not cover:

- (i) Donations to political parties/associations or any request with political undertones.
- (ii) Religious bodies

Budget For CSR Activity & CSR Expenses

The FIRS Board allocates a budget for CSR activities. The minimum budgeted amount for a financial year is one percent (1%) of the average cost of collection of three preceding financial years.

The Committee determines the total fund for CSR activities and recommend to the Board for approval. The Board approves the total fund to be utilised for CSR activity for the respective financial year in line with the approved activities in the policy.

Identification Of Activities/Projects & Implementation

Out of the approved CSR activities, the Committee decides which activity/project should be given priority for the respective financial year. While arriving at the decision of the activity to be undertaken for the year, the Committee identifies the pressing needs of the community/area, the urgency of the intervention, the relevance of the project to mandate of the Service, the impact on improved tax compliance and the overall development of tax ecosystem.

Organisational Responsibility

At the organisational level for implementation of agreed CSR activity, the Committee may constitute an implementation team or authorise any of the Departments of

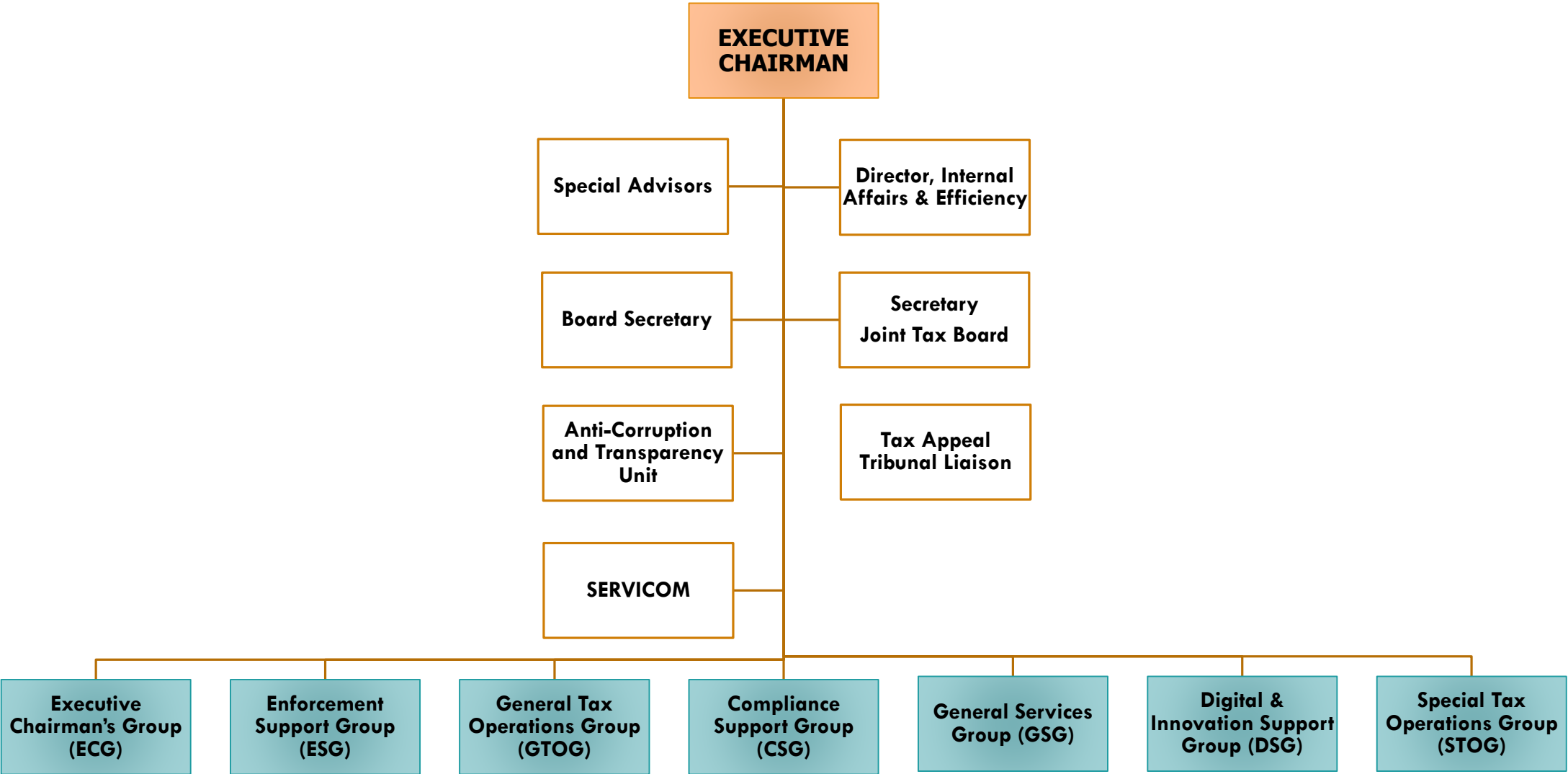
the FIRS to organise for the implementation of the CSR activity.

The Board monitors the implementation of CSR activities. The CSR committee submits quarterly progress report, including details of expenses to the Board. The Board reviews the report and makes recommendation, if any, to the committee.

In addition, the CSR Committee prepares and submits annual reports to the Board containing implementation schedule, total budget allocated, actual expenses incurred, surplus arising, if any, result achieved, further work to do in respect of a CSR activity and recommendation for CSR activities for the next year.



ORGANOGRAM

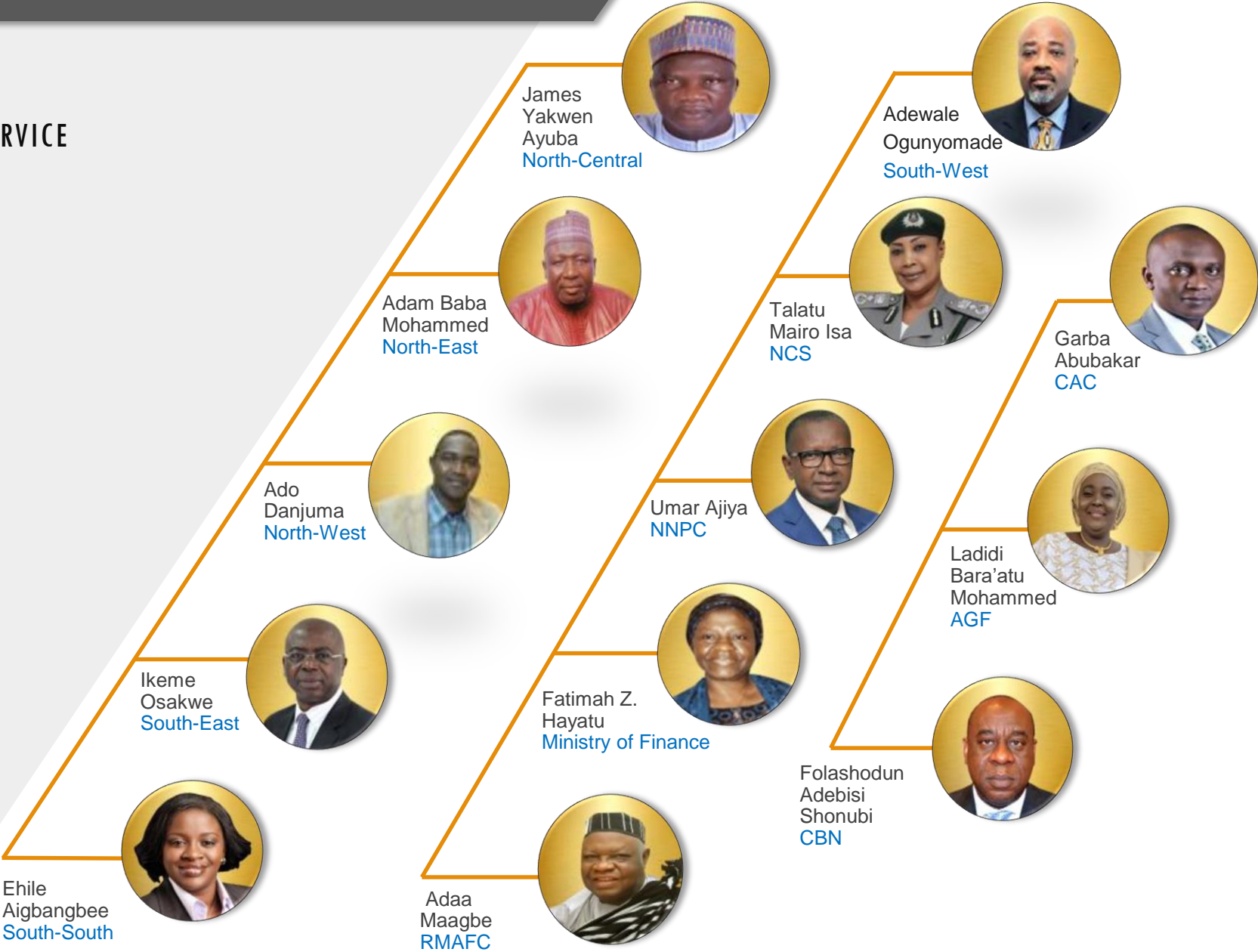


BOARD OF FEDERAL INLAND REVENUE SERVICE



Muhammad M. Nami

Executive Chairman





Muhammad M. Nami – Executive Chairman

Mr Muhammad Nami is an accounting and management professional with about three decades of practical working experience in auditing, tax management and Advisory Services. He attended Bayero University, Kano and Ahmadu Bello University where he obtained a Bachelor Degree in Sociology (1991) and a Masters of Business Administration (2004) respectively. He is a Fellow of the Chartered Institute of Taxation of Nigeria, the Association of National Accountants of Nigeria, and Associate Member of the Nigerian Institute of Management (Chartered).

He started his career with PKF Nigeria in 1993 and rose to the position of a Senior Consultant in charge of Tax management and advisory services. He was also the Managing Consultant of Manam Professional Services (Chartered Tax Practices and Advisers) based in Kaduna, Abuja and Minna from October, 2018 to December, 2019. He was appointed as a member, Presidential Committee on Audit of Recovered Stolen Assets in November, 2017 by President Muhammadu Buhari. The President appointed him as the Executive Chairman of the Federal Inland Revenue Service (FIRS) on 9th December, 2019.

Mr Nami is also the Chairman, Joint Tax Board (JTB), immediate past Chairman of African Tax Administrators Forum (ATAF) and President of Commonwealth Association of Tax Administrators (CATA).



Ehile Aigbangbee - Member representing the South-south Geo-political region

Mrs Aigbangbee is a tax and fiscal policy expert with about two decades of professional experience across different sectors. She was admitted into the KPMG partnership in 2017. She is an advocate for business environment improvement and an independent adviser with the Facility for Oil Sector Transformation (FOSTER 2). On 9th December, 2019 she was appointed by President Muhammadu Buhari as a non-executive on the Board of the Federal Inland Revenue Service (FIRS), representing the South-South Region.



Ikeme Osakwe - Member representing the South-east Geo-political region

Mr. Ikeme Osakwe (Ike) is a Chartered Accountant and practicing Management Consultant. He holds a Bachelors and Masters Degrees in Chemistry from the University of Oxford and is an associate Member of the Institute of Chartered Accountants both for Nigeria and for England and Wales.

He has over 40 years' experience in financial, strategic, and corporate planning, as well as organisational and financial management systems development in Nigeria and internationally. He has held several board appointments and currently serves on the boards of Notore Chemical Industries Plc., Oando Plc., Proton Energy Ltd., and DAI Global LLC (a US-based global development aid corporation).

He previously served on the boards of Leadway Pension PFA, Red Star Express Nigeria Ltd (the Nigerian FedEx operator); and chaired the boards of Thomas Wyatt Nig. Plc. and UBA Trustees Ltd. He also served on the Presidential Technical Subcommittee for the Commercialisation of NITEL.; as well as the Ministerial Committee established to develop the governance and control systems required in the Petroleum Industry Bills. He was appointed Board Member of the Federal Inland Revenue Service (FIRS) representing the South-East Region on the 9th of December, 2019 by President Muhammadu Buhari.



Ado Danjuma - Member representing the North west Geo-political region

Alhaji Danjuma holds a B.Sc. in Economics (Second Class Upper Division) and a Master's degree in Business Administration from Bayero University, Kano. He is a member of the Chartered Institute of Procurement and Supply (MCIPS UK).

He began his working career in 1985 at the Ministry of Education, Kaduna State. In March 1986, he joined Habib Nigeria Bank Plc and rose to the position of Divisional Director, Public Sector of the then Bank PHB (which resulted from the merger of Habib Bank and Platinum Bank). He resigned from the Service of the Bank in 2006 and joined Hasly Consult International Limited, Abuja from 2006-2008. He is currently the Managing Director/CEO of Harley Reed International (Management Consultants) with Head Quarters in London and branch offices in Nigeria, Ghana & Uganda. He was appointed Board Member of the Federal Inland Revenue Service (FIRS) representing the North-West Region on the 9th of December, 2019 by President Muhammadu Buhari.



Hon James Y. Ayuba - Member representing the North-central Geo-political region

Honourable Ayuba is a member of the Institute of Chartered Secretaries and Administrators, the Institute of Cost and Management Accountants, a Fellow of the Institute of Corporate Administration of Nigeria and a Certified National Accountant (CNA) with the Association of National Accountants of Nigeria (ANAN). He holds a HND in Business Administration from Yaba College of Technology and a Certificate in Advanced Financial Management from the Administrative Staff College Topo, Badagry, Lagos.

He joined the Plateau State Civil Service Commission as an Accountant II rising through the ranks to become the Accountant General of Plateau State from August 1977 to April 1994 when he became a member of the Public Accounts Committee. He was Deputy Director, Internal Audit at the National Primary Education Commission (Now UBEC) and thereafter became the Board Chairman of the Maritime Academy of Nigeria, Oron.

He served as Member, House of Representatives (MHR) representing Mangu/Bokkos Federal Constituency from June 2007 to June 2011. He was appointed Board Member of the Federal Inland Revenue Service (FIRS) representing the North-Central Region on the 9th of December, 2019 by President Muhammadu Buhari.



Alhaji Adam. B Mohammed - Member representing the North-east Geo-political region

Alhaji Mohammed attended the Federal Polytechnic Damaturu and obtained a B.Sc. in Accounting from the University of Maiduguri.

He began his work career as an Assistant Enumerator on the 27th of July, 1983 and rose to the position of a Statistical officer in 1988. He was a member of the Yobe State Audit Team from 2002-2008, Chief Auditor Local Accounts from 2010-2012, and Director, Local Government Accounts from 2013-2014. He was Deputy Auditor-General (Local Government Accounts) from 2014-2018 and was appointed Board Member of the Federal Inland Revenue Service (FIRS) representing the North-East Geo-Political Region on the 9th of December, 2019 by President Muhammadu Buhari.



Adewale Ogunyomade - Member representing the South-west Geo-political region

Mr. Ogunyomade graduated with HND (Distinction) Accounting in 1982 from Ogun State Polytechnic (now Moshood Abiola University of Technology) and MBA in 1990 from the University of Lagos, Akoka. He became a member of the Institute of Chartered Accountants of Nigeria (ICAN) in 1986 and a fellow in 2013.

His began his work career with the Federal Civil Airports Authority (FCAA) in 1982 and left in 1990 as a principal accountant. He served as Head of Accounts & Financial Controls from June 1990 to December 1993 at Prime Merchant Bank (now Prime Securities). He was a promoter and the Executive Vice-Chairman of Idi-Oro Community Bank from Jan 1994 to September 1996. He worked with the famous Madame Tassauds Studios now a member of the Merlin Group from June 1997 to September 2003 as a project accountant.

He was Managing Director and CEO of 4T4 Services, London with investment portfolios in properties and restaurants from October 2003 to September 2010. He served Ogun State Government as Special Assistant on Revenue and Taxation, Agriculture and Rural Development. He also worked as the Financial Controller of the ECOWAS Commission between 2017 and 2018.

He was appointed a Board Member of the Federal Inland Revenue Service (FIRS) representing the South-West Region on the 9th of December, 2019 by President Muhammadu Buhari.



Hajiya Talatu Mairo Isa - Member representing the Nigeria Customs Service (NCS)

Hajiya Talatu Mairo attended the University of Sokoto from 1983-1986 where she obtained a Bachelor's degree in English Language. She proceeded for the mandatory National Youth Service Corp in 1987 and pursued a career thereafter with the Nigeria Customs Service from 1988 till date where she is currently the Deputy-Comptroller General, (Trade & Tariffs). She holds a Master's degree in Public Administration (MPA) and has attended various trainings during the course of her career particularly the Trade Facilitation Courses at World Customs Organization Belgium (Brussels) and UAE (Dubai).

She was appointed Board Member of the Federal Inland Revenue Service (FIRS) representing the Comptroller – General of the Nigeria Custom Service by President Muhammadu Buhari on the 9th of December, 2019.



Alhaji Garba Abubakar - Member representing the Corporate Affairs Commission (CAC)

Alhaji Abubakar was appointed the Registrar General/CEO of the Corporate Affairs Commission (CAC) on 7th January, 2020. He obtained his law degree at the Ahmadu Bello University, Zaria in 1988 and was called to the bar in 1989. Prior to this appointment, he was the Director in charge of Compliance/Litigation at the CAC. He had earlier served as the Special Adviser to the former Registrar-General between 2010 and 2017.

Mr. Abubakar had worked with the National Insurance Corporation of Nigeria (NICON) between 1995 and 2004. He resigned in April 2004 as Senior Manager (Perfection & Securitisation) to take up an appointment with the CAC. He was appointed Board Member of the Federal Inland Revenue Service (FIRS) on the 9th of December, 2019.



Hon Samuel Adaa Maagbe - Member representing the Revenue Mobilisation and Fiscal Commission (RMAFC)

Hon. Maagbe is a member of Nigeria Institute of Purchase and Supply Management; Fellow, Nigeria Institute of Management and Fellow, British Institute of Management. He attended Ahmadu Bello University, Zaria from 1974 – 1977 where he graduated with B.Sc. (Hon.) Second Class Upper Division in 1977. From 1977- 1978 he took part in compulsory National Youth Service Corp. (NYSC) at the University of Sokoto, Sokoto. He was amongst the Pioneer Staff of the University. He proceeded for his post-graduate studies at the University of Bradford, England under the Commonwealth Academic Staff Scholarship and obtained a Masters of Business Administration (MBA) in January, 1981.

As a Federal Commissioner at the Revenue Mobilization Allocation and Fiscal Commission, Hon. Maagbe is the Chairman of the Committee on the Federal Inland Revenue Monitoring Committee.

He was appointed Board Member of the Federal Inland Revenue Service (FIRS) representing the Chairman of the Revenue Mobilization, Allocation and Fiscal Commission on the 9th of December, 2019.



Umar Ajiya - Member representing the Nigerian National Petroleum Commission (NNPC)

Umar Ajiya holds a B.Sc Accounting from Ahmadu Bello University Zaria, and MBA from the Lagos State University. He is a fellow of the Chartered Institute of Taxation of Nigeria and a Fellow of the Nigerian Institute of Management.

He started his working career in 1987 at Peugeot Automobile in Kaduna State, Nigeria where he took part in the mandatory National Youth Service Corp (NYSC) after which he joined Elf Petroleum Nigeria Limited (now Total Nigeria) in 1988 before leaving in 1991 to work as part of the pioneer staff of Nigeria LNG Limited (NLNG). Whilst at NLNG, he held several Managerial positions including that of Manager Treasury, Finance Manager of BGT and then Marketing & Business Development Manager of NLNG. Ajiya joined the service of NNPC as General Manager Commercial with the LNG Division under the Gas & Power Directorate of NNPC. Furthermore, he was the pioneer MD of West Africa LPG Limited, a trading Joint Venture between NNPC and Ocean Bed Limited.

He was appointed the Group General Manager Corporate Planning & Strategy (CP&S) of NNPC in March 2016. He later became the Managing Director of the Petroleum Products Marketing Corporate (PPMC), a subsidiary of NNPC in July 2017. Mr Ajiya was appointed the Group Executive Director (GED) Finance and Accounts and the Chief Financial Officer of NNPC in July 2019.



Hajiya Fatima Z. Hayatu - Member representing the Minister of Finance

Hajiya Hayatu is a public servant. She is currently the Director, Technical Services, Federal Ministry of Finance.

She was appointed Board Member of the Federal Inland Revenue Service (FIRS) representing the Minister of Finance on the 9th of December, 2019 by President Muhammadu Buhari.



Hajiya Ladidi Bara'atu - Member representing the Attorney General of the Federation (AGF)

Hajiya Bara'atu is a member of the Nigerian Bar Association (NBA), the International Bar Association (IBA), and the Federacion Internationale De Advocate (FIDA). She is also an Associate Member of the Chartered Institute of Arbitrators (UK) Nigeria Branch and the West African Society for Communication and Administration. She graduated from the School of Nursing, Ahmadu Bello University Teaching Hospital, Zaria in 1990 and from the Institute of Administration Ahmadu Bello University in 1991. She obtained an LL.B from the University of Abuja in 1999 and proceeded to the Nigerian Law School for B.L. In 2015, she went for further studies at the National Teachers Institute for a Post-Graduate education and in 2017 obtained a Master's Degree in Peace & Conflict Resolution from the Kaduna State University.

She began her work experience as a Nurse Pupil at Ahmadu Bello University Teaching Hospital from 1987-1989. In 1996 to 1997, she went for her mandatory National Youth Service Corp at the Code of Conduct Bureau. In 1998, she completed her Law Pupillage with the Law Firm of Orifunmishe & Co. She joined the Ministry of Justice in the year 2000 and rose to the position of Deputy – Director. She is currently the Head, Asset Recovery and Management Unit. She was appointed Board Member of the Federal Inland Revenue Service (FIRS) representing the Attorney-General of the Federation on the 9th of December, 2019 by President Muhammadu Buhari.



Folashodun Adebisi- Member representing the Central Bank of Nigeria (CBN)

Mr. Folashodun Adebisi attended the University of Lagos from 1978 to 1983 and obtained a Bachelor of Science in Mechanical Engineering. He further obtained a Master of Science in Mechanical Engineering in 1985 with bias in Production Engineering from the same University. From 1988-1989 he shifted grounds to Finance and obtained a Masters' in Business Administration specializing in Finance.

