



2022 CORPORATE PLAN

CORPORATE PLAN

2022

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1.0 MESSAGE FROM THE EXECUTIVE CHAIRMAN



It is our pleasure to present the FIRS 2022 Corporate Plan which is the second plan drawn from the 2021-2024 Medium Term Plan. The plan is anchored on four fundamental goals namely; enhancing revenue collection through improved compliance and stakeholders' engagement/collaboration, building a customer centric institution, building a data centric institution and rebuilding FIRS Institutional Framework. These goals will be complemented with twelve objectives from which strategies, initiatives and performance measurement indicators will be derived.

In 2021, the Service leveraged on the opportunity created through the amendments to Sections 25 and 26 of the FIRS Establishment Act to embark on a major infrastructure overhaul, focusing on the deployment of technology for the automation of its processes and procedures. Particularly, we deployed our home-grown, integrated tax administration system, the TaxPro Max, for ease of tax administration and compliance.

We also implemented other measures such as the automation of Stamp Duty and VAT, including the deployment of VATrac, an automated VAT filing and collection system in the wholesale and retail sectors. The outcome of these efforts has been tremendous. Following the deployment of the TaxPro Max in June 2021, the Service generated over N696 billion that month, representing the highest revenue ever generated by the FIRS in a single month. The Service attained a tax revenue generation of N6.4 trillion in 2021, which marks the first fiscal year that tax revenue generation by FIRS is crossing the six trillion Naira mark. This performance underscores the commitment of the Service towards achieving its organizational mandate even in the face of daunting challenges.

The Service intends to continue on this trajectory in 2022, by expanding the scope and capacity of the TaxPro Max and other ICT infrastructures. We seek to achieve 100% automation of all our tax administration processes, which will block revenue leakages and revolutionize revenue generation in this country. Furthermore, we intend to give priority to the collection of taxes from the digital economy. With the amendment of Section 10 of the VAT Act by the Finance Act 2021, we will implement the published Guidelines on the

Simplified Compliance Regime on VAT for Non-Resident Suppliers, to collect VAT on digital supply of services and intangibles to Nigeria. The Service in 2021 deployed a digital service interface solution namely the Digital Economic Compliance (DEC) Tool, to facilitate the implementation of the regime. The implementation of the DEC Tool will also assist the Service in determining entities that fall within the Significant Economic Presence (SEP) threshold and relevant turnover generated from Nigeria. This tool will go live shortly. We also intend to leverage on intelligence, strategic data mining and analysis to enhance the effectiveness of audit and investigation functions and implement the penalty regimes in accordance with the laws.

For us in FIRS, the taxpayers and stakeholders come first and shall remain at the apex of our priority as we commit ourselves to provide them with services of high standards which they rightfully deserve. We shall keep pushing on with our reforms in order to buoy up the country's economy for the government at all levels to be able to deliver dividends of democracy to the citizenry.

It is worthy of note to mention that whatever we have achieved so far has been done with the support of the Presidency, the Federal Ministry of Finance, the National Assembly, the collaboration of our key stakeholders in various sister agencies, multilateral and bilateral institutions, FIRS Board members and most especially, with the astute professionalism of the staff.

As the Service works towards realizing its goals, let us continue to work together to improve tax compliance in the interest of the nation's growth and development. I have full confidence in the Taxpayers, all Stakeholders, and Staff to bring this plan to a successful execution.

Muhammad Nami

2.0 WHO WE ARE: FIRS MANDATE, VISION, MISSION AND CORE VALUES

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. FfFED 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

Integrity

- Candour
- Courage
- Transparency
- Self-discipline

Efficiency

- Speed
- Accuracy

Ownership and Collective Responsibility

- Team spirit
- Partnering
- Information sharing

3.0 FIRS OPERATING ENVIRONMENT AND OUTLOOK FOR 2022

The environmental outlook for 2022 looks promising as businesses are gradually recovering from the impacts of the COVID-19 Pandemic and economic activities are slowly returning to the pre-pandemic levels. However, key macro-economic variables such as balance of payment, inflation, unemployment levels have not been encouraging even as insecurity in the country persists.