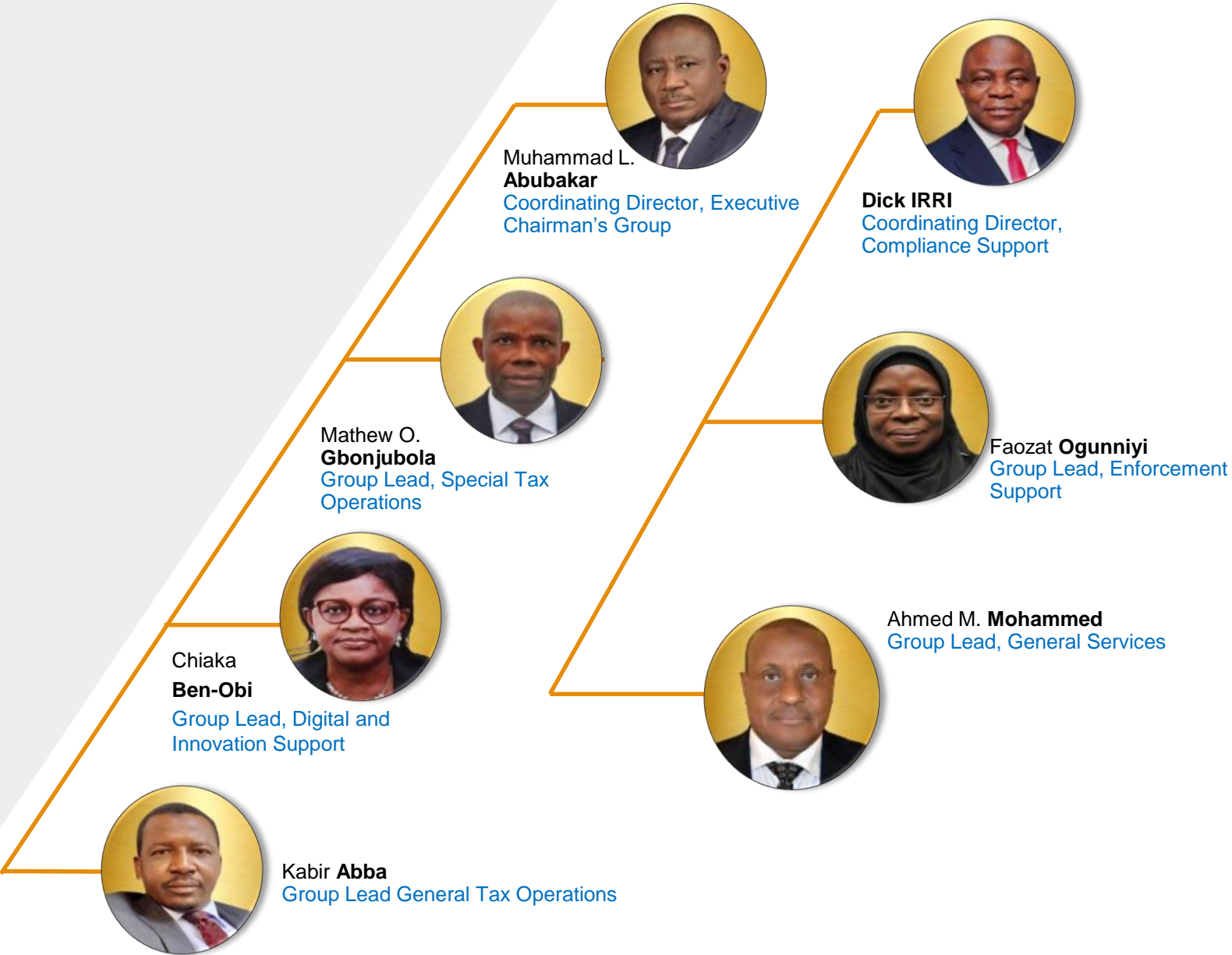
He began his working experience as a Consultant Engineer at Mek-ind Associates and worked from 1984 to 1989. From 1989 to 1990, he was a Marketing Executive at Inlaks Computers Limited. He moved to Citibank Nigeria Limited as Head, Treasury Operations from 1990 to 1993. He joined Agosto & Co. Ltd as a Supervising Consultant from 1993 to 1996 from where he moved to MBC International Limited as Deputy General Manager, Banking Operations & Information Technology from 1999. In 1999, he joined First City Monument Bank (FCMB) Limited as Vice-President, Operations & Information Technology and was there till 2002.

In 2003, he moved from FCMB to Ecobank Nigeria Plc as an Executive Director, Operations & Information Technology and in 2007 he became the Director, Information Technology and Corporate Services, Renaissance Securities Nigeria Limited. He was recruited by Union Bank of Nigeria Limited as an Executive Director, Operations, Technology and Services, September 2009 to April 2012. He became the Managing Director/CEO, Nigeria Inter-Bank Settlement System Plc from May 2012 to October 2018. October 2018 to date, Mr. Folashodun is the Deputy Governor, Operations of the Central Bank of Nigeria (CBN) representing the Governor of the Central Bank of Nigeria on the Board of FIRS since the 9th of December, 2019.

MANAGEMENT TEAM



Muhammad M. Nami
Executive Chairman





Muhammad Lawal Abubakar - Coordinating Director, Executive Chairman's Group (ECG)

Mr. Abubakar is a fellow of the Association of National Accountants of Nigeria (ANAN), Institute of Debt Recovery Practitioners of Nigeria (IDRPN), Chartered Institute of Taxation (CITN), and Associate Member of Nigeria Institute of Management (NIM). He graduated from University of Jos with B.Sc. Degree in Management Studies with bias in Accounting in 1985. and proceeded to the Nigeria Defence Academy for Officer Cadets Training and got commissioned as 2nd Lieutenant in 1986. He also holds a Master of Business Administration (MBA) degree from the University of Calabar in 2002.

He joined the service of Niger State Government and rose to the position of Executive Chairman, Niger State Board of Internal Revenue Service. The position he held between 2000 and 2004 before transferring his service to Federal Inland Revenue Service in June 2004. He is currently the Coordinating Director, Executive Chairman's Group at the Federal Inland Revenue Service (FIRS). He had previously served as the Secretary of the JTB from August 2010 – August 2017 and January – September 2020 respectively. In the early years of his career in the FIRS, he held various positions such as: Head of Tax Enforcement Division; Head of Facility, Security and Risk Management; Head, International Taxation Unit, Tax Policy Department; and Tax Controller.



Dr Dick IRRI - Coordinating Director, Compliance Support Group (CSG)

Dick IRRI, (PhD) is a Fellow of the Association of National Accountants of Nigeria (FCNA), the Institute of Chartered Accountants of Nigeria (FCA) and the Chartered Institute of Taxation of Nigeria (FCTI). He holds a Ph.D. in (Accounting) and M.Sc. in (Public Sector Accounting) from Nasarawa State University, Keffi. He holds a MBA (Financial Management) award from Ladoke Akintola University of Technology, Ogbomosho and B.A. (Accounting & Finance) from University of Derby, United Kingdom. Dr IRRI has taken part in many foreign and local management/leadership trainings which include Tax Administration, Investigation, Business and Investment, Managing Diversity in the Workplace, Executive Leadership Development, Change Communications, Management Potential and Managing People for Strategic Advantage

Before joining FIRS, he worked as Assistant Manager, Treasury Operations in the defunct Allied Bank of Nigeria Plc as well as Audit Senior and Supervisor at D. O. Dafinone & Co. (Chartered Accountants) now known as Crowe Dafinone. As SA to the then Executive Chairman of FIRS, his immense contribution to the preparation of FIRS reforms in 2004 resulted to the enactment of FIRS Establishment Act 2007 and amendments to a number of tax laws in Nigeria. As the Coordinating Director, Compliance Support Group, he oversees all issues related to tax compliance.



Mathew Olusanya Gbonjubola –Group Lead, Special Tax Operations Group (STOG)

Mr Gbonjubola is a member and co-chair of the UN's Committee of Experts on International Cooperation in Tax Matters, Co-Vice Chair of the Inclusive Framework, Co-Chair of OECD Working Party 6 (on Transfer Pricing) and Nigeria's delegate to G24 Working Group. He was Chair of the Cross-Border Taxation (CBT) Committee of the African Tax Administration Forum (ATAF).

He is experienced in tax audit, tax investigation, tax policy, transfer pricing and international tax.



Mrs Faozat Ogunniyi - Group Lead, Enforcement Support Group (ESG)

Mrs. Ogunniyi having obtained her Master in Business Administration from Obafemi Awolowo University, became a Fellow of both the Institute of Chartered Accountants of Nigeria (ICAN) and Chartered Institute of Taxation in Nigeria (CITN).

She started her working career with Nigerian Hoechst from 1980 to 1982, followed by Deloitte Adetona Isichei & Co. (Now Akintola Williams Deloitte) where she spent over nine years providing assurance and audit services to a large portfolio of international and local clients in manufacturing, financial services and conglomerates sectors, before joining the Federal Inland Revenue Service (FIRS) in 1993.

Mrs. Faozat Ogunniyi rose through the ranks and operated in all the critical departments within FIRS including; as Director tax Audit, Director Risk Management, Project Lead Capacity Enhancement Programme (CEP), Director Tax Investigation Department and Tax Controller. She is currently the Group Lead of the Enforcement Support Group (ESG) saddled with providing strategic leadership to four (4) directorates, namely; Legal Advisory & Litigation Department, Tax Investigation Department, Debt Management & Enforcement Department and Risk Management Department.



Ahmed M. Muhammed - Group Lead, General Services Group (GSG)

Mr. Muhammed is a consummate professional with over three decades of experience in Finance, Accounting, Investment, Public Policy & Administration, Management, and Taxation cutting across both private and public sectors. He attended the University of Maiduguri and graduated in 1985 with a B.Sc. Degree in Accountancy. He was awarded Master of Business Administration (MBA) in 2000 after a successful course at Ahmadu Bello University, Zaria. He also attended the Universities of Bradford and Huddersfield both in the United Kingdom, for his executive development program, and obtained specialized training in Project Management.

He holds professional qualifications with prestigious Institutions amongst which are: (FCCA) – Fellow Association of Chartered Certified Accountants (ACCA), (FCA) – Fellow Institute of Chartered Accountants of Nigeria (ICAN), (FIMC) – Fellow Institute of Management Consultants (IMC), Fellow Nigeria Institute of Management (NIM), (FCIT) – Fellow Chartered Institute of Taxation of Nigeria (CITN).

He was a former Group Managing Director/Chief Executive Officer of New Nigeria Development Company (NNDC) Limited. He served his state on leave of absence between 2003-2007 as Commissioner for Commerce and Industry and Commissioner for Works and Transport respectively. He has served on the Boards of over twenty (20) companies including Nigerian Life & Pension Consultants (PFA) Ltd, Newdevco Investments Ltd, NNIL Commercial Company Ltd, NOCACO Ltd, Yankari Resort and Safari Ltd. Ahmed M. Muhammed joined the Federal Inland Revenue Service in June 2020 as Director Finance and Accounts.



Chiaka Ben-Obi - Group Lead, Digital and Innovation Support Group (DISG)

Chiaka Ben-Obi has over 30 years' experience, cutting across sectors and has been in Senior / Executive Management positions. She holds a Bachelor of Science (B.Sc.) degree in Political Science and Public Administration from University of Maiduguri, Nigeria; an MBA from University of Hull, United Kingdom; a Postgraduate Diploma in Information Systems Development from London Guildhall University, United Kingdom; and is an alumna of the Lagos Business School.

Prior to her appointment as the Group Lead, Digital and Innovation Support Group, she was the Pioneer Director, Change Management Department, where she set the standards for management and coordination of organizational changes by applying a structured Change Management process, and driving adoption of enterprise transformation activities, aimed at guaranteeing successful completion and value realization. Chiaka has held Director positions in different directorates in FIRS.

Chiaka was awarded a “Corporate Woman of Excellence in Information Technology” in recognition of her achievements in the implementation of complex Information and Communication Technology related Projects and Governance.

MANAGEMENT TEAM



Kabir Abba – Group Lead, General Tax Operations (TOG)

Kabir Abba is a Certified National Accountant (CNA) a Fellow of the Chartered Institute of Taxation (FCTI), Fellow Institute of Corporate Administrators (FCIA) with 25 years working experience in the Public Sector and he represents the Executive Chairman FIRS on the Council of the CITN.

He obtained his first degree in Sociology in 1995, a Post Graduate Diploma in Banking and Finance in 1998 and a Master's degree in Banking and Finance in 2000 all from Bayero University Kano.

He started his career with the Federal Mortgage Bank of Nigeria (1996 -2005) after completing his NYSC with Ajaokuta Steel Company. He later resigned and joined The National Economic Reconstruction Fund (NERFUND) as Head of Project Accounts/Financial Reporting Unit, before joining the FIRS in 2007 as a Senior Manager in the then Tax Revenue Accounting Department. He was Head of Regional Tax Audit North Central Region.

As an Assistant Director, he was a State Monitor Government Business Tax Office in Zamfara and later Kaduna State. He was also a State Coordinator for Sokoto, Kebbi and Zamfara States as a Deputy Director, and had a stint in the office of the Coordinating Director Tax Operations Group and later Director Medium Taxpayers Department before he was appointed as a Group Lead General Tax Operations Group.



Nneka Bessie Ifekwuna - Board Secretary

Nneka Ifekwuna is a graduate of English with a Masters in Political Science from the University of Lagos. She started her professional Career as a journalist with NewAge Newspaper where she handled all marketing communication events and correspondence. She proceeded to work as a Senior Events Officer at the Nigeria LNG Limited. She also worked as Head Public Relations, Lagos Metropolitan Development and Governance Project (World bank Assisted Project).

She joined the Federal Inland Revenue Service as an Assistant Director in the Communications and Liaison Department and rose to the rank of Deputy Director where she was the Head, FIRS Helpdesk in Taxpayer Service Department.

Nneka became a Director effective January, 2020 and was appointed as Board Secretary in February 10, 2020 by the FIRS Board, a position she occupies to date.



Lolo Braide – Deputy Director, Secretary to FIRS Management

Mr. Braide holds a Master of Business Administration award, Post Graduate Diploma and Higher National Diploma. He is a member of the Nigerian Institute of Management (NIM), Chartered Board of Administrators (CBAN), Fellow, Institute of Professional Managers and Administrators (IPMA)

PART TWO: PERFORMANCE INFORMATION

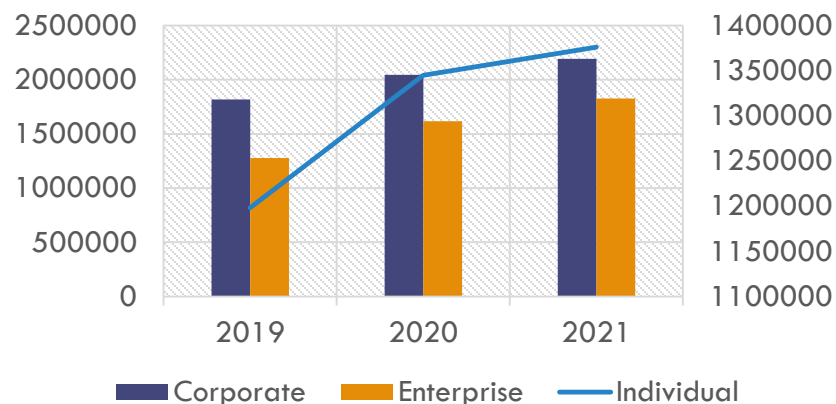


PERFORMANCE HIGHLIGHTS

Expanded Tax Net

Number of registered taxpayers have increased y-o-y as a result of stakeholder engagement and approach to tax compliance activities

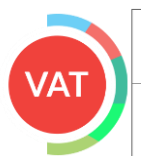
Total Tax Payers



31% **Petroleum Profit Tax** at N2,008.34bn contributed 31% of tax collection



30% **Company Income Tax** at N1,896.44bn contributed 30% of tax collection



32% **Value Added Tax** at N2,072.85bn contributed 32% of tax collection



Rising Revenue

30% ↑

Tax collection significantly improved despite the economic challenges

Tax Revenue (N' Billion)



2019 60%

2020 98%

2021 108%

2021 tax collection performance surpassed the approved (revised) budget.

Tax Collection Performance (2019 – 2021)



Global economic environment

In 2020/21 Covid-19 pandemic caused significant shock to economies throughout the world due to disruptions to global supply chain on account of government response to contain the spread of the virus. These measures include lockdowns, travel bans, and quarantines.

Speeding up the vaccination of the population remains the top policy priority of many countries, while continuing the push for widespread testing and investing in therapeutics.

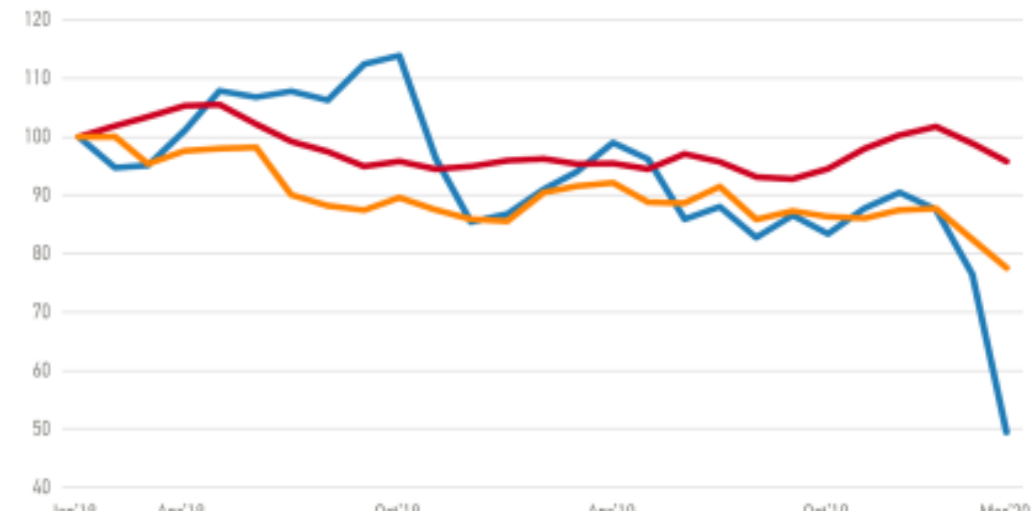
The effects on the global economy, which is unprecedented, include:

- Stock market crashes
- Exchange rate volatility
- Rising corporate and public debts,
- Increased level of unemployment,
- Capital flow reversals, and
- Fall in commodity prices.

The U.S. economy was reported to shrink by 3.5% in 2020 as the pandemic ravaged factories, businesses, and households, pushing their economic growth to a low level not seen in decades.

In the same vein, Britain's health-ravaged economy also shrank by 9.9% in 2020, which was the biggest annual fall in output since modern records began.

Among the developed economies, China was the only economy reported to have bounced back from its coronavirus losses, recording a y-o-y growth of 2.3% in 2020. Most European economies, including Germany, France, Italy recorded negative GDP growth in 2020.



Sub-Saharan Africa economic environment

The International Monetary Fund's Regional Economic Outlook for Sub-Saharan Africa estimates the region's economy will grow by 3.7% in 2021 and 3.8% in 2022. This follows a sharp contraction in 2020, but represents the slowest growth relative to the world's other regions.

While advanced economies are projected to return to their pre-crisis path by 2023, the pandemics seem to have lowered the path of real GDP in Sub-Saharan Africa.

The two factors influencing the Sub-Saharan economic space are: the slow vaccine rollout and stark differences in the policy space.

The pandemic is reported to have thrown some 30 million people back into extreme poverty and has worsened inequality not only across income groups but also within subnational geographic regions. These conditions were exacerbated by a rise in food and fuel prices.

Sub-Saharan Africa (SSA) economy was projected to grow by 3.7 percent in 2021, largely due to improvement in global trade and commodity prices.

Domestic economic environment

Nigeria's economy entered a recession in 2020, reversing three years of recovery, due to fall in crude oil prices on account of falling global demand and containment measures to fight the spread of COVID-19. The containment measures mainly affected aviation, tourism, hospitality, restaurants, manufacturing, and trade. Contraction in these sectors offset demand-driven expansion in financial and information and communications technology sectors. Overall real GDP is estimated to have shrunk by 3% in 2020.

Inflation rose to 12.8% in 2020 from 11.4% in 2019, fueled by higher food prices due to constraints on domestic supplies and the pass-through effects of an exchange rate premium that widened to about 24%. The upward adjustment in pump price of fuel and an increase in electricity tariffs added further to inflationary pressures.

Following its deepest recession in two decades, growth resumed in 2021 as pandemic restrictions were eased, oil prices recovered, and the authorities implemented policies to counter the economic shock arising from the pandemic. The various levels of government announced a number of economic relief packages aimed at ameliorating the negative impact of Covid-19 on businesses and the populace.

The policy reforms carried out in 2020 and the fiscal and economic stimulants announced by the Federal Government and Regulators, which have profound impact on the economy and tax revenue are summarised below.

Federal Government of Nigeria Policy reforms:

- commenced the harmonisation of exchange rates;
- introduced reforms to remove petroleum subsidies;
- adjusted electricity tariffs to more cost-reflective levels;
- cut non-essential spending; and
- enhanced debt management and increased transparency in the public sector.

Fiscal and economic stimulants

The President, in a nationwide broadcast on Sunday 29th March 2020 announced the provision of an initial intervention of fifteen billion Naira (N15b) to support the national response as the Country fight to contain and control the spread of Corona virus.

- A three month repayment moratorium was applied for all TraderMoni, MarketMoni and FarmerMoni loans.
- Similar moratorium was given to all Federal Government funded loans issued by the Bank of Industry, Bank of Agriculture and the Nigeria Export Import Bank.
- For on-lending facilities using capital from international and multilateral development partners, financial institutions were directed to engage development partners and negotiate concessions to ease the pains of the borrowers.
- Conditional cash transfers were approved to those considered as most vulnerable in the society for two months. Internally displaced persons also received two months of food rations

Domestic Economic Overview

The House of Representatives on Tuesday, 24 March 2020 passed the Bill to:

- Protect employees from loss of jobs as a result of COVID-19 by granting a 50% income tax rebate on the total actual amount due or paid as pay-as-you earn (PAYE) tax under the Personal Income Tax Act, 2004 (as amended), to Nigerian companies who retained all their employees from 1 March 2020 to 31 December 2020.
- Suspend import duties on medical equipment, medicines and personal protective gears required for the treatment and management of COVID-19 for three months, effective 1 March 2020
- Introduce a new moratorium on mortgage obligations of Nigerians under the National Housing Fund

Federal Inland Revenue Service (FIRS)

- Extension of timeline for filing of value added tax and withholding tax from the 21st day to the last working day of the month, following the month of deduction.
- Extension of the due date for filing of companies' income tax returns by one month.
- Use of electronic platforms for payment of taxes and processing of tax clearance certificates.
- Filing of tax returns by taxpayers without audited financial

statements which must be submitted within two months of the revised due date of filing.

- Creation of a portal where documents required for desk reviews and tax audits will be uploaded by taxpayers for online access by the tax authority.

Central Bank of Nigeria (CBN)

The Central Bank of Nigeria announced policy measures worth N3.5 trillion that includes:

- Additional moratorium of 1 year on CBN intervention facilities.
- Interest rate reduction on intervention facilities from 9% to 5%.
- Creation of N50 billion target credit facility for affected households and small and medium enterprises.
- Granting regulatory forbearance to banks to restructure terms of facilities in affected sectors.
- Improving FX supply to the CBN by directing oil companies and oil servicing companies to sell FX to the CBN rather than the Nigerian National Petroleum Corporation.
- Additional N100 billion intervention fund in healthcare loans to pharmaceutical companies and healthcare practitioners intending to expand/build capacity.

- Identification of few key local pharmaceutical companies that will be granted funding facilities to support the procurement of raw materials and equipment required to boost local drug production.
- N1 trillion in loans to boost local manufacturing and production across critical sectors

The economy was projected to grow by 1.5% in 2021 and 2.9% in 2022, based on an expected recovery in crude oil prices and production. Stimulus measures outlined in the ESP and the Finance Act of 2020 could boost non-oil revenues. Improved revenues can narrow the fiscal deficit to 4.6% and the current account deficit to 2.3% of GDP in 2021 as global economic conditions improve.

Reopening borders will increase access to inputs, easing pressure on domestic prices and inflation, projected at 11.4% in 2021. Downside risks include reduced fiscal space, should oil prices remain depressed. In addition, flooding and rising insecurity could hamper agricultural production.

Further depletion in foreign reserves from \$35 billion (7.6 months of import cover) could lead to sharp exchange rate depreciation and inflationary pressures.

The year 2021 marked some major tax policy milestones in the life of the Service. The changes range from domestic policy tweaks to a major stance on the most prevalent international tax policy trends like response to COVID-19 pandemic and the taxation of the digitized economy. The key objectives and impact of the policy initiatives on the performance for the year under review are summarised below.

Domestic Policy Trends

At the domestic front, the Service as the implementing agency was tasked with the implementation of policy propositions contained in the Finance Act 2020 which became effective from the 1st of January 2021. At the heart of the policy thrust were the mutually re-enforcing objectives to respond to the COVID-19 crises and automate tax administration processes for efficiency, ease of compliance and improved government revenue.

Covid-19 responses *Reduction of Minimum Tax:*

This is applicable where a company is in a loss position in a year of assessment or where the ascertained profit results in no tax being payable or the tax payable is less than the minimum tax. Given the negative impact of the pandemic on companies, the rate of this tax was reduced from 0.5% to 0.25% of gross turnover less franked investment income – provided that the tax returns were prepared and filed in respect of an accounting period that ends on any date between 1st January, 2020 and 31st December, 2021. This policy helped to reduce tax burden on companies whose operation took a hit from the health crises and it resultant lull in the economy.

Deduction of Pandemic Donations:

Section 25 of CITA allows the deduction of specified donations made by companies especially where such donations are made from the profit of the company and not from their capital. The donations must have been made to public funds, statutory bodies or institutions or ecclesiastical, charitable, benevolent and scientific institutions, established in Nigeria and specified in the Fifth Schedule to the Act. The donations must be limited to 10 percent of the total profit, except where the president expressly authorises otherwise.

This provision provided tax relief to companies that donated bountifully towards the fight against COVID-19 pandemic. It also encouraged more companies to donate to the same cause.

Virtual Hearing for Tax Appeal Tribunal:

The Tax Appeal Tribunal was empowered to conduct its hearings remotely via virtual means, using such technology or application as may be necessary to ensure fair hearings. This became handy in view of the restrictions on physical gathering introduced as result of the COVID-19 pandemic. This amendment has led to quick disposal of cases before the tribunal.

Compensation for Loss of Office:

Under the Finance Act 2020, compensation received for loss of office/job not exceeding N10,000,000.00 (ten million Naira) is exempt from Capital Gains Tax (CGT). Where an individual obtains compensation in excess of N10,000,000.00 (ten million Naira), the CGT due is required to be deducted and remitted to the State Internal Revenue Service (SIRS) in line with the time frame stipulated in the Pay As You Earn (PAYE) Regulations.

Automation

The Service was empowered via an amendment introduced to section 25 of the Federal Inland Revenue Service Establishment Act, to deploy proprietary technology in tax administration. The Service latched into the opportunity to embark on a major infrastructure overhaul with particular attention to deployment of technology and automation of its processes and procedures. VAT automation was boosted while TaxPro-Max, the in-house tax administration infrastructure was deployed to automate both filing and payment.

There was an engagement with CIAT with a view to adopting a tool to facilitate the implementation of Simplified Compliance Regime for Non-Resident Suppliers of taxable goods and Services to Nigeria via digital means.

The automation and digitalisation of tax administration became a major booster for realising several organisational targets of the Service. E.g. it made compliance easier for taxpayers who would otherwise have incurred higher compliance risks in terms of the health hazards associated with physical visit to the offices for payment of tax in view of the pandemic. It equally led to greater revenue yield for the government. The Service was able to cross the revenue collection threshold of 6 trillion Naira in a year.

While the automation process is still ongoing, it has proven to have the potential to transform every aspect of tax administration and to produce even more positive result in the future. Further legislative reform has also been carried out vide the Finance Act 2021 which has now enabled the Service to deploy third party applications in appropriate cases subject to strict confidentiality and data safeguards.

Raising Revenue for the Government Simplified Compliance Regime for Non-Resident Suppliers (VAT).

In addition to automation which has been a game changer in the quest to raise more revenue for the government, other policy objectives has targeted revenue generation specifically. They include, amendment to section 10 of the Value Added Tax Act which empowered the Service to appoint Non-Resident Suppliers of taxable goods and Services to Nigeria, as collecting agent for the purposes of VAT. Guidelines were issued by the Service in this regards clarifying implementation approach to what has been termed Simplified Compliance

Regime for Non-Resident Suppliers on VAT. It is expected that this regime will bring to tax digital supplies of taxable goods and services to Nigeria, especially in respect of Business to Consumer (B2C) Supplies. This regime is expected to attract more revenue to the government and broaden the tax net.

Non-Resident Shipping and Airline Companies:

A policy choice was made and backed by amendment to Section 14 of the Companies Income Tax Act, to tax the non-freight income of non-resident companies involved in shipping and airlines in Nigeria to 30% pursuant to section 40 of CITA as against the concessionary rate of section 14.

Drive for Data: as part of the move towards automation, data was identified as a key driver for revenue generation. Policy choices were made to gather, mine and utilize data. There was a deliberate move to automate data gathering pursuant to section 25 of FIRSEA.

Filing regime was also introduced to companies operating in the Free Trade Zones (FTZ) with the aim of gathering relevant data for evaluating the impact and relevance of the tax incentives enjoyed therein. It is expected that having such insight will stop abuse and eventually lead to blockage of revenue leakages. It was also important that data gathered was protected to secure taxpayer confidence in the Service and also guarantee the integrity of such data. The result was introduction and implementation of a policy that punished data leakages.

International Policy Trends

Data Safeguards: at the global level, Nigeria is part of the global forum on tax transparency and exchange of information for tax purposes. Accordingly, implementation of Country-by-Country Reporting CbCR), Automatic Exchange of Information and exchange of information on request is already ongoing.

In the year 2021, Nigeria obtained an ISO certification on Data Safeguards and proceeded thereafter to pass a peer review in the same area leading to the ability of the nation to receive information via AEOI starting from 2021. This outcome has also made it possible for Nigeria to commence local filing for Country by Country Reporting (CbCR).

MAJOR TAX POLICY ISSUES FOR 2021 – THEIR OBJECTIVES AND IMPACT

Tax Challenges of the Digital Economy:

The Service, alongside the supervising Ministry, **Ministry of Finance, Budget and National Planning**, participated effectively in the global policy negotiation with respect to pillar 1 and pillar 2 suggested approaches to solving the problem resulting from digitalisation of the global economy.

After careful analysis of the possible impact of the rules on the ability of Nigeria to mobilise domestic revenue, it was discovered that signing unto the rules may lead to negative revenue returns.

This is more so after considering: the would-be impact of the withdrawal of what was broadly defined as unilateral measures, the fact that the rules would only bring a few companies to tax, the complexity of the rules, the move to bring in mandatory binding dispute resolution and the associated costs, etc.

Consequently, the technical inputs and advice issued by the Service became the foundation upon which Nigeria withheld assent to both July and October Statements endorsing the rules. This move has paved the way for Nigeria to continue to develop domestic rules to tax companies liable to tax in Nigeria irrespective of their physical residence or global turnover.



Finance Act 2020

The Finance Act 2020 was signed into law on the 31st of December, 2020 by President Muhammed Buhari, GCFR. The Act supports the '2021 Budget of Economic Recovery & Resilience', and came into effect, with the 2021 Appropriation Act, on the 1st of January, 2021.

The key guiding principle of the Finance Act 2020 was to ensure that there is a balance between broader macroeconomic strategies to attract investment, grow the economy, create jobs as well as providing immediate fiscal strategies for accelerated Domestic Revenue Mobilisation, in response to the COVID-19 Pandemic and the domestic / global economic downturn.

Specifically, the Finance Act 2020:

- Adopts counter-cyclical fiscal policies in response to the COVID19 pandemic by providing fiscal relief for taxpayers;
- Reforms Fiscal incentive policies to prioritise job creation and accelerate economic recovery and growth; and
- Fosters closer coordination of Monetary, Trade and Fiscal Policies.

The Act amends the following:

1. Capital Gains Tax Act, Cap. C1;
2. Companies Income Tax Act, Cap C21;
3. Personnel Income Tax, Cap C49
4. Value Added Tax Act, Cap. VI
5. Nigeria Export Processing Zone Act, Cap N107
6. Oil and Gas Export free Zone Act, Cap 05;
7. Industrial Development (Income Tax Relief) Act, Cap. 177
8. Stamp Duties Act, Cap S3
9. Tertiary Education Trust Fund (Establishment) Act No.16, 2011;
10. Federal Inland Revenue Service (Establishment) Act No 13, 2007;
11. Fiscal Responsibility Act No. 31 , 2007 ;
12. Public Procurement Act No. 14, 2007
13. Companies and Allied Matters Act No. 3, 2020 and
14. The Establishment of the Crisis Intervention Fund & Unclaimed Fund Trust Fund.

Key Reforms Introduced in the Finance Act 2020

1. Compensation for loss of office up to N10million is expired from Capital Gains Tax;
2. Cost of donation made in cash or kind to any fund set up by the Federal or any State Government in respect of any pandemic or natural disaster shall be tax deductible subject to a maximum of 10% of assessment profit after deduction of other allowable donation;
3. 50% reduction in minimum tax, from 0.5% to 0.25% of gross turnover less franked investment income, for companies in respect of returns for years of assessments due to a period of two years (between 1st of January 2020 and 31st December 2021);
4. Exemption of all low-income earners of minimum wage or less from Personal Income Tax;
5. Exemption of all micro & small companies earning N25million or less as annual turnover from Tertiary Education Tax;
6. Exemption of commercial airline tickets, commercial aircraft spare parts and components; interests in land and buildings; animal feed and hire, rental or lease of agriculture equipment for agricultural purposes from Value Added Tax;
7. Adjustment to incentives under the Finance Act, 2019 such that any small or medium-sized company engaged in primary agricultural production may be granted pioneer status (tax relief) for an initial period of 4 years and an additional 2 years (making a total of 6 years);
8. For companies operating in the Free Trade Zones, exemption from taxes is subject to compliance with tax filing and returns obligation to the FIRS under section 55(1) of the Companies and Income Tax Act;
9. Reduction of import duty on Tractors from 35% to 5%; Mass transit vehicles for the transport of more than 10 persons and Trucks from 35% to 10%, and reduction of import levy on Cars from 30% to 5%;
10. Goods liable to excise duties have been expanded to potentially include Services in the future as may be prescribed in the law or an Order issued by the President. However, no immediate changes due to FGN commitment to not introducing tax and tariff increases in 2020 Fiscal Year; and

11. New 50% Cost-to-Revenue Ratio introduced for State-Owned and Government-Owned Enterprises. The balance of operating surplus of a corporation shall be paid to the Consolidated Revenue Fund (CRF) of the Federation on a quarterly basis. A direct deduction from TSA or other accounts of a corporation may be effected by the Minister of Finance to enforce compliance;
12. Redesignation of electronic bank transfer duties as an Electronic Money Transfer Levy of N50 on electronic receipts/electronic transfers of N10,000 and above in any deposit money bank of financial Institution. Revenue is to be shared 15% to FG & FCT and 85% to States based on derivation.
13. For the payment of tax refunds to be administered by the FIRS, the Accountant General of the Federation is to open dedicated accounts for each tax type and will be funded based on annual budgets for tax refund for each tax-type as may be approved by the National Assembly;
14. A non-resident person that makes a taxable supply to Nigeria is required to register for tax and obtain a Tax Identification Number, include VAT on its invoice, and may appoint a representative in Nigeria for the purpose of its tax obligations;
15. Service of notice of assessment and objections under CITA may be done via courier service, email or other electronic means as may be directed by the FIRS in a notice. The Tax Appeal Tribunal may conduct its hearing remotely via virtual means, using such technology or application as may be necessary to ensure fair hearing;
16. On Procurement, application of the Public Procurement Act to be extended to the National Assembly as well as the Judiciary. The reforms also provide for electronic and virtual procurement processes, as well as the increase in mobilisation fee thresholds from 15% to 30% & reduces timelines for procurement to accelerate the procurement process.
17. Establishment of a N500bn Crisis Intervention Fund, funding by Special Accounts, as well as other sources approved by the National Assembly. The Fund also comprises unclaimed dividends in a listed company and unutilized amounts in a dormant bank account outstanding for 6 years or more. The unclaimed dividends and bank balances are subject to a Perpetual Trust under management by the Debt Management Office, with Governing Council to be chaired by Finance Minister and Organised Private Sector Co-Chair of impeccable integrity and reputation. Genuine beneficiaries are able to claim their funds back from the Federal Government at any time. The Perpetual Trust is a special debt owed by the Federal Government of Nigeria, to genuine shareholders and bank customers, together with the relevant yield on the borrowed funds.

TAXPAYER REGISTRATION

NEW TAXPAYERS REGISTERED BY TYPE			
Tax payer type	2019	2020	2021
Corporate	173,328	226,572	148,035
Enterprise	155,338	340,243	208,463
Individual	11,795	146,859	31,158
TOTAL	340,461	713,674	387,656

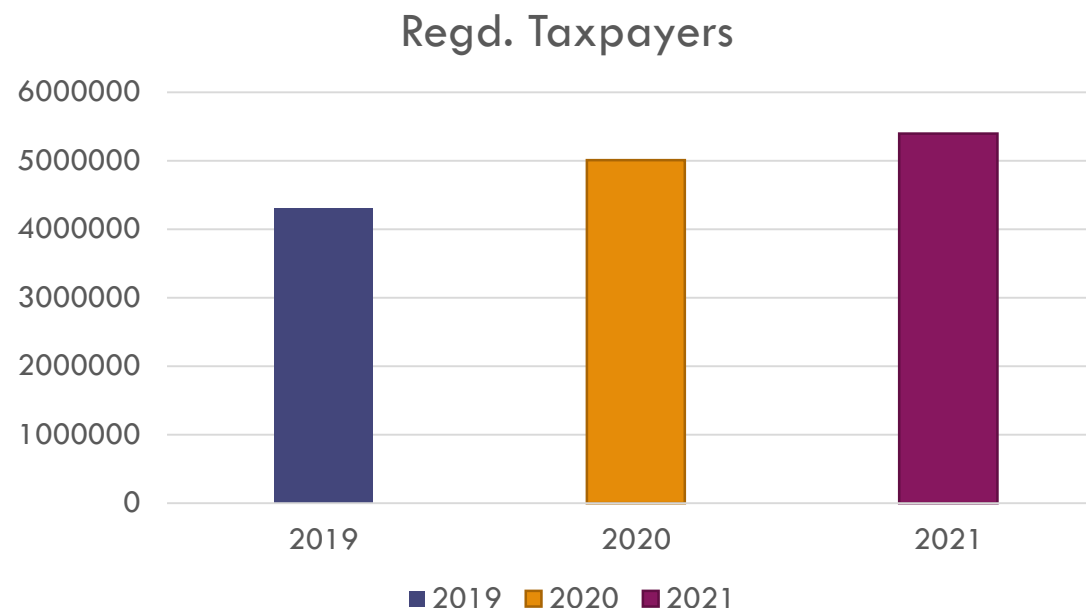
This table represents the number of new taxpayers captured in the tax net in the last three years.

NUMBER OF ACTIVE TAXPAYERS		
Year	VAT	CIT
2019	92,121	54,414
2020	77,630	43,150
2021	61,500	36,671

The drop in the number of active taxpayers is attributed to the introduction of exemptions for companies with gross turnover of less than N25million

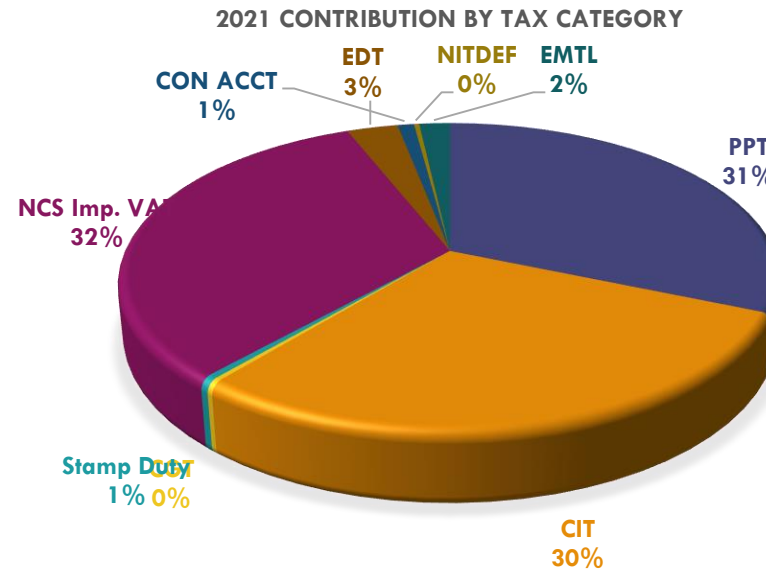
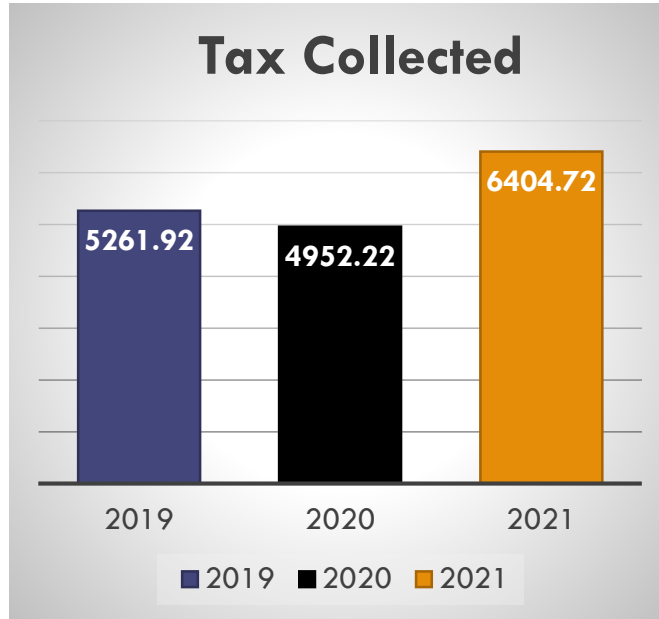
TOTAL REGISTERED TAX PAYERS			
	2019	2020	2021
Corporate	1,819,080	2,045,652	2,193,687
Enterprise	1,278,450	1,618,693	1,827,156
Individual	1,198,200	1,345,059	1,376,217
TOTAL	4,295,730	5,009,404	5,397,060

THE VOLUMES WE PROCESSED



The total number of registered taxpayers increased by 16.6% in 2020 and by 7.7% in 2021. the successful efforts of the Service at bringing more taxpayers into the tax net has impacted positively on Tax Revenue collection.