Below are some industry trends that might affect tax revenue collection in Nigeria.

- **Transition to digital economy:** Increasing digitization of business transactions in many countries, has made businesses and organizations conduct business without physical presence and have made taxation of revenue derived from such transaction difficult to track. As a result, FIRS is currently restructuring its operations in order to adapt to such changes and drive policies for efficient revenue collection from digital transactions.
- **Petroleum Industry Act:** The PIA which has been passed into law by the National Assembly has replaced Petroleum Profit Tax Act with a new Hydrocarbon Tax Act and also applies Corporate Income Tax Act to companies. It is expected that this new Act will attract investment into the Nigeria Oil and Gas Sector and boost tax revenue collection.
- **Crude Oil Production and Price:** Crude oil prices are projected to average \$74 a barrel in 2022 as oil demand strengthens and reaches pre-pandemic levels. The use of crude oil as a substitute for natural gas presents a major upside risk to the demand outlook, although higher energy prices may start to weigh on global growth.
- **Increasing demand for clean and renewable energy:** The renewed global demand for clean and renewable energy is likely to impact resource-dependent countries such as Nigeria by lowering the demand for crude oil in the medium to long run.
- **African Continental Free Trade Area (AFCFTA):** This agreement is targeted at attracting foreign direct investment, generating employment, enhancing trade and industrialization, promoting exports, enhancing foreign exchange earnings, encouraging transfer of technical know-how to Nigerians and contributing to the economic growth and development of Nigeria in the medium to long run.

However, in the short run, it is likely to impact negatively import VAT. This will be compensated by the inflow of investment into the economy.

4.0 SWOT ANALYSIS

A SWOT Analysis was conducted to determine the organization’s strengths and weakness as well as its opportunities and threats. In implementing the 2022 Plan, the Service will leverage on its strengths and opportunities presented by the operating environment while managing its weaknesses and threats posed in the economic settings in order to adequately position FIRS for better performance.

STRENGTH	WEAKNESS
<ol style="list-style-type: none"> 1. Strong and committed Management and Staff driving superior performance and increased revenue 2. New Organizational Structure that has birthed new culture and values aimed at achieving the key goals and objectives of the Service. 3. Modern ICT infrastructure crucial for tax administration, research, and other administrative processes. 4. Conducive work environment to improve productivity and efficiency. 5. Spread of offices across every part of the Country to reach more taxpayers and reduce cost of compliance. 6. Implementation of the Federal High Court (FIRS) Practice Direction (2021), Tax Appeal Tribunal (Procedure) Rules (2021) and the Federal High Court (Tax Appeal) Rules (2022) for prompt resolution/determination of tax disputes. 	<ol style="list-style-type: none"> 1. Poor adherence to standards, operational procedures, and processes by staff 2. Poor data management owing to the over-reliance on analog processes. 3. Inadequate targeted training and capacity building for staff. 4. Inadequate use of criminal proceedings against tax defaulters 5. Lack of synergy in information sharing among operating units. 6. Unethical practices performed by some staff. 7. Inefficiency of our Performance Management System.

OPPORTUNITIES	THREATS
<ol style="list-style-type: none"> 1. Sustained government support to FIRS. 2. Government commitment to diversification of the economy away from oil. 3. Newly launched National Development Plan (2021-2025) which among others, aims at promoting private investment and industrialization. 4. Adoption and implementation of e-government, supported by existing government policies and regulations on use of technology. 5. Enacting of the Annual Finance Act under which existing tax laws will be amended and new laws introduced to reflect the emergence of new economic sectors. 	<ol style="list-style-type: none"> 1. Lingering effect of the COVID-19 Pandemic is still affecting economic activities. 2. Increased cost of doing business and inflation orchestrated by the volatile exchange rate and scarcity of petroleum products. 3. High level of economic activities carried out in the shadow economy. 4. Unascertainable Tax expenditure (due to untracked tax incentives) 5. Slowing down of business activities in 2022 which is the electioneering year. 6. Lingering insecurity in the country leading to the closure of businesses and making the country unattractive for Foreign Direct Investments. 7. Lack of transparency on the part of tax-collecting MDAs.