SUMMARY OF TAX COLLECTED



Tax Type	2019	2020	2021
Collections by Tax Category			
PPT	2,114.27	1,516.99	2,008.34
CIT	1,604.70	1,275.38	1,782.06
Gas Income	21.93	134.06	114.38
CGT	5.97	3.52	17.50
Stamp Duty	18.19	120.16	25.50
NCS Imp. VAT	244.52	347.72	467.68
Non Imp. VAT	945.46	1,183.45	1,605.17
EDT	221.06	259.56	189.54
CON ACCT	70.63	93.36	61.20
NITDEF	15.18	18.01	19.31
EMTL			114.05
	5,261.92	4,952.22	6,404.73

Tax collection in 2021 was 6.4 trillion naira compared to 5 trillion Naira in 2020. An increase of over 29%. This increase is attributed to:

- New Policy reforms within the Service, and the Impact of changes in tax laws by the Finance Act 2020.
- Included in the CIT collection is ₦78 billion, being taxes utilised by private sector businesses for road construction under Executive Order 007 and ₦ 25.5 billion, being CIT on Gas utilised to fund Non-JV Projects, PMS importation, etc. by the NNPC
- Included in the PPT collection are ₦ 69.790billion, being taxes utilised by NNPC for road construction under Executive Order 007; and ₦ 661.16 billion utilised to fund Non-JV Projects, PMS importation, etc. by the NNPC

- As has been consistent over the last 3 years, the major contributors to the total tax collection in the country are Petroleum Profits Tax, Companies Income Tax and VAT. They contributed 31%, 30% and 32% respectively.
- PPT, CIT, VAT and CGT collections increased in 2021.
- The improvement in the amount of VAT collection was due to the increase in rate from 5% to 7.5% introduced in the 2020 Finance Act, and due to the Compliance monitoring efforts of the Service.
- Also the ease of filing and payments as made effective by the introduction of the TaxPro-Max platform has immensely improved the collection of taxes generally.
- Electronic Money Transfer Levy (EMTL) was introduced in the 2020 Finance Act

**Revenue projection
achieved, 100% and
surpassed!**

The tax collection for the fiscal year 2021 surpassed the budgeted amount by 8.6%. The main drivers of the tax revenue performance are PPT, VAT, CGT and Stamp Duties, where positive variance of 22.7%, 12.7%, 141.1% and 105.6% respectively were achieved.

In the year under review, Non Cash Collections amounting to N 550.3 billion were recognised as tax expense. These relates to tax holiday to Pioneer Companies, waiver of tax on interest granted for Loans for Agriculture, Interest on Bonds and Treasury Bills, etc.

The bulk of the non-cash collection is tax waiver on Interest on Treasury Bills which account for over 70%, followed by Interest on Bonds 27.2%

Although, CIT collection decreased by 4.6% in 2021. this was due to the effect of some of the reliefs granted by the Finance Act 2020 and the Global Covid-19 pandemic, which disrupted businesses and economies. The Minimum Tax was reduced by 50% from 0.5% of Gross Turnover to 0.25%. The lockdown in 2020 due to the covid-19 pandemic impacted the ability of companies to do business and generate profits on which taxes would be generated. The reduction in CIT was mitigated by positive variances from other taxes.

BREAKDOWN OF TAX RECEIPTS - 2021

2021 Collection Summary

	Approved Target	Actual Collection
Cash Collection:		
Federation Account:	N	N
<i>Companies Income Tax</i>	1,988,557,722,455.14	1,896,436,520,207.79
<i>Petroleum Profits Tax</i>	1,636,832,713,488.03	2,008,344,291,398.37
<i>Capital Gains Tax</i>	7,258,508,669.91	17,497,996,040.73
<i>Stamp Duties</i>	12,398,869,904.27	25,494,724,332.09
Value-Added Tax	1,838,346,807,579.04	2,072,851,814,837.36
Electronic Money Transfer Levy (EMTL)	500,000,000,000.00	114,051,179,921.12
Earmarked Taxes:	-	-
<i>TETFUND Levy</i>	323,287,939,274.03	189,535,134,824.29
<i>National Information Technology Development Fund</i>	18,840,140,215.58	19,306,991,369.42
Consolidated Taxes	<u>76,441,939,792.00</u>	<u>61,197,991,404.00</u>
	<u>6,401,964,641,378.00</u>	<u>6,404,716,644,335.17</u>
Non-Cash Collection:		
Pioneer Companies	-	1,427,286,106.84
Tax on Int on Loans for Agric	-	3,112,950,636.16
Tax on Int on Bonds	-	149,829,734,665.97
Tax on Int on Treasury Bills	-	<u>395,973,525,911.96</u>
	-	<u>550,343,497,320.93</u>
TOTAL COLLECTION	<u>6,401,964,641,378.00</u>	<u>6,955,060,141,656.10</u>

COLLECTION PERFORMANCE

Tax Category	2021				2020				2019			
	Budgeted Collection (N'b)	Actual Collection (N'b)	Variance (N'b)		Budgeted Collection (N'b)	Actual Collection (N'b)	Variance (N'b)	%	Budgeted Collection (N'b)	Actual Collection (N'b)	Variance (N'b)	
Petroleum Profits Tax	1,636.83	1,310.44	(326.39)	-20%	284.00	1,516.99	1,232.99	434%	4,301.18	2,114.27	(2,186.92)	-51%
Company Income Tax	1,476.87	1,896.44	419.57	28%	1,767.89	1,275.38	(492.51)	-28%	1,708.51	1,604.70	(103.81)	-6%
Gas Income	511.68	697.90	186.22	36%	426.61	134.06	(292.55)	-69%	685.64	21.93	(663.71)	-97%
Capital Gains Tax	7.26	17.50	10.24	141%	13.54	3.52	(10.02)	-74%	6.28	5.98	(0.30)	-5%
Stamp Duty	12.40	25.49	13.10	106%	17.19	120.16	102.96	599%	17.64	18.19	0.55	3%
NCS-Import VAT	0.00	0.00	-	0%	547.65	347.72	(199.93)	-37%	425.97	244.52	(181.46)	-43%
Non-Import VAT	1,838.35	2,072.85	234.50	13%	1,642.96	1,183.45	(459.52)	-28%	1,277.92	945.46	(332.46)	-26%
EDT	323.29	189.54	(133.75)	-41%	277.02	259.56	(17.46)	-6%	275.40	221.06	(54.34)	-20%
Consolidated Taxes (PAYE, PIT, Pol)	76.44	61.20	(15.24)	-20%	83.83	93.36	9.53	11%	83.83	70.63	(13.20)	-16%
NITDEF	18.84	19.31	0.47	2%	16.14	18.01	1.87	12%	20.01	15.18	(4.83)	-24%
EMTL	500.00	114.05	(385.95)	-77%			-				-	
TOTAL	6,401.95	6,404.71	2.76	0%	5,076.85	4,952.22	(124.63)	-2%	8,802.39	5,261.92	(3,540.47)	-40%
	100%				98%				60%			

The Service achieved a 100% collection performance in 2021, 98% in 2020 as against 60% in 2019. When the impact of tax incentives (non-cash collection) are quantified, the Total Tax revenue would have increase by =N=550.3 billion, making the actual Revenue performance to be 108% in 2021.

The remarkable improvement in budget performance reflects the result of internal reforms and the dedication of the staff across all regions and offices.

The 2020 numbers reflects the impact of Covid-19 disruption. That notwithstanding, the Service was able to achieve 98% collection performance when compared with the approved (revised) budget.

UNDERSTANDING THE FEDERATION ACCOUNTS ALLOCATION COMMITTEE (FAAC)

The Federation Accounts Allocation Committee (FAAC) is a body backed by the constitution of the Federal Republic of Nigeria.

The Committee is saddled with the responsibility of distributing the monthly revenue that accrues to the Federation among the three tiers of Government.

The meeting is held once month with the membership as follows:

- The Federal Minister of Finance- Chairman
- All State Commissioners of Finance- members
- Accountant-General of the Federation
- All States' Accountants-General
- Permanent Secretary of the Federal Ministry of Finance or representative as designated by the said Minister, is the Secretary
- Representatives of the revenue generating agencies viz; FIRS, NURPC, NNPC, NCS and MMSD.
- Other stakeholders coopted by the members

FIRS is responsible for the collection and remittance of the following taxes into the Federation Account:

- Company Income Tax (CIT)
- Petroleum Profit Tax (PPT)
- Capital Gains Tax (CGT)
- Stamp Duties
- Electronic Money Transfer Levy (EMTL)
- Value Added Tax (VAT) into the VAT Pool Account

CONTRIBUTION AND DISTRIBUTION OF TAXES COLLECTED BY THE FIRS

The revenues are distributed as follows:

	Federation Account	Value Added Tax (VAT)
Federal Government	52.68 %	15 %
State Governments	26.72%	50 %
Local Governments	20.60 %	35 %
Oil Producing States (Derivation)	13 %	

The table below shows the contribution of FIRS to FAAC for 2021

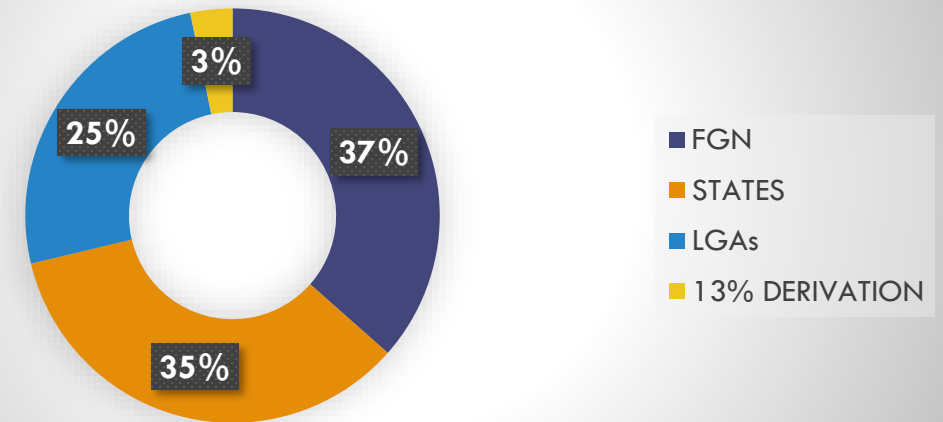
FEDERAL INLAND REVENUE SERVICE (FIRS) CONTRIBUTION TO THE COLLECTIONS DISTRIBUTED AT THE FEDERATION ACCOUNTS ALLOCATION COMMITTEE (FAAC)			
2021			
Month	FAAC total Contribution	FIRS Contribution (₦) bn	FIRS % Contribution
January	591.330	388.541	65.71
February	596.427	361.265	60.57
March	835.330	501.323	60.01
April	675.793	403.703	59.74
May	603.063	359.767	59.66
June	1021.76	664.305	65.02
July	764.783	397.947	52.03
August	728.234	403.852	55.46
September	878.580	516.566	58.80
October	584.310	333.820	57.13
November	853.035	496.195	58.17
December	779.226	470.902	60.43
	8911.869	5,298.19	59.45

CONTRIBUTION AND DISTRIBUTION OF TAXES COLLECTED BY THE FIRS

The table below shows details of distribution of the revenue collected by FIRS between the three tiers of government in 2021.

FIRS COLLECTIONS AS DISTRIBUTED AMONG THE THREE TIERS OF GOVERNMENT AT THE FAAC (2021)					
Month	FG	STATE	LGA	13% DERIVATION	TOTAL
January	130.181	128.064	93.540	14.713	366.498
February	115.901	120.812	87.950	17.796	342.459
March	180.264	163.071	119.725	9.818	472.878
April	131.939	136.588	99.473	12.987	380.987
May	111.873	128.132	92.810	7.387	340.202
June	271.578	198.645	148.050	20.619	638.892
July	142.368	131.795	96.621	8.389	379.173
August	135.772	139.333	101.522	7.309	383.936
September	189.307	163.462	120.378	23.770	496.917
October	105.071	118.935	86.200	6.967	317.173
November	168.334	162.822	119.048	22.117	472.321
December	156.986	159.071	115.988	13.371	445.416
	1,839.57	1,750.73	1,281.31	165.24	5,036.852
Note: The figures above is exclusive of all applicable deductions from the contributed amount. Applicable Deductions ** 1. Cost of Collection 2. Refunds 3. Police Trust funds 4. North east development commission e.t.c					

FIRS Collections Distributed - 2021



In 2021, FIRS Collection accounted for 59.45% of revenue shared by FAAC to the three tiers of government. The amount distributed is exclusive of all applicable deductions with respect to:

- Cost of collection
- Refunds
- Police Trust Fund,
- North East Development Commission, and
- Others

Tax Incentives are reliefs or exemptions granted by the Government to businesses in a bid to improve economic activities in target sectors as well as improve Foreign Direct Investment.

The principle of pioneer status as a tax incentive is that companies in industries designated as pioneers are relieved from paying company income tax in their formative years to enable them to make a considerable profit for re-investment in the business. The Pioneer Status Incentive was established by the Industrial Development (Income Tax Relief) Act, No 22 of 1971 and is a tax holiday which grants qualifying industries and products relief from payment of corporate income tax for an initial period of three years, extendable for one or two additional years.

Interest on any loan granted by a bank to a company engaged in primary agricultural trade, fabrication of local plant and machinery, or as working capital to any cottage industry is 100% tax free if the loan has a moratorium of not less than 12 months and the rate of interest is not more than the base lending rate at time the loan was granted, refinanced or otherwise restructured.

Interest earned and proceeds from disposal of short-term FG securities and bonds are exempted from CIT and VAT respectively by Companies Income Tax (CIT) (Exemption of Bonds and Short-Term Government Securities) Order, 2011 and Value Added Tax (VAT) (Exemption of Proceeds of the Disposal of Government and Corporate Securities) Order, 2011. These include bonds issued by the Federal, State and Local Governments and their agencies, and by corporate and supranational entities. These incentives are effective from 2 January 2012 to 2 January 2022.

His Excellency, President Muhammadu Buhari, GCFR, on 25 January 2019, signed the Executive Order No. 007 on Road Infrastructure Development and Refurbishment Investment Tax Credit Scheme ("the Scheme"). The Scheme is for a period of 10 years from its commencement date.

The Scheme is a public-private partnership intervention that enables the Federal Government of Nigeria (FGN) to leverage private sector capital and efficiency for the construction, refurbishment and maintenance of critical road infrastructure in key economic areas in Nigeria. Participants will be entitled to utilize the total project cost incurred in the construction or refurbishment of an eligible road as a Tax Credit against their future Companies Income Tax (CIT) liability, until full cost recovery is achieved.

SUMMARY COST OF TAX INCENTIVES AND IMPACT ON TAX COLLECTION

The cost implication of these incentives during the year under review amounted to:

1. Tax Holiday/ Waiver N550.34 billion.
2. Road Infrastructure Tax Credit utilized N147.81 billion.

Statement of Tax Expenditure 2021 Year of Assessment

	Income Tax	Tertiary Education Levy	Total
	N	N	N
Pioneer Companies	1,215,791,995	211,494,112	1,427,286,107
Tax on Int on Loans for Agric	2,918,391,221	194,559,415	3,112,950,636
Tax on Int on Bonds	140,465,376,249	9,364,358,417	149,829,734,666
Tax on Int on Treasury Bills	<u>371,225,180,542</u>	<u>24,748,345,369</u>	<u>395,973,525,912</u>
	<u>515,824,740,008</u>	<u>34,518,757,313</u>	<u>550,343,497,321</u>

Tax for Road Infrastructure Scheme Executive Order 007

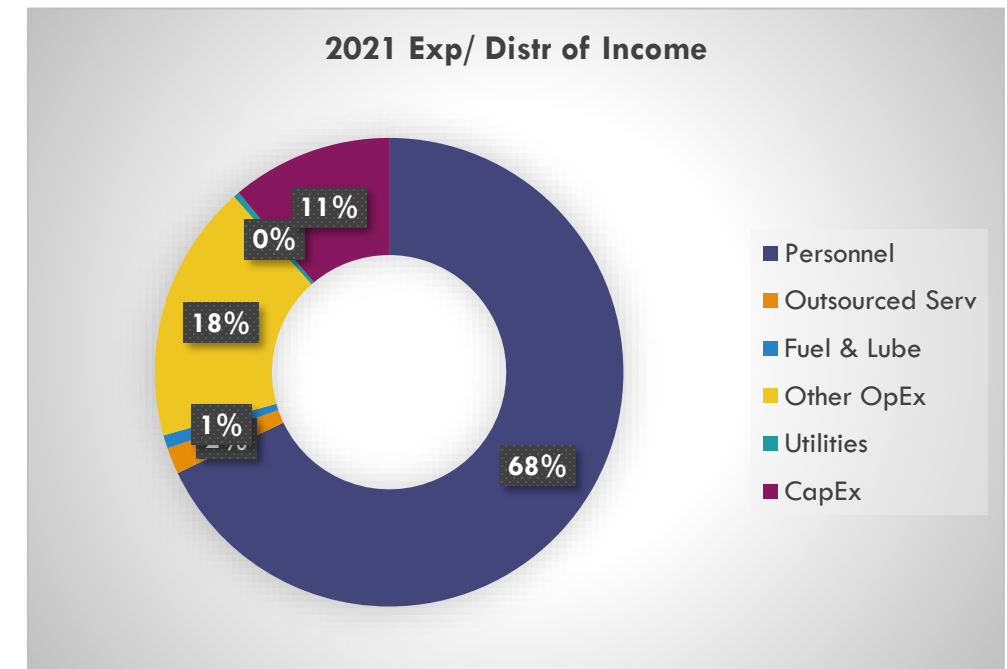
			N
NNPC	see note		69,790,424,618
Dangote Cement Plc	Lokoja-Obajana	Kogi State	10,302,464,828
Nigeria Liquified Natural Gas	Bodo Bonny Road	Rivers State	46,041,703,441
Dangote Cement Plc	Apapa-Oshodi Road	Lagos State	<u>21,674,603,929</u>
			<u>147,809,196,816</u>

EXPENDITURE PROFILE

FIRS EXPENDITURE PROFILE

	2021		2020		2019	
	N' million	%	N' million	%	N' million	%
Salaries & Wages	95,596	56%	77,847	63%	71,998.8	60%
Other Staff Costs	20,690	12%	9,323	8%	10,140.1	9%
Outsourced Services	3,127	2%	2,859	2%	2,696.1	2%
Fuel & Lubricants	1,568	1%	1,582	1%	2,096.4	2%
Other Operating Exps	30,524	18%	24,738	20%	24,232.3	20%
Utilities	709	0%	1,323	1%	1,481.3	1%
Capital Expenditure	19,010	11%	6,192	5%	6,540.1	5%
TOTAL EXPENDITURE	171,223	100%	123,865	100%	119,185	100%

Personnel cost accounted for about 70% of the expenditure of the Service. Approximately 20% goes into admin expenses while other operating cost shared the remaining 10%.



TAX COMPLIANCE ACTIVITIES AND IMPACT ON TAX REVENUE

The tax compliance activities of the FIRS and their impacts on tax revenue are evaluated. These activities include tax audit, tax investigation, desk examination, debt management and enforcement actions of the Service

Tax Audit: Tax Audit is an examination of underlying records to determine whether a taxpayer has correctly reported its tax liabilities. Tax audits are more detailed and extensive than other types of examinations such as desk examination, compliance monitoring/reviews. FIRS select taxpayer for tax audit using multifaceted approach including risk profiling, intelligent information, request for refund, etc. A taxpayer who has been subjected to desk examination or monitoring could still be selected for tax audit. A typical FIRS tax audit process consists of three stages, the pre-audit stage, field audit stage and post audit stage

Tax Investigation: Tax investigation is an advancement from tax audit, as it entails a more detailed examination by the tax authority in order to recover under charged tax in previous years due to an information/suspicion that the taxpayer might have evaded tax.

The FIRS is empowered by the provisions of section 35 of the FIRSE Act to conduct an investigation or cause investigation to be conducted to ascertain any violation of any tax law whether or not such violation has been reported to the Service.

Desk Examination: This is the type of audit process whereby the tax officer reviews the documents submitted to the tax authority monthly or annually in line with the provisions of the tax law.

Debt management and enforcement department activities: The department is responsible for enforcing the payment of debt owed to FIRS.

Activities of the tax audit department

YEARS	APPROVED CASES	CASES CONCLUDED	ASSESSMENT RAISED ₦
2021	13,438	5350	344,713,814,914.38
2020	13,553	3898	356,185,025,956.61

Summary of activities from lien desk 2018-2021

ACTIVITY	YEAR		
	2018/19	2020	2021
Total No. of Taxpayers substituted (Lien)	1882 (inherited)	327	214
Total No. of Taxpayers lifted (Resolved)	99	84	109
Total No. of dormant taxpayers lifted (Resolved)	0	62	27
Total No. of taxpayers with approved payment plan	0	15	13
Total No. of dormant taxpayers substituted	0	4867	0
Total amount recovered (Naira)	0	847,583,396.74	5,269,138,168.81
Total amount recovered (USD)	0	5,750,000.00	15,418,285.06

Legal advisory and litigation department enforcement activities

YEAR	ENFORCEMENT TYPE	No. OF CASES	AMOUNT RECOVERED ₦
2019	Litigation	43	769,660,134.00
2020	Litigation	21	227,211,333.10
	Out of Court Settlement	3	3,370,647,234.92
2021	Litigation	49	10,675,073,682.87
	Demand Letter	16	14,170,733.91

TAX COMPLIANCE ACTIVITIES AND IMPACT ON TAX REVENUE

Tax investigation department - Performance

2020									
REGION	ASSESSMENT		COLLECTION TARGET		TARGET ACHIEVED				
	₦	£	\$	₦	£	\$	₦'B	%	
LAGOS I & MW	9,854,397,276.14		7,952,674.00	24,576,183,132.14			77.76		31.6052
LAGOS ME & SW	3,216,259,648.00		12,138,154.00	110,909,109.73			57.6		0.1926
NORTHERN	19,487,413,351.59			17,285,406,339.43			72		24.0075
SOUTHERN	4,101,031,864.87			1,875,554,291.69			51.84		3.6180
SPECIAL CRIMES	7,290,507,581.53			6,174,587,194.99			28.8		21.4395
TOTAL	43,949,609,722.14		20,090,828.00	50,022,640,067.98		-	288		17.3690
2021									
	ASSESSMENT		COLLECTION TARGET		TARGET ACHIEVED (COLLECTION)		TARGET ACHIEVED (ASSESSMENT)		
	₦	£	\$	₦	£	\$	₦'B	%	
LAGOS I & MW	43,683,924,170.24		6,307,222.00	34,770,667,398.37			40.0653	86.7850	109.03
LAGOS ME & SW	22,267,865,761.21		10,657,056.00	9,461,563,886.48			29.678	31.8807	75.03
NORTHERN	9,363,639,805.22		28,717.11	7,274,639,806.37			37.0975	19.6095	25.24
SOUTHERN	18,889,034,914.15		180,854.89	8,794,999,106.12		180,854.89	26.7102	32.9275	70.72
SPECIAL CRIMES	61,161,879,171.39		8,063,217.00	10,719,228,892.47			14.839	72.2369	412.17
TOTAL	155,366,343,822.21		25,237,067.00	71,021,099,089.81		180,854.89	148.4	47.8611	104.70
Total Losses Recouped N80.5b									
Total Capital Allowances Absorbed N312b									
Total Capital Allowances Withdrawn N24.7b									

TAX COMPLIANCE ACTIVITIES AND IMPACT ON TAX REVENUE

Debt management and enforcement department activities

	YEAR	ENFORCEMENT ACTIVITY	NO OF ENF. ACTIVITIES	BASIS OF ENF.	NO OF COYS	TAX YIELD NAIRA		NO OF COYS RESOLVED	NO OF COYS UNRESOLVED
S/N						N	\$		
1	2019		Nos. not available		Nos. not available	Nos. not available	Nos. not available	Nos. not available	Nos. not available
2	2020		Not applicable		Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
3	2021	DISTRAINT	2	INVESTIGATION	5	600,000,000	35,152,813.00	4	1
SUB TOTAL						600,000,000	35,152,813.00		
1	2019	RECOVERY DRIVE				Nos. not available	Nos. not available		
2	2020	RECOVERY DRIVE				488,295,214,382			
3	2021	RECOVERY DRIVE			7637	220,159,566,145			
SUB TOTAL						708,454,780,527			
GRAND TOTAL						709,054,780,527	35,152,813.00		

SUMMARY OF REFUND CASES FROM 2019 TO 2021

A tax refund is a reimbursement to taxpayers who have overpaid their taxes, often due to excess withholding of tax at source.

FIRS Tax refund process steps

1. Taxpayer completes online application form with requisite attachments in line with the applicable tax type.
2. Application is received by Director – Revenue Accounting Department and Tax Controller of the taxpayer's office.
3. Responsible officers review the application, attachment and grounds of the refund and recommend for audit.
4. Audit is carried out status report is issued in which the application is either recommended for refund or denial. The denied application is returned back to applicant for fixing the missing items
5. The Refund recommendation is transmitted to ECFIRS for payment approval. The recommendation will contain:

- a) All tax liabilities (if the application is a candidate for comprehensive audit) otherwise is a relevant tax type liabilities
- b) Established excess payments/credits on the tax account
- c) Amount recommended for refund
- d) Nature of refund of cash or credit carried forward for offset

6. ECFIRS's approval is sent to CD/GSG for payment through SAP
7. CD/GSG direct DFA through creation of Vendor Account in SAP (if not already in existence) to receive the approved cash refund
8. SAP confirms availability of fund in the respective Revenue Account and effect online payment to the Bank Account provided on the refund application
9. The taxpayer tax account is debited to wipe away the excess credit on the account to the tone of the refunded amount.

Year	
2019	<ul style="list-style-type: none"> • 284 applications received and processed in the sum of : <ul style="list-style-type: none"> - N211,305,047,504.44 - \$18,041,869.81 • 192 applications processed and paid in 2019, total amount paid was N23,605,897,863.40 • Budget funding/ total funds released from OAGF during the year 2019 was N25,000,000,000.00
2020	<ul style="list-style-type: none"> • 242 Applications received and processed in the sum of: <ul style="list-style-type: none"> - N52,584,000,991.28 - \$6,416,999.31 - EUR:57,453.31 • 125 Applications processed and paid in 2020, total amount paid N27,883,524,254.05 • Budget funding / funds released from OAGF during the year 2020 was N25,000,000,000.00
2021	<ul style="list-style-type: none"> • 385 Applications received and processed in the sum of: <ul style="list-style-type: none"> - N57,455,497,607.96 - \$838,153,879.51 - EUR; 56,547 • 45 Applications processed and paid in 2021, total amount paid was N18,436,923,135.00 • Budget funding/total funds released from OAGF during the year 2021 WAS N25,000,000,000.00

** Payment of approved refund applications were subject to the availability of funds released to FIRS in the annual budget/ appropriation.



Tax Automation

The Service is using technology to drive tax compliance, increase revenue performance and create a tax environment that is conducive for taxpayers to fulfil their tax obligations. FIRS introduced the TaxPro-Max Solution to promote ease of paying taxes and ease of doing business. This is an FIRS in-house solution being developed module by module to enhance tax administration and compliance in Nigeria.

It can be accessed by both tax officers and taxpayers via both the intranet and internet through <https://taxpromax.firs.gov.ng>

The System has the following functionalities:

- Registration of taxpayers;
- Filing and payments of VAT, CIT, WHT, WVAT;
- Issuance of Payment Receipt and WHT Credit Notes;
- Maintenance of Taxpayers accounts (Automated K-CARD);
- Processing and issuance of TCC; and
- Reporting.

The following are the benefits of Tax Automation:

- **Accuracy:** The software used for automation automatically takes care of the tax calculation which brings about less error. This will offer the top-notch level of accuracy that is required to complete tax reports.
- **Saves Time & Convenient:** Taxpayers can file their tax returns and make payments with ease from the comfort of their homes/ offices which encourages voluntary compliance.
- **Reduces Cost:** Automation of tax processes removes the engagement of Auditors/ Tax consultants which helps taxpayers to reduce cost because they can file their tax returns and make tax payments online without engaging these people.
- **Revenue Generation:** Automation of tax processes increases revenue generation.
- **Eliminate Tax Evasion:** The electronic data base of taxpayers built by tax authorities helps to easily identify tax evaders and deal with them statutorily.

Tax Incentive Management

A tax incentive is an **aspect of a country's tax code designed to incentivize or encourage a particular economic activity by reducing tax payments for a company in the country**. Below are activities and key performance indicators of the FIRS' Tax Incentives Management Department:

S/N	KEY ACTIVITIES	KEY PERFORMANCE INDICATORS	RATING (%)
1	Identify and compile tax incentives enjoyed by taxpayers (administered by FIRS)	Produce a compendium of tax incentives being administered by FIRS.	10
2	Identification of tax incentives beneficiaries.	Produce a list of companies that have enjoyed major tax incentives from 2019 till date	10
3	Create a tax expenditure data base for FIRS.	Produce a tax expenditure data base/ report within one year of TIMD creation.	20
4	Open three tax incentives management offices (TIMOs).	Operationalize three TIMOs - in Lagos, Abuja and Port-Harcourt before 31 st March 2022.	10
5	Tax Revenue Collection	Pursue 100% achievement of assigned collection target	20
	Taxation of Free Trade Zone Enterprises.	Compile the list of free trade zone (including OGFTZ) enterprises and register them for tax on or before 30 th June 2022.	10
	Intelligence and Compliance review.	Set up compliance review teams in Lagos, Port - Harcourt and Abuja on or before 30 th June 2022.	10
	Training	Set up periodic training and sensitization program for staff and other stakeholders	10

Non Resident Person Tax

The NRPTO commenced operations on 1st January 2020 in accordance with the mandate of the Management. The establishment of the NRPTO was to enable FIRS optimise tax revenue collection from non-resident persons, block revenue leakages, ensure the effective implementation of tax treaties and grow revenue in line with the Federal Government's Strategic Revenue Growth Initiative. The office is located within the International Tax Department in Lagos.

The NRPTO has the mandate to:

- maintain records of all non-residents, including their tax files;
- identify, track and ensure that non-resident persons deriving income in Nigeria are duly registered for tax purpose and issue TIN;
- receive, manage and process the tax returns of non-resident persons;
- assess, collect, account and enforce payment of taxes as may be due to the Federal Government of Nigeria from all non-resident companies, entities and individuals, including foreign airlines, shipping lines, oil servicing companies, entertainers, professionals, academicians, sportspersons, etc.
- maintain effective working relationship with relevant stakeholders including government agencies (the Nigeria Immigration Service, CBN, Sport Associations, etc.), sports & entertainment promoters, employers of non-resident individuals, etc. and bring those liable to tax in Nigeria into the tax net;
- implement the relevant provision of tax treaties as they relate to non-residents including administration of treaty benefits; and
- carry out all other relevant activities of a tax office.

The operational scope of the office covers all non-resident companies and individuals for all relevant taxes.

Automatic Exchange of information (EOI)

Automatic exchange of information is a process which involves the systematic and periodic transmission of “bulk” taxpayer information by the source country to the residence country concerning various categories of income (e.g. dividends, interest, royalties, salaries, pensions, etc.), deposited in financial accounts of individuals and companies operated in financial institutions in jurisdictions where they are non-residents for tax purposes. Automatic EOI requires an elaborate outlay of ICT resources and expertise, which does not exist in most developing Countries. However, FIRS in recent years has made tremendous strides in our journey to join and benefit from the global system automatic exchange of financial accounts information which came on stream in 2017.

Nigeria's Experience

- Signed the Multilateral Competent Authority Agreement (MCAA) on Automatic Exchange of Financial Account Information (AEOI) on 17th August 2017.
- Translated the Common Reporting Standards (CRS) and Due diligence rules into domestic law (Regulations), including rules to ensure effective implementation by the Financial Institutions (FIs).
- Published the CRS Regulations in the official gazette of the Federation (July 2019).
- Finalized and issued AEOI- CRS Implementation Guidelines (2019).
- Constructed, furnished and launched a Special purpose building- Exchange of Information Centre (ISO 27001:2013 Certified) to meet the strict internationally agreed global standards for the operation of the EOI on Request, Country by Country reporting (CbCR) and Automatic EOI processes.
- Successfully secured the ISO 27001:2013 certification for the EOI Centre, to comply with requirements of the International Information Security Management Standards and the OECD in July, 2021.
- Successfully passed the OECD confidentiality and data safeguard assessment, which led to approval from OECD AEOI peer review group (APRG) to allow Nigeria exchange AEOI-CRS data on full reciprocal basis.
- Put in place the necessary ICT infrastructure (hardware and Software) to operationalize the Automatic EOI processes
- Identified, posted and trained Staff with required ICT and Tax Skills to oversee the operations of the EOI Centre and manage process of AEOI with over 100 Countries
- Completed the installation of the AEOI-CRS Software and achieved the ‘Go-Live’ of the AEOI system on 1st September 2020. This was a major feat achieved during the global lockdown occasioned by the Covid-19 Pandemic – as the AEOI-Software was for the first time in the world successfully installed ‘remotely’, by a Service provider outside Nigeria (Ireland).
- Made operational by September 2020, the Automatic EOI menu on the FIRS website to enable Reportable Financial institutions register and file AEOI-CRS returns as and when due.
- Published the list of Nigeria intended AEOI exchange partners (over 100 countries)
- Registered over 300 Financial Institutions on the AEOI Portal to enable annual Filing of AEOI-CRS Reports
- Issued Self certification forms to be completed by reportable account holders
- Conducted sensitization and awareness programs for reportable Financial institutions (FIs), Tax practitioners and other stakeholders, in spite of restrictions to public gatherings. This was achieved with the use of ‘virtual’ technologies.

- Identification Selection, Posting and training of staff/analysts assigned to the Automatic EOI unit.
- Secured technical assistance of the OECD and the UK HRMC for training and sharing of experience with the FIRS Exchange of information team
- Successfully completed the OECD Confidentiality and Data safeguard Assessment for Non reciprocal exchange for first year (2020)
- Conducted Nigeria's first ever exchange (non-reciprocal) of AEOI-CRS financial accounts information with over 60 Countries – 30th December 2020
- Conducted Automatic EOI Compliance Monitoring and Sensitization visits to 55 major Financial Institutions. This had the immediate impact of improved number and quality of AEOI- CRS reports filed by FIs during the 2021 circle of CRS filings.
- Developed and circulated about 15 Tit-Bits (information circulars) to over 500 Financial Institutions for enlightenment on various topics relating to Automatic EOI-CRS (e.g. Definition of terms, undocumented accounts, due diligence, new XML Schema, identification of reportable accounts etc.).
- Conducted Full Reciprocal Automatic exchange of financial accounts information between Nigeria and over 50 Countries. This exercise as at 30th Sept. 2021, provided FIRS with details of financial accounts owned by Individuals and Companies who qualify under Tax laws as Residents of Nigeria for Tax purposes. The total balances in these financial accounts amounting to over 10 billion US Dollars.
- Management has set up an Inter-Departmental Committee to review the AEOI data received from partner jurisdictions and expeditiously implement the required next steps to use information to enhance FIRS tax revenue drive efforts.

Country-by-Country Reporting

In September 2013, the Organization for Economic Co-operation and Development (OECD) and G20 countries, working together on an equal footing, adopted an ambitious and comprehensive 15-point Action Plan to address BEPS.

The Action Plan aims to ensure that profits are taxed where economic activities generating the profits are performed and where value is created.

The Action Plan is based on three Pillars:

- i. coherence of corporate tax at the international level;
- ii. substance or value creation; and
- iii. cooperation and transparency, coupled with certainty and predictability.

Actions 11 through 14 call for greater transparency, coupled with certainty and predictability to curb BEPS. Specifically, BEPS Action 13 requires the OECD to develop rules regarding transfer pricing documentation to enhance transparency for tax administrations, taking into consideration the compliance costs for business.

The rules to be developed will include a requirement that MNEs provide all governments with needed information on their global allocation of the income, economic activity and taxes paid among countries according to a common template.

In response to this requirement, jurisdictions participating in the BEPS Project agreed on revised standards for transfer pricing documentation and a template for country-by-country reporting of income, taxes paid and certain measures of economic activity.

On 16 September 2014, the OECD published the “Guidance on Transfer Pricing Documentation and Country-by-Country Reporting” that provided template for country-by-country reporting.

The work on the comprehensive Action Plan on BEPS was concluded in October 2015 and a package of 15 reports delivered, culminating in new or reinforced international standards as well as producing concrete measures to help countries tackle BEPS. One of these measures is the Country-by-Country reporting under Action 13 of the BEPS Project, which is a minimum standard under the BEPS outcomes.

Nigeria is a member of the Inclusive Framework, a group of jurisdictions, committed to the implementation of the minimum standards of the BEPS related measures. Towards this end, Nigeria signed the Multilateral Competent Authority Agreement on Country-by-Country Reporting (CbC MCAA) in January 2016 and has produced the Income Tax (Country-by-Country Reporting) Regulations 2018 (“CbC Regulations”) for the implementation of the Country-by-Country Reporting in Nigeria.

By the provisions of the Income Tax (Transfer Pricing) Regulation 2018, taxpayers are required to file returns of transactions carried out with connected persons (TP Returns). The duty to file TP returns applies to all companies and entities that are liable to income tax and who are members of a Nigerian or international group of companies or otherwise connected to one or more companies in Nigeria or overseas.

The following are deemed to be connected persons:

- a company or entity in which the reporting company or entity has 50% or more ownership or control;
- an individual, company or entity that directly or indirectly owns or controls 50% or more of the reporting company or entity;
- a company or entity who is a member of the group of which the reporting company or entity is a member;
- companies in which the same person has control, or a person has control of one and another person connected with him or her has control of the other;

Annual transfer pricing returns include the following;

- Transfer Pricing Disclosure Form
- Detailed Audited Financial Statements
- Copy of income tax self-assessment
- Income Tax Computation and all relevant schedules

Transfer Pricing Outcomes (Assessment and Collection for 2019 – 2021)

Year	Currency	Total Assessment	No of Cases
2019	Naira	6,285,089,816.96	
	Dollar	7,623,059.90	
	Euro	6,237,732.53	
	GBP	15,688,988.43	
	Norwegian Kroner (NOK)	28,870,013.89	
Translation to Naira		20,018,224,387.26	52
2020	Naira	25,934,522,283.42	
	Dollar	46,787,279.58	
	Euro	12,038,338.72	
Translation to Naira		49,107,547,308.03	41
2021	Naira	29,000,085,592.31	
	Dollar	3,553,504.75	
	Euro	10,842.90	
	GBP	264,504.80	
Translation to Naira		30,611,346,488.86	50

PART 3: GOVERNANCE AND RISK MANAGEMENT

Compliance with laws and regulation

Taxation

Taxation in Nigeria is based on the 1999 Constitution of the Federal Republic of Nigeria as amended 2011 (the Constitution) which provides for the legislative powers of the tiers of government, i.e. Federal and State government. The taxing powers follow the division of the legislative powers, and as such, a tier of government can impose taxes only with respect to the subject matters within its competence as provided in Parts 1 and 2 to the Second Schedule of the Constitution.

There is a third tier of government, the Local Government, which is responsible for the collection of taxes on behalf of the Federal Government or the State Government. It is generally not listed as a taxing arm of the government because it does not have the powers to impose taxes.

• Federal Government Taxing Powers

Although there are various taxes in Nigeria only four of them are specifically mentioned by name in the 2nd Schedule to the Constitution. These are customs duties, excise duties, export duties and stamp duties. In addition, item 59 of the Exclusive Legislative List vests the Federal Government with powers on the "taxation of incomes, profits and capital gains", pursuant to which the Personal Income Tax, Companies Income Tax, Petroleum Profits Tax and Capital Gains Tax have been imposed by the Federal Government.

The taxes collectible by the Federal Government are as follows: Companies Income Tax, Tertiary Education Tax, Petroleum Profits Tax, National Information Technology Development Agency Levy, Value Added Tax, Personal Income Tax, Withholding Tax, Capital Gains Tax and Stamp Duties.

• State Government Taxing Powers

By virtue of section 4(7) of the Constitution, the State Government has plenary powers to make laws on any subject matter that is not contained in either the Exclusive or Concurrent Legislative List.

The taxes collectible by the State Government include but not limited to: Personal Income Tax, Withholding tax (individuals), Capital gains tax (individuals), Stamp duties (individuals), Pools, betting and lotteries, Gaming and Casino taxes, Business premises registration fee, Name of street registration fees in the State Capital, Right of Occupancy fees on lands owned by the State Government in urban areas of the State, Market taxes and levies where State finance is involved.

• Local Government Taxing Powers

By virtue of section 7 of the Constitution, Local Governments are not empowered to impose taxes. Each State is also mandated by the Constitution to confer functions on the Local Government Council by its own law, including those set out in the Fourth Schedule to the Constitution. Local Governments have no legislative power of their own and cannot impose any tax on any subject matter whatsoever.

The provisions of the Fourth Schedule of the Constitution do not directly vest the Local Government Councils with the power to collect taxes. Rather, a State Government must first enact appropriate enabling law, which will determine the taxable persons, assessment procedure, and method of collection, recovery and penalties for tax delinquency.

The taxes collectible by the Local Government, include but not limited to: Shops and Kiosk rates, Tenement rates, On and Off liquor licence fees; Slaughter and Slab fees; Marriage, Birth and Death registration fee; Naming of street registration fee, excluding any street in the capital city; Right of occupancy fees on land in rural areas, excluding those collectible by the Federal and State Governments; Market taxes and levies excluding any market where state finance is involved; Motor parks levies; Domestic animal licence fee;

The Local Governments are also tax collection agents for the FIRS and States Internal Revenue Service (SIRS), as they withhold Pay-As-You-Earn (PAYE) and Value Added Tax. In respect of (a) Pay-As-You-Earn; and (b) Direct taxation (self-assessment), Section 81 of the Personal Income Tax Act and Section 9 of the Value Added Tax Act

Tax and Revenue Agencies

There are tax agencies responsible for the collection and administration of tax revenue payable to the Governments in Nigeria.

- **Federal Inland Revenue Service (FIRS)**

This agency is established by the Federal Inland Revenue Service (Establishment) Act (FIRSEA), 2007. It is the primary agency responsible for collection of taxes accruable to governments of the Federation on the one hand, and the Federal Government on the other hand. The Service is under the overall supervision of the Federal Inland Revenue Service Board (the Board).

Section 2 of the Act empowers the Service to control and administer the different taxes and laws specified in the FIRSEA or other laws made or to be made from time to time by the National Assembly or other regulations made there under by the Government of the Federation and to account for all taxes collected. The taxes to be collected include any duty, levy or revenue accruable to the government under any enactment or law.

The FIRS is responsible for the following under the FIRSEA:

1. assess persons including companies, enterprises chargeable with tax;
2. assess, collect, account and enforce payment of taxes as may be due to the Government or any of its agencies;
3. collect, recover and pay to the designated account any tax under any provision of this Act or any other enactment or law;
4. in collaboration with the relevant ministries and agencies, review the tax regimes and promote the application of tax revenues to stimulate economic activities and development;
5. in collaboration with the relevant law enforcement agencies, carry out the examination and investigation with a view to enforcing compliance with the provisions of this Act;
6. make, from time to-time, a determination of the extent of financial loss and such other losses by government arising from tax fraud or evasion and such other losses (or revenue forgone) arising from tax waivers and other related matters;
7. adopt measures to identify, trace, freeze, confiscate or seize proceeds derived from tax fraud or evasion;
8. adopt measures which include compliance, and regulatory actions, introduction and maintenance of investigative and control techniques on the detection and prevention of non-compliance;
9. collaborate and facilitate rapid exchange of information with relevant national, or international agencies or bodies on tax matters;
10. undertake exchange of personnel or other experts with complementary agencies for purposes of comparative experience and capacity building;
11. establish and maintain a system for monitoring international dynamics of taxation in order to identify suspicious transactions and the perpetrators and other persons involved;
12. provide and maintain access to up to date and adequate data and information on all taxable persons, individuals, corporate bodies or all agencies of government involved in the collection of revenue for the purpose of efficient, effective and correct tax administration and to prevent tax evasion or fraud;
13. maintain database, statistics, records and reports on persons, organizations, proceeds, properties, documents or other items or assets relating to tax administration including matters relating to waivers, fraud or evasion;
14. undertake and support research on similar measures with a view to stimulating economic development and determine the manifestation, extent, magnitude and effects of tax fraud, evasion and other matters that affect effective tax administration and make recommendations to the government on appropriate intervention and preventive measures;
15. collate and continually review all policies of the Federal Government relating to taxation and revenue generation and undertake a systematic and progressive implementation of such policies;
16. liaise with the office of the Attorney-General of the Federation, all government security and law enforcement agencies and such other financial supervisory institutions in the enforcement and eradication of tax related offences;
17. issue taxpayer identification number to every taxable person in Nigeria in collaboration with States Boards of Internal Revenue and Local Government Councils;
18. carry out and sustain rigorous public awareness and enlightenment campaign on the benefits of tax compliance within and outside Nigeria;
19. carry out oversight functions over all taxes and levies accruable to the Government of the federation and as it may be required, query, subpoena, sanction and reward any activities pertaining to the assessment, collection of and accounting for revenues accruable to the Federation;
20. to provide assistance in the collection of revenue claims or any other administrative or arrangement made between the Government of the Federal Republic of Nigeria and the Government of any country or other persons or bodies as may be deemed necessary in that regards.

State Internal Revenue Service (SIRS)

The State Internal Revenue Service (SIRS) is an establishment of the respective State Governments across Nigeria (including the Federal Capital Territory). Each state tax authority is charged with the responsibility of collecting taxes and other revenues from individuals who are resident within its jurisdiction.

Section 81(2) of the Personal Income Tax Act provides that every employer is required to file a return with the relevant SIRS all emolument paid to its employee not later than 31st January of every year in respect of all employees in its employment in the preceding year. The law also prescribes a penalty for non-compliance of the above.

- **Revenue Mobilisation Allocation and Fiscal Commission**

RMAFC is recognised under paragraph 31 of Part 1 to the Third Schedule of the 1999 Constitution, and para 32 provides for the powers and functions of the Commission, and they are:

- i. monitor the accruals to and disbursement of revenue from the Federation Account;
- ii. review, from time to time the revenue allocation formulae and principles in operation to ensure conformity with changing realities;
Provided that any revenue formula which had been accepted by an Act of the National Assembly shall remain in force for a period of not less than five years from the date of commencement of the Act;
- i. advise the Federal and State Governments on fiscal efficiency and methods by which their revenue can be increased;
- ii. determine the remuneration appropriate for political officeholders including the President, Vice President, Governor Deputy Governors, Ministers, Commissioners, Special Advisers, Legislators and the holders of the offices mentioned in Sections 84 and 124 of this Constitution; and
- iii. discharge such other functions as are conferred on the Commission by this Constitution or any Act of the National Assembly.

- **Joint Tax Board**

The Joint Tax Board was established by section 86(1) of the Personal Income Tax Act to create uniformity and harmony in the tax system especially in Personal Income Tax administration. It was formed to achieve development in the Nigerian tax administration and provide advice on general tax matters in Nigeria, its functions include:

- i. Advising all tiers of Government on tax matters, so as to evolve an efficient tax administration system in the Country;
- ii. Resolving areas of conflict on Tax Jurisdiction among Member States;
- iii. Using its best endeavours to promote uniformity in both application of the Tax Laws and in the incidence of tax on individuals throughout the Country;
- iv. Imposing its decision on matters of procedure and interpretation on Income Tax matters on member State.

- **Nigeria Customs Service & Nigeria Customs Service Board (NCSB)**

The NCS administers customs and excise duties in Nigeria. It is also responsible for the enforcement of the country's importation and exportation regulations. The NCSB established by the Nigeria Customs Service Board Act (NCSBA), and is controlled by the Federal Ministry of Finance and its responsibilities include but not limited to:

- i. administration of the Customs and Excise Management Act (CEMA). In practice, this is carried out through the Nigeria Customs Service (NCS);
- ii. formulation of general policy guidelines for the NCS; and
- iii. collection of the customs and excise revenue in Nigeria.

Tax Laws

The National Assembly enacts necessary legislations for the administration of taxes in Nigeria as provided in the Constitution.

Some of the laws are follows:

1. Companies Income Tax Act
2. Tertiary Education Trust Fund (Establishment, etc.) Act
3. Petroleum Profits Tax Act
4. Value Added Tax Act
5. Personal Income Tax Act
6. Capital Gains Tax Act
7. Stamp Duties Act
8. Federal Inland Revenue Service (Establishment) Act
9. Income Tax (Authorised Communications) Act
10. Industrial Development (Income Tax Relief) Act
11. Industrial Inspectorate Act
12. National Information Technology Development Act
13. Nigerian Export Processing Zones Act
14. Nigeria LNG (Fiscal Incentive Guarantees and Assurances) Act
15. Oil and Gas Export Free Zones Act

Tax and the Judicial System

In Nigeria, as it is the practice in most tax systems, objections to a tax assessment must be directed to the tax authorities that issued the assessment. If the objection is disregarded, the taxpayer can make an appeal to a specialist panel, before the taxpayer can institute further legal action to the courts.

The specialist panel is the Tax Appeal Tribunal.

National Tax Policy

The National Tax Policy was first published in 2012, as part of the efforts to entrench a robust and efficient tax system in Nigeria. The National Tax Policy provides a framework for a sustainable system that would ensure reliable sources of revenue to government and support the economic development of the nation. The National Tax Policy provides the fundamental guidelines for the orderly development of the Nigerian tax system.

The Policy is expected to achieve the following specific objectives, among others:

- i. guide the operation and review of the tax system;
- ii. provide the basis for future tax legislation and administration;
- iii. serve as a point of reference for all stakeholders on taxation;
- iv. provide benchmark on which stakeholders shall be held accountable; and
- v. provide clarity on the roles and responsibilities of Stakeholders in the tax System.

Tax Treaties

A treaty is a formal, written agreement between sovereign states or between states and international organizations. The type of tax treaty within the purview of the Federal Inland Revenue Service and domiciled in the Tax Policy and Legislation Department is the Avoidance of Double Taxation Agreement (ADTA).

Below is a tabular presentation of the list of countries in an ADTA with Nigeria:

S/N	Countries	ADTA Type	Date/Place of Signing	Date of Entry into Force	Effective Date
1	Canada	Comprehensive	4th August, 1992 in Abuja	16th November, 1999	1st January, 2000
2	Pakistan	Comprehensive	10th October, 1989 in Lagos	7th March, 1990	1st January 1991
3	Belgium	Comprehensive	20th November, 1989 in Brussels	1st January, 1990	1st January, 1991
4	France	Comprehensive	27th February, 1990 in Paris	2nd May 1991	1st January, 1992
5	Romania	Comprehensive	21st July, 1992 in Abuja	18th April, 1993	1st January, 1994
6	Netherlands	Comprehensive	11th December, 1991 in Lagos	9th December, 1992	1st January, 1993
7	United Kingdom	Comprehensive	9th June, 1987 in London	1st January, 1988	1st January, 1989
8	China	Comprehensive	15th April, 2005 in Abuja	21st March, 2009	1st January, 2010
9	South Africa	Comprehensive	29th April, 2000 in Cape Town	5th July, 2008	1st January, 2009
10	Italy	Air & Shipping Agreement Only	22nd February, 1976 in Lagos	1977	1st January, 1978
11	Philippines	Comprehensive	30th September, 1987 in Manila	18th August 2013	1st January, 2014
12	Czech	Comprehensive	31st August 1989 in Lagos	2nd December, 1990	1st January, 1991
13	Slovakia	Comprehensive	31st August 1989 in Lagos	2nd December, 1990	1st January, 1991
14	Singapore	Comprehensive	2nd August, 2017	1st November 2018	1st January 2019

FIRS Board Committees

Board Committee on Staff and General Policy:

Members of Staff and General Policy Committee of the Board.

- a) The Secretary of the Board shall serve as the Secretary of the Committee.
- b) The Coordinating Director of Support Service Group, Director HCM and Head of Legal and Prosecution Department shall be in attendance
- c) The quorum for meetings of the Committee shall be in accordance with rules for Board Committee meetings.

Technical Committee (TECOM)

Authority and Mandate

The Technical Committee ("TECOM") is a statutory Committee that is established by sec. 9 of the Act. In accordance with sec 10 of the Act, the primary duties and responsibilities of this Committee are to:

- a) consider all tax matters that require professional and technical expertise and make recommendations to the Board;
- b) advise the Board on any aspect of the functions and powers of the Service under the Act; and
- c) attend to such other matters as may from time to time be referred to it by the Board.
- d) The Committee is also to consider issuing of regulations, and technical circulars by the Service.
- e) TECOM shall report to the Board on a quarterly basis and/or as the need arises, through the Committee Chairman or any other member of the Committee designated by the Committee Chairman.
- f) The Chairperson of the Committee shall report resolutions adopted by the Committee at the following Board meeting.

Composition

The composition of TECOM comprises of:

- a) the Executive Chairman as the Chairman of the Committee;
- b) all Directors and Heads of Departments of the Service;
- c) the Legal Adviser to the Service; and
- d) the Board Secretary.
- e) Subject to the approval of the Board, the Committee may co-opt from the Service such persons with requisite skills for the effective performance of its duties.
- f) The Board Secretary shall function as the Secretary to TECOM.

The Committee may invite such experts or consultants as it requires to provide advice or guidance on any matter that the committee is considering. The Committee shall be responsible for appointing and setting the terms of reference for any expert or consultants who advises the Committee.

Enlightenment, Engagement & Communication Committee (EEC)

Authority and Mandate

The Enlightenment, Engagement and Communications Committee ("EEC Committee") is a standing Committee established by the Board.

- a) The primary duties and responsibilities of the EEC Committee are to continuously: consider policies and matters relating to tax payer education, stakeholder engagement, internal and external communication matters;
- b) monitor the Service's strategy regarding identification of and engagement with internal and external stakeholders and consider key risks and mitigation strategies in this regard;

- c) represent the Board on all matters pertaining to internal and external communication;
- d) advise the Board on matters pertaining to its mandate; and
- e) do all such other things as may be referred to it by the Board.
- f) The EEC Committee shall report to the Board on a quarterly basis and/or as the need arises, through the Committee Chairman or any other member of the Committee designated by the Committee Chairman.
- g) The Chairperson of the EEC Committee shall report resolutions adopted by the Committee at the following Board meeting.
- h) The EEC Committee shall have the authority to retain, at the Service's expense (with prior approval of the Board), consultants or experts, as it deems necessary to carry out its duties or, to provide training to its members.

Composition

The EEC Committee comprises of:

- a) three non-institutional Board members
- b) the Board member representing the Revenue Mobilization, Allocation and Fiscal Commission (RMAFC);
- c) the Board member representing the Attorney-General of the Federation;
- d) the Executive Chairman, FIRS or his representative;
- e) 3 (three) other persons on such terms as the Board may determine; and
- f) the Board Secretary.

Subject to the approval of the Board, the EEC Committee may co-opt from the Service such staff with requisite skills for the effective performance of its duties.

Revenue and Finance Committee

Authority and Mandate

The Revenue and Finance Committee is a standing Committee established by the Board. The primary duties and responsibilities of this Committee are to continuously:

- a) monitor the Service's revenue collection strategy;
- b) consider key risks and mitigation strategies regarding the Service's revenue and finance environment; evaluate the tax collection performance of the Service on a quarterly basis and make suggestions as may be necessary;
- c) evaluate the Service's expenditure;
- d) consider and review policies on tax refunds;
- e) consider the Service's budget and tax collection target;
- f) provide advice to the Board with respect to the Service's financial policies;
- g) consider acquisitions and policies relating to fund allocation and utilization;
- h) do all such other things as may be referred to it by the Board.

The Committee shall report to the Board on a quarterly basis and/or as the need arises, through the Committee Chairman or any other member of the Committee designated by the Committee Chairman.

The Chairperson of the Committee shall report resolutions adopted by the Committee at the following Board meeting.

The Committee shall have the authority to retain, at the Service's expense (with prior approval of the Board), consultants or experts, as it deems necessary to carry out its duties or, to provide training to its members

Composition

The Revenue and Finance Committee comprises of:

- a) One of the non-institutional Board members;
- b) the Board member representing the Revenue Mobilization, Allocation and Fiscal Commission (RMAFC);
- c) the Board member representing the Nigeria Customs Service;
- d) the Board member representing the Central Bank of Nigeria;
- e) the Board member representing the Nigerian National Petroleum Corporation;

- f) the Board member representing the Minister of Finance;
- g) 3 (three) other Officers not below the rank of a Coordinating Director may be co-opted into the Committee; and
- h) the Board Secretary.

Audit Committee

Authority and Mandate

The Audit Committee fulfils its oversight responsibilities for the effectiveness of operational processes and the financial reporting process, for determining the completeness and accuracy of FIRS financial statements and for monitoring compliance with laws and regulations and FIRS code of conduct.

To support the Board, the Audit Committee:

1. shall recommend to the Board the appointment, remuneration, retention or removal of the independent auditor. The independent auditor shall provide reports to the Audit Committee and shall not perform any non-audit services;
2. keeps under review the effectiveness of the FIRS system of accounting and internal controls; and ascertains whether the accounting and reporting policies of the FIRS are in accordance with legal requirements and agreed ethical practices;
3. shall review the adequacy of policies and procedures which substantially impact on the finances and operations of the FIRS, monitor conformity thereto, and recommend such changes as it considers desirable;
4. shall exercise oversight functions in terms of policy standards and guidelines for risk assessment and risk management;

5. is authorised to conduct or authorise the internal auditor to carry out investigations into FIRS activities within its scope of responsibility, with full access to books, records, facilities and personnel of the FIRS;
6. shall review the quarterly declarations made by all Board and Committee members regarding benefits, favours and gifts accepted in the course of their duties to the FIRS.
7. may seek any information it requires from employees (all of whom are directed to co-operate with the Committee's requests) or external parties within the provisions of the law;
8. shall have the authority to retain, at FIRS expense (with prior approval of the Board), special legal, accounting or other consultants or experts, as it deems necessary to carry out its duties or, to provide training to its members in order to meet the financial literacy requirements described in clause 3.1.3 below or to advise the Committee or assist in the conduct of an investigation;
9. shall regularly report to the Board about Committee activities, issues, and related recommendations; and
10. assure that Audit Committee members do not receive any compensated advisory contracts from FIRS.

Composition

The members of the Audit Committee are:

- three non-institutional Board members;
- the Board member representing the Minister of Finance;
- the Board member representing the National Planning Commission;
- the Board member representing the Central Bank of Nigeria;
- 3 (three) other Officers not below the rank of a Coordinating Director may be co-opted into the Committee; and
- The Board Secretary.

Functions

To carry out its duties and responsibilities, the Audit Committee shall:

- a) review management's representations regarding the effectiveness of internal controls and financial reporting systems and practices and conformity of financial statements with generally accepted accounting principles;
- b) review the activities and effectiveness of the internal auditors and approve the annual audit plan and all major changes to the plan;
- c) ensure that the independent auditor does not perform any non-audit services;
- d) review any disagreements between management and the auditor regarding financial reporting;
- e) review the financial statements of the FIRS and any significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and understand their impact on the financial statements;
- f) review the results of the audit, including any difficulties encountered, in addition to the auditor's findings and recommendations regarding internal control and management's response;
- g) review the annual financial statements, and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles
- h) review the FIRS processes for assessing and addressing risks;
- i) review procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls or auditing matters and procedures for the confidential and/or anonymous submission by employees or informants of concerns regarding questionable accounting or auditing matters;
- j) review annually, the appointment of the external audit firm and lead audit partner. The Committee shall then advise the Board of its decision to continue with or terminate the engagement of the external audit firm. In accordance with internationally accepted standards, the lead audit partner and audit firm shall be rotated periodically to ensure the independence of the external audit function.

Whistle blowing policy

1. Background

The Board and Management is committed to promoting a culture of openness, accountability, and integrity and to transform the Federal Inland Revenue Service into an ethical organisation. This can be achieved by providing a framework through which concerned staff and stakeholders may report inappropriate conducts of staff and taxpayers without fear of being victimized. In line with global best practices on corporate governance, the whistleblowing policy is designed to take both a preventive and correctional approach to promote ethical conduct in the tax ecosystem.

2. Whistleblowing Policy (WBP) Thrust

The policy is a deliberate action by the FIRS to domesticate and show its commitment to promoting a culture of integrity and efficiency. The policy is designed to provide a framework for the prevention and correction of unethical and corrupt conduct. It will promote integrity, professionalism, transparency, and honesty amongst the management and staff of the FIRS and other relevant stakeholders. It will also drive and improve revenue generation and compliance.

The policy makes provision for the procedure of addressing genuine concerns that individuals within the Service and other stakeholders might have, while also offering protection from victimisation and harassment of those who volunteer information using this platform.

It gives assurances that legitimate concerns shall be addressed while the identity of the whistle-blower will be protected at all times. However, deliberate false disclosures shall be dealt with in line with the existing laws and regulations.

3. Objectives of the WBP

The specific objectives of the policy are as follows:

- Build public trust in the tax system and timely escalation of corrupt practices.
- Establish structures and channels for the appropriate escalation, investigation, and resolution of issues.
- Improve the efficiency and perception of the FIRS.
- Improve the country's standing in the Corruption Perception Index and Ease of Paying Taxes ranking.

- Create a great atmosphere to work where staff and other stakeholders can share their views and raise concerns without fear of reprisal.
- Increased transparency and recovery of revenues from evasion and under-declaration of assets and income.
- Documentation of the commitment of the EC and Board of the FIRS to the fight against unethical conduct.
- Alignment of the FIRS with one of its strategic functions per the Establishment Act:

4. Scope of the Policy

The policy shall cover:

- Internal: All officers of the Service who may not be free to utilize the existing normal channels for internal control in reporting incidents of misconduct involving peers, supervisor/superior, or indeed top management staff;
- External: Taxpayers, tax agents, vendors, service providers, and other members of the public who report corrupt practices, tax evasion, or under-declaration by FIRS staff, taxpayers, or tax agents.

5 Misconducts Covered by the Policy

Some inappropriate conducts that could be reported as listed in section 3.3 may include but are not limited to:

- fraud, money laundering, or misappropriation of funds;
- offering or accepting a bribe; financial irregularities;
- failure to disclose conflict of interest;
- engaging in or threatening to engage in retaliatory conduct against a person who has made a disclosure or is believed or suspected to have made or is planning to make a disclosure;
- Tax evasion
- Aiding and abetting the commission/concealment of any of the actions listed above.

The policy is not to be used for complaints relating to non-financial misconduct as such cases should be reported using the procedures contained in the HRPP.

6. Procedure for Disclosure and Management of Complaints

A report can either be written or oral and may take a formal or semi-formal style using either external or internal sources channels provided.

(a) The External Sources: This will include the following or other channels that may be established as the need arises:

- i A dedicated whistleblowing hotline;
- ii the Suggestion Box;
- iii FIRS Whistleblowing Microsite; and
- iv the Anonymous E-mail Box;
- v Physical walk-ins

(b) Internal Sources: Directly report to the Executive Chairman, the Board of FIRS, the WBC, ACTU, or SERVICOM.

Structures for managing whistleblowing

The policy provides for the following structures for the management of whistleblowing:

1. *The Whistleblowing Service (WBS)*: Establishment of an independent, anonymous and secure whistleblowing service team to be jointly managed by FIRS ACTU and SERVICOM which will available 24 hours a day. They will receive, verify and collate daily all complaints from the channels listed above and prepare a bi-monthly report to the Whistleblowing Committee.

2. *The Whistleblowing Committee (WBC)*:

The policy provides for the establishment of a standing committee responsible for conducting necessary investigations and hearings on all reports received from the WBS and submits its findings within two (2) weeks.

3. Thereafter, the EC will execute disciplinary measures based on the recommendation of the WBC or any other disciplinary measure as he may deem fit and appropriate in the circumstance of the case.

4. Where reported misconduct involves any member of the WBC, the Board, or the EC, the WBS shall forward the complaint directly to the external independent members of the WBC. The independent members shall take necessary steps to investigate the accusations and forward their findings to the ICPC or CCB within two weeks.

5. The WBC shall have full independence in carrying out its functions and the Service shall provide funding for the WBS and WBC functions in its annual budget.

6. The Board through the Internal Affairs Department shall conduct a periodic review of all the complaints and audit of the reporting mechanism of the Whistleblowing framework and submit the report to the Board Audit Committee.

7. Reward and Incentive for Whistleblowers

To encourage people to report or make a disclosure, the Service may give a financial incentive or reward for whistleblowing. Where disclosure is financial, the rewards are provided in the WBP Operational Manual.

8. Protection of the Whistleblower

The Service shall provide comprehensive protection against discriminatory or retaliatory action against a whistleblower. In line with the assurances of confidentiality, the FIRS shall build strong measures for the protection of personal data obtained for whistleblowing.

9. Awareness Creation and Effective Communication

There shall be deliberate effort and investment to promote the whistleblowing policy through awareness creation, effective communication, training, and evaluation efforts and during staff orientation programmes. There shall be frequent posting of information about the policy to keep employees and external stakeholders informed of the avenues available for redress.

10. Mystery Shopping

The Policy provides for mystery shopping as a strategy to identify significant lapses, including misconduct that would potentially result in fraud or corruption. This will also be used to investigate areas of infractions identified as trends and will be done through undercover or disguised checking or monitoring of staff conduct, performance, and activities from time to time. The information gathered through mystery shopping will be applied towards closing the gaps and increasing stakeholder satisfaction. This process will be managed by the FIRS ACTU

The Service had very productive engagement with the parliament during the review period for legislative support. Below are few engagement of FIRS Management led by the Executive chairman or group lead.

There is a parliamentary liaison office under the supervision of Director Communication. It has four staff that shuttle between FIRS and National assembly to ensure fluid information dissemination between FIRS management and NASS.

The major activity of FIRS liaison officers is to assist Management and general staff in accessing any committee member and offices of the committees within the complex when invited for meeting or submission of documents and follow up on any request of National assembly to Federal Inland Revenue Service. They serve as Federal Inland Revenue Service Ambassadors to National assembly. They are responsible for delivering information to the committee

The liaison officers participate in meetings at the National assembly and take notes for record purpose and inform management. They follow up on pending information from different divisional groups and departments, thus making sure that all committee requests are released on time before the deadline and ensure they reach the committees.

SN	COMMITTEE	SUBJECT	DATE	REMARK
1	House of Representatives Public Accounts	RE-consideration of Annual report of the Auditor General on the Financial statements of the office of the Accountants General of the federation for the year ended 31- December - 2014	12-01-21	Report submitted and attend meeting
2	House of Representatives Public Accounts	RE- Public hearing on the refusal by Ministries Departments and agencies to render Accounts to the Auditor General for the federation	13-01-21	Report submitted and attend meeting
3	House of Representatives Public Accounts	Request for evidence of remittance of withholding tax of some companies for the period 2015 to date	24-01-21	Report submitted
4	House of Representatives Public Accounts	RE- consideration of Annual report of the Auditor General on the federation Account 2014-2015-2016-2017	21-01-21	REPORT SUBMITTED AND ATTEND MEETING
5	House of Representatives Public Accounts	RE-consideration of Auditor General for the federation report for 2014 – 2018 financial year	29-01-21	Report submitted and attend meeting
6	House of representatives Public Accounts	Consideration of Annual reports of the Auditor General for the federation on the federation account for the year ended 31 st December-2015	1-02-21	Report submitted and attend meeting
7	SENATE Adhoc committee on breach of 2000/2001 fiscal incentives package agreement between FGN and SINOPEC – ADDAX PETROLEUM COMPANY	RE-request for information	4-02-21	Report submitted and attend meeting
8	Consideration of Annual report of the Auditor General on the financial statements for the year (pension and cost of collection)		7-02-21	Report submitted and attend meeting
9	House of Representatives Public Accounts	RE- Reconciliation of withholding tax account NNPC retail limited and Kibusaph limited	10-02-21	Report submitted
10	The Senate Committee on Finance Invitation to 2021 Budget Defense		11-02-21	Attend meeting
11	House of Representatives committee on Finance	RE- Propose year 2021 revenue and expenditure estimate	12-02-21	Attend meeting
12	House of Representatives Public Accounts	Re- consideration of Auditor General for the Federation report	12-02-21	

SN	COMMITTEE	SUBJECT	DATE	REMARK
13	House Representatives Public Accounts	Re-consideration of Auditor General for the Federation report	16-02-21	Report submitted
14	House of Representatives Public Accounts	Re-consideration of the Auditor General for the Federation report	17-02-21	Report submitted
15	House of Representatives Public Accounts	Re-consideration of the Auditor General for the Federation report	19-02-21	Report submitted
16	House of Representatives Public Petitions	George Uboh against Tunde fowler and Muhammadu Nami respectively over 70, billion Naira illegal cost of collection on oil revenue from 2017 -2020	24-02-21	Meeting attended
17	House of Representatives Public Accounts	Consideration of Auditor General for the Federation report	24-02-21	Report submitted
18	House of Representatives Public Accounts	Consideration of the Auditor General on the financial statements for the year ended 31 st – December- 2016	24-02-21	Report submitted and Attend meeting
19	The Senate Committee on Finance	RE- submission of documents for revenue remitted into the consolidated revenue fund accounts from 2014-2019	26-02-21	Report submitted and attend meeting
20	House of Representatives Public Accounts	RE- consideration of the Auditor General for the Federation report	2-3-21	Report submitted
21	House of Representatives Public Accounts	Re-consideration of the Auditor General for the Federation reports	2-3-21	Attend Meeting
22	House of Representatives Public Accounts	RE- consideration of the Auditor General for the Federation reports	4-3-21	Report submitted
23	House of Representatives Public Accounts	Consideration of the Auditor General for the federation reports	8-3-21	Report submitted
24	House of Representatives public Accounts	Consideration of Annual reports of the AUDITOR general on the finance federation statement for the year ended 31-december 2017	10-3-21	Report submitted and attend meeting
25	House committee on FOI (reforms of government institution)	Invitation for an interactive session	26-03-21	Attend meetings

PARLIAMENTARY ENGAGEMENT

SN	COMMITTEE	SUBJECT	DATE	REMARK
26	House of representatives Public Accounts	Request for information	13-4-21	Reports submitted
27	House of Representative Adhoc committee to investigate the governing lease and concessions of all federal government – owned assets	Need to investigate the governing lease and concessions of all federal government – owned Assents REQUEST for INFORMATION	22-4-21	Report submitted
28	Senate committee on Federal Character	Invitation for a four day stakeholder conference on the mandate of the federal character commission and nation building	5-5-21	Attend conference
29	House of representative Public Account	Consideration of Annual reports of the Auditor General on the federation accounts for the year ended 31 st December 2018	20-5-21	Report submitted and attend meeting
30	House of Representative Adhoc committee to investigate the failure of ministries department and agencies on non-release of retention funds	Request for information and invitation to appear before the adhoc committee on non-release of retention funds	25-5-21	Report submitted and attend meeting
31	House of Representatives Public Accounts	Consideration of Annual reports of the Auditor General of the Federation for the year ended 31 st December 2018	26-5-21	Report submitted
32	House of representatives committee on FOI (REFORMS OF GOVERNMENT INSTITUTIONS)	RE- Invitation for an interactive session	26-5-21	Attend meeting
33	House Representatives Public Accounts	RE- Indorama Eleme Petrochemicals limited	27-5-21	Report submitted and attend meeting
34	House of Representative Public Accounts	RE-public hearing on the refusal by ministerial departments and agencies to render accounts to the Auditor general for the federation	2-6-2021	Report submitted and attend meeting
35	House of Representatives Public Accounts	Consideration of the Auditor General for the federation Annual reports.	2-6-21	Report submitted
36	House of representatives public Accounts	Consideration of ANNUAL report of the Auditor General on the financial statement of the office of the Accountant General of the federation for the year ended 31-12-2018	7-6-21	Report submitted and attend meeting
37	House of representative Public Accounts	Consideration of Auditor General for the federation annual report	18-6-21	Report submitted
38	House of representative committee on Finance	Invitation to attend the 2021 revenue monitoring exercise and request for information	23-6-21	Information submitted

PARLIAMENTARY ENGAGEMENT

SN	COMMITTEE	SUBJECT	DATE	REMARK
39	House of representatives Public ACCOUNTS	Reconsideration of the Auditor General for the Federation Accounts for the year ended 31 st 30-6-21 December 2018		Report submitted and attend meeting
40	House of representatives committee on Finance	RE- reports on the Nigerian Postal Service and FIRS RESOLUTION OF CONFLICT	6-7-21	ATTEND meeting
41	The Senate Public ACCOUNT	Public hearing on the Annual report of the Auditor General for the Federation on the Account of Nigeria for the year ended 31 st December 2018 part 11	20-8-21	Submit report and attend meeting
42	The Senate Committee on ICT and cybercrime	Reschedule of fact finding visit of the senate committee on ICT AND CYBERCRIME	11-10-21	Reschedule to 2022
43	House of Representative committee on FOI (Reforms of Government institutions)	Re invitation for interactive session	15-10-21	Attend meeting
44	House committee on Insurance and Actuarial matters	Re- request for insurance documents to enable the committee interactive oversight functions	8-11-21	Attend interactive session
45	House of Representatives committee on finance	Consideration and review of the FIRS 2020 Audited reports	9-11-21	Attend meeting
46	House of representatives Public Accounts	Re – consideration of Auditor General of the Federation Annual reports for 2019 finance year	15-11-21	Report submitted
47	House of representatives committee on National planning and economic development	Request for the attendance of 2 day workshop on budgeting instrument for national planning and cost control in national government	19-11-21	Apology
48	House of Representative committee on finance	RE- 2022 budget submission	9-11-21	Document submitted
49	The Senate Committee on ICT and Cybercrime	Reschedule of the 2021 international stakeholder conference on digital technology and cybersecurity	19-11-21	Apology
50	House of representatives Adhoc committee on skyrocket prices of commodities goods and services across the nation	Request for detail information on efforts to stabilize the prices of commodities goods and services across the nation since 2015 till date.	21-12-21	On process

Internal Control Report (Internal Affairs Department)

The Internal Affairs Department provides independent, objective assurance and consulting activity designed to add value and improve the operations of the Service. The Department helps the Service accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The department's core responsibilities are to conduct risk based operational and compliance audits and provide advisory services.

- **Internal Affairs Governance Structure**

The Department reports functionally to the Audit Committee of the Board of the Service and administratively to the Executive Chairman of the Service.

According to the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Audit (Attribute Standards 1110 - Organizational Independence), the chief audit executive must report to a level within the organization that allows the internal audit activity to fulfil its responsibilities. Appropriate reporting lines are critical to achieve the independence, objectivity, and organizational stature for an internal audit function necessary to effectively fulfil its obligations.

Purpose of Audit Engagements

The main objective of audit engagements is to ensure financial and process risk are mitigated as much as possible in achieving FIRS set goals. These include among other things:

- That all FIRS monies from all sources were accurately and completely accounted for;
- That the various collection systems were working well and loopholes detected and blocked quickly;
- That FIRS assets, both physical and financial, were recorded properly, accurately and completely, and well managed; and that FIRS audited Financial Statements were prepared timely in accordance with generally accepted accounting principles.
- That there would be value for money in all FIRS expenditure; and
- That the review and monitoring of internal processes and procedures gave assurance that internal controls enshrined in them were working appropriately.
- During the year under review the following audit activities were performed:
- Audit of Income and Expenditure to ensure compliance with approved budget
- Monthly Audit of staff payroll
- Audit of Service Internally Generated Revenue (IGR) of 2019
- Post Audit of Payment Vouchers
- Financial audit and review of the Service Bank Reconciliation Statement
- Audit of Vote Book
- Spot Check on the Impact of ICT Devices on FIRS Network
- Active Directory Spot check
- Post payment Verification of Supplies and Works
- Execution of Board of Survey Activities

Enterprise risk management

The FIRS's **strategy is to identify and prepare for hazards that may impact the organization's finances, operations, and objectives**. This allows management to shape the Service's overall risk position by mandating certain business segments engage with or disengage from particular activities.

Below are Identified risks:

RISK IDENTIFIED	DESCRIPTION	IMPACT	TREATMENT ACTION	REMARKS
1. Technology/Tax Pro Max	1. Risk associated with adoption. 2. Effective backup of taxpayer's data in the event of disaster. 3. Tax Pro Max business continuity plan 4. Protection from external attacks	High	Engagement with the Risk owners on ways to reduce the effect of the identified risk	RMD and Tax pro max team Engagement scheduled
2.Telecommunications/ e-Commerce	Absence of infrastructure for data exchange for effective digital taxation Absence of effective framework for taxing the digital business Inability of FIRS to integrate with digital business to validate compliance information	High	i. Strengthen bilateral relation for effective taxation of digital businesses ii. Develop infrastructure for effective digital transaction iii. Ability to integrate with other business for effective digital taxation.	Responsibility assignment matrix developed
3.Political Will/Legislation	Changes in government policy Weak governance Civil unrest Outdated tax laws	High	Keeping track of changes in government policy Strict adherence to internal and external policies Board decision independent of external interference.	Responsibility assignment matrix developed
4.Skill Gap/Placement	Low productivity Wrong placement of staff Digital skill gaps	High	Proper staff placement Effective training of staff Effective succession planning	Responsibility assignment matrix developed
5.Cultural Realignment/Change Management	i. Ownership and collective responsibility ii. Inadequate reorientation on mission and vision of FIRS	High	i. Recruit competent hands ii. Reorient staff iii. Effective change management iv. Integrate risk management into FIRS operations	Responsibility assignment matrix developed

RISK IDENTIFIED	DESCRIPTION	IMPACT	TREATMENT ACTION	REMARKS
6.Geo Political Interest	Fear of marginalization Inadequate skill manpower	Medium	i. Recruitment based on merit ii. Effective geopolitical representation	Working with risk owners to implement mitigation action
7.Staff Turnover/Succession Planning	i. Ineffective succession plan ii. Deteriorating quality service	High	Put in place effective succession plan Monitor service delivery Review organizational structure	Responsibility assignment matrix developed
8.Funding/Capital Infrastructure	i. Inadequate funding ii. Inadequate working tools and infrastructure	High	i. Effective budget implementation ii. Value for money iii. Adopt strategies to enhance Collection	Responsibility assignment matrix developed
9.Informal Sector/Data Mining	Tax evasion High non compliance Data integrity issues	High	i. Collaborate with external stakeholder to exchange 3 rd party data on taxpayer	Responsibility assignment matrix developed
10.Public Perception/Transparency	Accountability issues	High	Maintain FIRS Corporate image. Strength monitoring and internal audit of processes Strict adherence to FIRS core values	Responsibility assignment matrix developed
11.Organizational Structure	1. Organization structure. 2. Silos teams	High	Information dissemination on the organizational restructuring. Building capacity of staff to drive the reform	Responsibility assignment matrix developed
12.Nigerian Customs Service Operations	Non-Compliance with the provision of CITA on presentation of TCC before clearing of goods.	High	ECFIRS approved the recommendation of on-the spot Risk assessment at NCS field operation (Airports and Sea Ports)	Schedule of visit proposed by RMD awaiting ECFIRS approval.
13.FIRS Buildings	1. Golden building No. 12 Sokode Crescent review of earlier risk assessment. 2. New FIRS HQ under construction- conduct Risk Assessment	High	Engagement with the Building and project department Conduct another Risk assessment to test the stress level. Recommended an expert to carry out another assessment	Schedule of Engagement with Building department (risk owners)



PART 4: HUMAN CAPITAL MANAGEMENT

In order to give direction and also guide Human Resource administration in FIRS, the Service has four approved policy documents that guide the conduct of staff and career progression.

These documents are;

1. The FIRS Human Resource Policies and Program

This document provides the guiding framework as regards to processes and procedures. It covers the following areas;

- i. Recruitment Policy and Processes;
- ii. Performance Management;
- iii. Reward, Recognition & Awards;
- iv. Disciplinary Policies and Procedures;
- v. Training policy;
- vi. Compensation and Benefits;
- vii. Loans and Advances;
- viii. Leave Policy;
- ix. Staff Exit Benefits

3. Scheme of Service

This document contains the requirements for Engagement into the Service, Career progression and the career path staff can pursue in the course of the career in the Service.

The Career path are as follows;

- i. Tax Cadre (posts & salary levels);
- ii. Human Resources;
- iii. Finance & Account;
- iv. Procurement Cadre;
- v. Facility Management/Security & Safety;
- vi. Planning, Reporting Statistics;
- vii. Modernisation/ Project Management;
- viii. Legal Officers Cadre;
- ix. Information & Communication Technology.

These career path as defined are designed to assist the service in discharging its mandate. With the tax career path being the major career path with about 80% of the Staff are on Tax Career path and the remaining 20% in our career path are considered as support functions.

3. Terms and Condition of Service

This document defines the core values of the Service in addition to the Mission, Vision of the Service. This document also contains the details, expected benefits of staff working hours and closing time.

The Core values of Service are; Professionalism | Integrity | Efficiency and | Ownership

4. Code of conduct

This document contains the do and don'ts for professional conduct and personal conduct for staff.

Professional Conduct

Do	Don'ts
<input type="checkbox"/> Compliance with all Laws & regulations	<input type="checkbox"/> Conflict of Interest against interest of the service
<input type="checkbox"/> Punctuality	<input type="checkbox"/> No Preferential Treatment (Gender, Religion or Ethnicity)
<input type="checkbox"/> Professionalism	<input type="checkbox"/> Actions after leaving Service should not be against the interest of the Service
<input type="checkbox"/> Compliance with approved mode of dressing	<input type="checkbox"/> Compensation gift and Bribe
<input type="checkbox"/> Duty to Inform	

Personal Conduct

Do	Don'ts
<input type="checkbox"/> Good Etiquette	<input type="checkbox"/> Political activities
<input type="checkbox"/> Good Manager of your personal finances	<input type="checkbox"/> Malicious Use of Computer Systems
<input type="checkbox"/> Professional/ Scholarly publications	<input type="checkbox"/> Smoking in the Work Place
<input type="checkbox"/> Good Employee relationship	<input type="checkbox"/> Alcohol & Drugs
<input type="checkbox"/> Courtesy	<input type="checkbox"/> Merchandising & Gambling
	<input type="checkbox"/> Falsification of official record
	<input type="checkbox"/> Discrimination
	<input type="checkbox"/> Use of Weapon

Career Development and Succession planning

The service has put in place a robust policy for staff development with full pledge department in charge training and staff development.

In addition to training done by the Service, The Human Resource policy of the Service encourage staff to engage themselves in personal development by acquiring professional qualifications in their chosen career path.

The Service assist the staff by way of settlement of their Induction fees and payment of annual subscription. The Service also encourage staff to obtain additional academic qualifications within the country and abroad through a process of study with pay and without pay for a period up to a maximum of three years.

Enforcement of Ethical Standards

In order to enforce the various Policies, put in place and to ensure the maintenance of high ethical standard the Service has a well enforcement and Disciplinary process for violation. Enforcement is done through strict supervision by supervisors who are expected to report any staff for violating any of established policies of the Service. Members of staff are expected to note the following;

Thus, staff should know that where their rights ends, another person's right starts. Staff should know that, they have rights and obligations to the service. While Management ensures that staff rights are not violated, but they should discharge their duties as expected.

The Service has a Disciplinary Committee that handles staff matter categorized into three levels. These levels are;

- Officers committee for officer level to Managerial Level
- Management committee for Directorate Staff
- Staff and General-Purpose Committee of the Board for Senior Management Staff

Members of staff are guaranteed fairness in any disciplinary case and also have a right appeal to the Board if not satisfied with the outcome of their cases.

Career Advancement in FIRS

The Service has processes that ensure performance is monitored to guarantee steady career progression along the career path of members of staff. These processes are:

- Individual Performance Management
- Promotion
- Career Development and Succession Planning

Individual Performance Management

The Service has institutionalized a Performance Management System through the use Key performance indicators with appraisal carried on quarterly basis. The performance of staff through this process forms part of promotion criteria and eligibility for Performance Bonus.

This process also ensures the following.

- Keeping record of staff performance on the job,
- Assessment of his/her understanding of assigned Schedule
- Serving as a tool for identifying training gap
- Serving as tool for coaching and mentoring staff

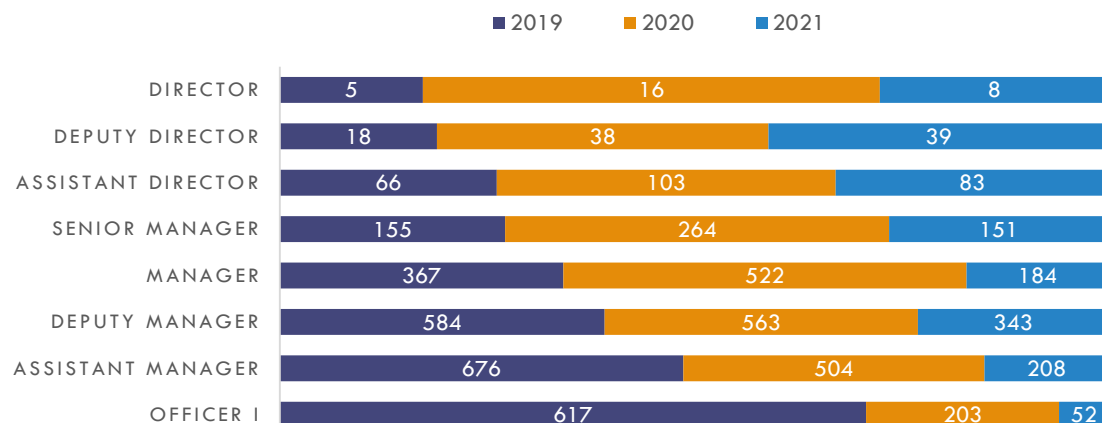
Promotion

The Service conducts promotion annually through a process detailed in the HRPP. The summary of the process is summarized below:

- The Service runs promotion process annually that is based on merit
- The Exercise **is performance driven** through appraisal system and written exam and oral interview for directorate staff
- To qualify Officer II to Senior Manager will remain on a particular rank for minimum of 3 years to qualify for promotion
- Assistant Director and Deputy director will spend a minimum of 4 years to qualify for promotion

Summary of Staff Promoted 2019 to 2021				
Rank	2019	2020	2021	Total
DIRECTOR	5	16	8	29
DEPUTY DIRECTOR	18	38	39	95
ASSISTANT DIRECTOR	66	103	83	252
SENIOR MANAGER	155	264	151	570
MANAGER	367	522	184	1073
DEPUTY MANAGER	584	563	343	1490
ASSISTANT MANAGER	676	504	208	1388
OFFICER I	617	203	52	872
TOTAL	2483	2197	1060	5740

STAFF PROMOTION



RECOGNITION - EXEMPLARY STAFF DURING THE YEAR



Mrs Sarah Yetunde of Iyaganku – MSTO of Ibadan

She was rewarded as a staff of exemplary character and awarded a cash prize. Having already closed from work on a particular day when the entire office had already closed – she received information that a taxpayer was trying to file returns and promptly went back to attend to the tax payer.



Mr. Mathew Gbonjubola – Director of the year

The Coordinating Director -Group Lead, Special Tax Operations Group (STOG), was rewarded for his unwavering support to the board and management and for his unflinching commitment to the Service.



Mr. Biliyaminu Aliyu Kofar Bai – Overall staff of the year

The Assistant Manager who pioneered the in-house development of the service tax administration system, the tax pro solution. He initiated the completion of the in-house, e-TCC and e-Receipt module development and roll out has been completed. Together with his team, they have been able to roll a tax payer registration module and also initiated and completed the roll out of reporting and payment module

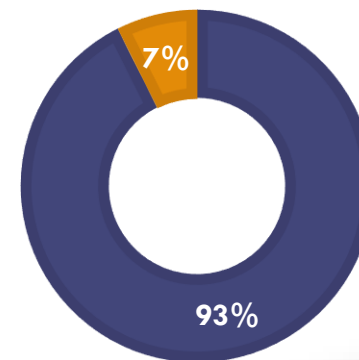


STAFF STATISTICS 2021

2021						
S/N		Permanent	Contract	Total		
1	Total number of staff	10601	848	11449		
a	Number of male staff	6185	841	7026		
b	Number of female staff	4416	7	4423		
2	Number of Staff By Cadre	Permanent staff			Contract staff	
		Male	Female	Total	Male	Female
	Management	3	0	3	2	2
	Directorate	457	134	591	23	5
	Managerial	3182	2116	5298	6	1
	Officer	2543	2165	4708	1	0
	Transitional Staff	0	1	1	0	0
	Transport Assistants				810	0
	Total			10601		848
3	Number of staff with disability	12		12		
4	Attrition (Exits)	Permanent				
	Retired	73				
	Resigned	57				
	Dismissal/Termination	3				
	Others (including death)	37				
	Total	170				

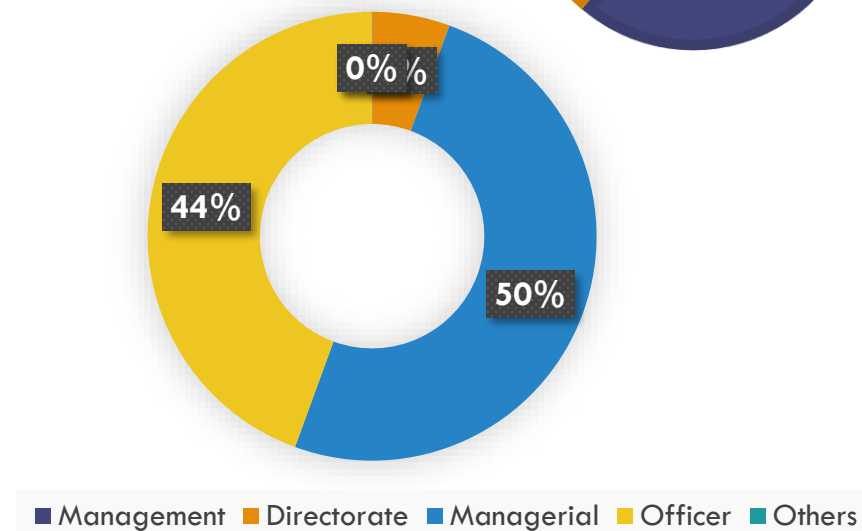
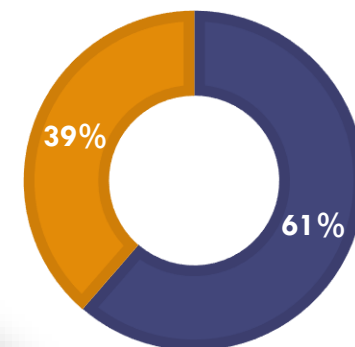
Staff type

■ Permanent ■ Contract



Gender classification

■ Male ■ Female



Permanent staff cadre

STAFF STATISTICS 2019 & 2020

2019							2020						
S/N		Permanent	Contract	Total			Permanent	Contract	Total				
1	Total number of staff	8615	845	9460			10553	827	11380				
a	Number of male staff	5031	837	5868			6166	822	6988				
b	Number of female staff	3584	8	3592			4387	5	4392				
2	Number of Staff By Cadre	Permanent staff			Contract staff			Permanent Staff			Contract Staff		
		Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
	Management	2	0	2	0	0		4	0	4	3	1	4
	Directorate	339	77	416	13	4	17	425	111	536	18	5	23
	Managerial	2384	1399	3783	1	2	3	3134	1987	5121	5	0	5
	Officer	2261	2056	4317	2	1	3	2600	2286	4886	1	0	1
	Transitional Staff	45	52	97	0	0	0	3	3	6	0	0	0
	Transport Assistants				822	0	822				795	0	795
	Total	8615			845			10553			827		
3	Number of staff with disability	7	7			12			12				
4	Attrition (Exits)	Permanent											
	Retired	55				78							
	Resigned	48				43							
	Dismissal/Termination	26				3							
	Others (including death)	28				28							
	Total	157				152							

TRAINING & CAPACITY DEVELOPMENT

Staff capacity development is a key consideration of the Service because training allows employees **to acquire new skills**, sharpen existing ones, perform better, increase productivity and be better leaders. Since an organisation is the sum total of what employees achieve individually, the FIRS does everything to ensure that staff perform at optimum levels by participating in courses, conferences and training programs provided by a wide array of professional institutes.

Staff capacity development is a key consideration of the Service because training allows employees **to acquire new skills**, sharpen existing ones, perform better, increase productivity and be better leaders. Since an organisation is the sum total of what employees achieve individually, the FIRS does everything to ensure that staff perform at their peak. Below is a list training programs attended by management and staff of the Service in the course of the year:

S/N	Name of Course	Participants
1	EXECUTIVE POLICY, STRATEGY AND LEADERSHIP COURSE	304
2	2021 NIGERIAN COMPUTER SOCIETY CONFERENCE	27
3	ACHIEVING PROJECT OBJECTIVES WITH TRANSPARENCY AND ACCOUNTABILITY	5
4	ADVANCED PROGRAMME RISK MANAGEMENT	15
5	AGILE PROJECT MANAGEMENT (BATCH 1 &2)	40
6	ANAN CONFERENCE	200
7	APPLYING ENTERPRISE BUSINESS ARCHITECTURE	5
8	Audit Command Language (Oversight Class, foundation, intermediate and advanced)	251
9	AUDIT TAX PROFICIENCY (Batch 2 (EACH))	292
10	BASIC ACCOUNTING AND TAXATION COURSE	500
11	Best practices in procurement of goods work & services training	68
12	BUILDING AN EFFECTIVE BUSINESS CASE	7
13	Building Information Management System and Primavera Evaluation training	47
14	BUSINESS ANALYSIS AND DATA MANAGEMENT	30
15	Business Intelligence Data Analysis & Reporting Techniques Training	45
16	BUSINESS PROCESS AUTOMATION	114
17	CHANGE MANAGEMENT	30
18	CHARTERED INSTITUTE OF PURCHASE AND SUPPLY (CIPSMN) SUBSCRIPTION	19
19	CIPM Conference	103
20	CITN Annual Tax	75

S/N	Name of Course	Participants
21	CITN CONFERENCE	210
22	CITN TAX WEEK OTA	14
23	CODE OF CONDUCT TRAINING, 2021	527
24	CONFLICT AND RISK MANAGEMENT (PROCUREMENT TRAINING)	24
25	COUNCIL FOR REGULATION OF ENGINEERING OF NIGERIA (COREN)	54
26	Customer Experience Management	21
27	CYBER CRIME MANAGEMENT	20
28	DATA ANALYTICS AND POWER BI	108
29	DATABASE DESIGN AND MANAGEMENT	109
30	DELIVERING RESULT THROUGH TEAMS (BATCH 1)	40
31	DESIGN AND TENDER (PROCUREMENT TRAINING)	22
32	Developing Leadership Competencies	9
33	DEVOPS	15
34	DIGITAL TRANSFORMATION	30
35	Effective Approach for Managing Emergency Occupational Safety and Security Risk	30
36	Effective Communication And Meeting Management Training	19
37	Effective Performance Monitoring and Evaluation training	38
38	FACILITIES MANAGEMENT PROFESSIONAL	69
39	FINAL INSPECTORATE OF TAX(FIT)	125
40	FORENSIC AUDITING AND ACCOUNTING (Batch 4)	145

TRAINING & CAPACITY DEVELOPMENT

S/N	Name of Course	Participants
41	FUNDAMENTALS OF FACILITIES MANAGEMENT	23
42	FUNDAMENTALS OF OFFICE MANAGEMENT FOR EFFECTIVE LEADERSHP	11
43	Human Resource Business Partnering Training	24
44	ICAN CONFERENCE	170
45	INTERNATIONAL FINANCIAL REPORTS STANDARD(IFRS) UNDERSTANDING DOWNSTREAM OIL AND GAS OPERATION BUS	60
46	OPERATIONS TERMINOLOGY AND TAXES	100
47	INTRODUCTION TO BUSINESS ANALYSIS	18
48	ISACA CONFERENCE	29
49	LEADERSHIP, CREATIVITY & INNOVATION	12
50	Leading and Managing High Performance Teams	200
51	Leading with Emotional Intelligence	2
52	Management Skill Training	33
53	MONITORING AND EVALUATION	30
54	NBA CONFERENCE	84
55	Nigeria Institute of Building	10
56	Nigeria Statistical Association Conference	18
57	Nigerian Economic Society (NES)	16
58	NIGERIAN INSTITUTE OF ARCHITECTURE (NIA)CONFERENCE	7
59	NIGERIAN INSTITUTE OF ARCHITECTURE (NIA)SUBSCRIPTION	7
60	NIGERIAN INSTITUTE OF PUBLIC RELATION (NIPR) (SUBSCRIPTION)	19
61	NIGERIAN INSTITUTE OF QUANTITY SURVEY (NIQS)	8
62	NIGERIAN SOCIETY OF ENGINEERS	49
63	NIGERIAN SOCIETY OF ESTATE SURVEYORS AND VALUERS	8
64	NIM Women Leaders Conference	27
65	NITAD CONFERENCE	18
66	OPEN SOURCE BIG DATA	109
67	PERSONAL EFFECTIVENESS	30
68	PRELIMINARY INSPECTOR OF TAXES Course	246
69	PRE-RETIREMENT TRAINING, 2021	182
70	PROGRAMME BASED COST BENEFIT ANALYSIS AND RETURN ON INVESTMENT	14

S/N	Name of Course	Participants
71	PROGRAMME TARGET SETTING, PERFORMANCE INDICATOR	15
72	PROGRAMME TARGET SETTINGS	30
73	PROJECT MANAGEMENT INSTITUTE CONFERENCE AND SUBSCRIPTION	34
74	Project Management Professional Training for staff of Building and Works Department	42
75	PRS Training: Research & Design and the use of SPSS	40
76	PUBLIC PROCUREMENT TRAINING	68
77	ISO Certification Training	50
78	QUALITY MANAGEMENT (QMS) 9001-2015	66
79	Result-based monitoring and evaluation	41
80	Risk Based Audit Training	69
81	Service Excellence	2
82	SIX SIGMA	30
83	SOFTWARE PROGRAMMING	106
84	TAX DEBT MANAGEMENT COURSE (Batch 5 BATCHES)	138
85	TAX PRO MAX	307
86	TAXATION OF INCOME DERIVED FROM ENTERTAINMENT,ARTIST & SPORTING ACTIVITIES	50
87	TAXATION OF THE MINING SECTOR	80
88	TEAM BUILDING & EFFECTIVE LEADERSHIP SKILLS	16
89	WORKSHOP ON EFFECTIVE LEADERSHIP AND INTER-PERSONAL SKILLS	13
90	WORKSHOP ON ADMINISTRATIVE PRINCIPLES, PROCESSES & PRACTICES	20
91	WORKSHOP ON FUNDAMENTALS OF OFFICE MANAGEMENT FOR EFFECTIVE LEADERSHIP	13
92	Workshop On Managing And Co-Coordinating Executive Office For Technical/Executive Assistants	60
93	VAT strategies	0
94	Risk Management & 3rd Party Data	16
95	IT & Digitization Strategy	15
96	Tax Gap Analysis & Revenue Forecasting	16
97	Tax Policy & Administration Theory & Practice	2
98	Model Based Monetary Policy Analysis & Forecasting	2
99	MicroEconomic Management	1
100	MacroEconomic Management In Resource Rich Countries	2
101	Fiscal Policy Analysis	2
102	Financial Programing & Policies	2
103	Oil & Gas Fundamentals & Current Issues	50



PART FIVE: FINANCIAL INFORMATION

FINANCIAL SUMMARY

	31-Dec-2020	31-Dec-2019	31-Dec-2018	31-Dec-2017
	N'000	N'000	N'000	N'000
Assets Employed:				
Non-current Assets	101,558,479	109,003,268	107,695,954	93,620,278
Net Current Assets	49,970,553	39,339,166	36,907,779	51,022,108
	151,529,033	148,342,434	144,603,732	144,642,387
Financed By:				
Capital Fund	173,263,754	166,480,682	160,976,160	150,644,365
Staff Housing and Asset Loan Reserve	4,000,000	4,000,000	4,000,000	4,000,000
Accumulated Fund and Reserves	(25,734,721)	(22,138,248)	(20,372,428)	(10,001,977)
	151,529,033	148,342,434	144,603,733	144,642,386
Total Income	121,734,191	114,683,848	97,700,421	85,470,403
Total Expenditure	122,800,655	117,835,072	108,065,546	92,024,780
Deficit for the Year	1,066,464	3,151,224	10,365,125	6,554,377

- There has been gradual increase in Total Assets employed by the Service; which stand at over =N=151.5b as at the reporting date
- Net current assets, which was on the decline in the four years preceding the 2019 financial year is now growing, which indicates improved liquidity management.
- Operating deficit is also reducing; it is now below 1 billion from over =N=6.5 billion in 2017.
- The trend of performance in 2019/2020 continued with improvement in 2021.

CASH FLOW STATEMENT

	AUDITED		
	31-Dec-20 N'000	31-Dec-19 N'000	31-Dec-18 N'000
Cash flows from operating activities			
Deficit for the year	(1,066,464)	(3,151,224)	(10,365,125)
Adjustment for non cash items:			
Prior year restatement of error	6,404,222	1,430,757	7,293
Depreciation & Amortisation	5,127,662	5,189,930	5,468,653
Impairment	225,218	42,903	542
Cash flows before working capital changes	10,690,638	3,512,366	(4,888,637)
<i>Movement in working capital</i>			
Increase in trade and other receivables	(2,175,489)	-	14,865,514
Increase in prepayment	(734,020)	-	-
Increase in trade and other payables	931,638	-	483,695
Net cash provided by operating activities	<u>8,712,767</u>	<u>3,512,366</u>	<u>10,460,572</u>
Cash flows from investing activities:			
Purchase of intangible assets	(647,399)	-	-
Purchase of property, plant and equipment	<u>(6,192,470)</u>	<u>(6,540,147)</u>	<u>(19,544,769)</u>
Net cash used my investing activities.	<u>(6,839,869)</u>	<u>(6,540,147)</u>	<u>(19,544,769)</u>
Cashflows from financing activities			
Retained 20% operating surplus	(2,452)	(2,452)	(12,176)
Asset value transferred to CRF		(42,902)	(443)
Cash received appropriated to capital fund	<u>6,783,072</u>	<u>5,504,521</u>	<u>10,331,795</u>
Net cashflows from financing activities	<u>6,780,620</u>	<u>5,459,167</u>	<u>10,319,176</u>
Net decrease in cash and cash equivalents	8,653,518	2,431,386	1,234,979
Cash and cash equivalents as at 1 January	<u>4,957,346</u>	<u>8,521,009</u>	<u>7,286,030</u>
Cash and cash equivalents as at 31 December	<u><u>13,610,864</u></u>	<u><u>10,952,395</u></u>	<u><u>8,521,009</u></u>

- There is progressive improvement in cash generated from operations; from a negative cashflow of =N=4.9b in 2018 to positive cashflow of =N=3.5b in 2019 and =N=10.7b in 2020.
- After accounting for changes in working capital, there was over 148% increase in net cash provided by operating activities from =N=3..5b to =N=8.7b
- In the same vein the cash and cash equivalent at the financial year end has been improving. The liquidity position increased by over 24% between 2019 and 2020. in 2021.

STATEMENT OF CHANGES IN NET ASSETS

Statement of Changes in Net Assets

		Capital Fund N'000	Staff Housing and Asset Loan N'000	Accumulated Financial Performance N'000	Total N'000
At 1 January 2018		150,644,365	4,000,000	(10,001,977)	144,642,388
Additions		10,331,795	-	-	10,331,795
Deficit of income over expenditure		-	-	(10,365,125)	(10,365,125)
Prior year restatement of error		-	-	7,293	7,293
Asset value transfer to CRF		-	-	(443)	(443)
Retained 20% operating surplus		-	-	(12,176)	(12,176)
At 31 December 2018		160,976,160	4,000,000	(20,372,428)	144,603,732
At 1 January 2019		160,976,160	4,000,000	(20,372,428)	144,603,732
Additions		5,504,521	-	-	5,504,521
Deficit of income over expenditure		-	-	(3,151,224)	(3,151,224)
Prior year restatement of error		-	-	1,430,757	1,430,757
Asset value transfer to CRF		-	-	(42,902)	(42,902)
Retained 20% operating surplus		-	-	(2,452)	(2,452)
At 31 December 2019		166,480,682	4,000,000	(22,138,249)	148,342,432
At 1 January 2020		166,480,682	4,000,000	(22,138,249)	148,342,432
Additions	11	6,783,072	-	-	6,783,072
Deficit of income over expenditure		-	-	(1,066,464)	(1,066,464)
Prior year restatement of error	13	-	-	6,404,222	6,404,222
Adjustment (migration errors)	13.2	-	-	(8,898,521)	(8,898,521)
Asset value transfer to CRF		-	-	(33,258)	(33,258)
Retained 20% operating surplus		-	-	(2,452)	(2,452)
At 31 December 2020		173,263,754	4,000,000	(25,734,722)	151,529,031
At 1 January 2021		173,263,754	4,000,000	(25,734,722)	151,529,032
Additions		-	-	-	-
Deficit of income over expenditure		-	-	-	-
Prior year restatement of error		-	-	-	-
Adjustment (migration errors)		-	-	-	-
Asset value transfer to CRF		-	-	-	-
Retained 20% operating surplus		-	-	-	-
At 31 December 2021		173,263,754	4,000,000	(25,734,722)	151,529,032

The principal accounting policies applied in the preparation of these financial statement are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1. Statement of compliance

The Service's full financial statements for the year ended 31 December 2020 have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) accrual basis as issued by the International Public Sector Accounting Standards Board (IPSASB) and adopted by the Federal Government of Nigeria.

2. Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies set out below and in the notes to the financial statements have been applied consistently to all periods presented in these financial statements. These financial statements have been prepared on a historical cost basis, unless otherwise stated. The accrual basis of accounting has been used.

a. Basis of Measurement

The financial statements have been prepared under the historical cost concept.

b. Functional and presentation currency

The Service's functional and presentation currency is the Nigerian Naira. The financial statements presented in Nigerian Naira and have been rounded to the nearest thousand.

c. Use of estimates and judgment

The preparation of the financial statements is in conformity with IPSAS Accrual basis which requires the Board of make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimate and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any further periods affected.

3. Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Service and the revenue can be reliably measured regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties.

Income of the Service comprise the following:

i). Revenue determined by the National Assembly of the Federal Republic of Nigeria on the basis of a percentage of non-oil and gas revenue collected by the Service. The rate is currently 4%. However, with effect from the 1 October 2016 4% cost of collection from VAT on imports is shared between the FIRS and the Nigeria Customs Services (NCS) in the ratio of 2.4:1.6 respectively, based on the approval of the Federal Government. However, the above sharing ratio has been reviewed upwards to 2:2 with effect from December 2018.

ii) Grants – in – aid and gifts.

iii) Grants by the Federal, State and Local Governments, donor agencies and any approved contributions from any other approved sources.

iv) Other income which accrues to the Service for other services including the disposal, lease or hire of, or any other dealing with any property vested in or acquired by the Service.

Expenses

Operating expenses are charged to the Statement of Financial Performance when the goods are received or services rendered. The expenses include personal cost, depreciation charges, administrative and management expenses.

Accounts Receivable

Receivables consisting of staff indebtedness and outstanding income from Non-oil and Gas Taxes. They are stated at net realisable value after deduction of provision for any debt considered doubtful.

Accounts Payable

Account payable are amounts due to third parties such as suppliers and contractors in respect of goods supplied and services rendered to the Services.

Refunds to Consolidated Revenue Fund

Payments made to the Consolidated Revenue Fund in accordance with the Fiscal Responsibility Act, 2007 on account of operating surplus, are charged against the excess of income over expenditure in the first place and any other remnant against the Accumulated Fund.

Pension Fund Scheme

The Service operates a defined contribution pension scheme for its employee in accordance with the Pension Reform Act 2014 as amended. The contribution by the employees and the Service to the scheme is based on the employee's annual emolument. Employee contributions to the scheme are funded through payroll deductions and the employer's contribution is subsequently charged to Statement of Financial Performance.

Property, Plant and Equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost price less accumulated depreciation calculated from the date of commissioning and any accumulated impairment losses. The cost price is based on the purchase price and/or expenditures that are directly attributable to the acquisition of the asset. Items of property, plant and equipment under construction are disclosed as capital are work in progress.

The cost of construction recognized includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located. Property, Plant and Equipment (PPE) with a value greater than N50,000 are recognized as non-current assets in the statement of Financial Position in accordance to the threshold established by the capitalization policy of the Service.

The Service applied the cost model to its PPE and the revaluation model to its Land and Buildings only. Where an asset (other than land) is acquired for nil or nominal consideration the asset is initially recognized at fair value, where fair value can be reliably determined, and as income in the Statement of Financial Performance.

ii. Subsequent costs

Modifications and capacity enhancing investments on any asset are capitalized as cost and depreciation over the remaining life of the asset. Also, the cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the service and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing and maintenance of an item of property, plant and equipment are recognized as an expense in the income statement during the period in which they are incurred.

iii. Depreciation

Depreciation is recognized in the income statement on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets under finance lease are depreciated over the shorter of the lease term and their useful lives.

Depreciation begins when an asset is available for use and ceases at the date that the asset is derecognized.

The principal annual rates used to write down the cost of the assets are as follows:

Asset category	Estimated useful life (Years)
Land	Nil
Buildings	50
Plant and Machinery	5
Office and Equipment	5
Office Furniture	5
Motor Vehicles	4
ICT and Intangible Asset	4

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

iv. De-recognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Financial Performance within 'Other income or operating expenses' in the year that the asset is derecognized.

h. Intangible Assets

Federal Inland Revenue Service has intangible assets in the form of internally generated software and business process design assets and software licences. All intangible assets have finite useful lives.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Computer software is stated at cost less accumulated amortization and impairment losses. Amortization is provided over the estimated useful life using the straight-line method. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

i) Derecognition of intangible assets

An intangible asset is derecognized on disposal when no future economic benefits are expected from its use. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in statement of financial performance.

ii) Subsequent costs

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. Cost associated with maintaining computer software programmes are recognized as an expense as incurred.

i. Provisions

Provisions are liabilities of uncertain timing and amount which are recognized when the Service has a present obligation as a result of past events, and it is probable that the Services will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

j. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Service Loans and Receivables comprise: short term advance, staff loan, trade and other receivables.

k. Capital Work – In – Progress

The costs incurred on asset in progress are accumulated and transferred to the relevant asset category on completion, while depreciation commences when the asset is ready for use.

l. Foreign Currencies

Transactions in foreign currencies during the year are converted into the functional currency, using the exchange rates prevailing at the dates of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.