5.0 2022 CORPORATE GOALS AND OBJECTIVES

The 2022 Corporate Plan is derived from the FIRS Medium Term Plan 2021-2025. The four strategic goals align with the four perspectives of the Balanced Scorecard model: Financial, Internal Processes, Customers, Learning and Growth Perspectives.

All other short-term objectives will be derived from and geared towards achieving these goals.

5.1 ENHANCE REVENUE COLLECTION THROUGH IMPROVED COMPLIANCE

Financial Perspective

Objective 1: Achieve 100% Government Revenue Target

Suggested Strategies:

- i. Implement a comprehensive Compliance Improvement Plan for all taxpayer segments.
- ii. Identify and diligently track areas contributing to the tax gap and develop compliance initiatives to close the gap.
- iii. Develop and implement an e-commerce strategy for the digital economy.
- iv. Implement a risk-based selection system for audit cases.
- v. Implement the key changes and initiatives introduced in the annual Finance Acts.
- vi. Implement the Federal High Court (Federal Inland Revenue Service) Practice Direction (2021), Tax Appeal Tribunal (Procedure) Rules (2021), and the Federal High Court (Tax Appeal) Rules (2022) for prompt resolution/determination of tax disputes.

Objective 2: Improve voluntary compliance

Suggested Strategies:

- i. Simplify tax procedures and processes by consolidating on the gains of TaxPro Max for easy registration, filing, payment, and reporting.
- ii. Provide a clear, accurate and timely guidance to taxpayers to help them understand and meet their tax obligations under the tax laws.
- iii. Customize information to meet the specific needs of all taxpayer segments.

- iv. Launch and operationalize a VAT lottery scheme to enhance voluntary compliance.
- v. Identify and diligently prosecute tax defaulters/evaders to serve as a deterrent to recalcitrant tax defaulters

Objective 3: Reduce the cost of tax administration

Suggested Strategies:

- i. Provide a seamless registration, filing, and payment experience for taxpayers.
- ii. Improve accountability and internal controls across all strata of the Organization.
- iii. Simplify administrative procedures and requirements for taxpayers to reduce bottlenecks and other complications.

Objective 4: Enhance enforcement activities in line with the relevant tax laws

Suggested Strategies:

- i. Design and implement a program that proactively identifies and ensures recovery of taxes from non-compliant taxpayers.
- ii. Design and implement effective processes that prevent tax fraud.
- iii. Design and implement a program to enhance FIRS's relationship with the Judiciary
 - a. Engage with the Judiciary to ensure quick disposal of cases.
 - b. Conduct tax capacity-building programs for judicial officers and commissioners of TAT.

5.2 BUILD A CUSTOMER (TAXPAYER) CENTRIC INSTITUTION

Customer Perspective

Objective 5: Increase taxpayer satisfaction

Suggested Strategies

- i. Design and implement a robust Taxpayer Service Strategy.
- ii. Provide timely, easily accessible and understandable guidance to taxpayers on their rights and tax obligations.
- iii. Introduce a Taxpayer Appreciation Day to celebrate exemplary taxpayers.

- iv. Institutionalize Stakeholder Engagements to facilitate structured solutions to key tax issues.
- v. Implement a multi-platform request management system that provides real-time tracking of queries and speedy resolution.

Objective 6: Reduce the cost of compliance

Suggested Strategies:

- i. Improve service delivery by leveraging on technological and cost-effective ways of improving compliance.
- ii. Implement a robust customer relations management system by ensuring that taxpayers' queries are resolved timely and professional.
- iii. Provide timely, easily accessible, and understandable guidance to taxpayers on their tax obligations.

5.3 BUILD A DATA-CENTRIC ORGANIZATION

Internal Processes

Objective 7: Improve Operating Efficiency and Effectiveness

Suggested Strategies:

- i. Develop and implement policies, procedures, standards, and methodologies for data centricity.
- ii. Develop and implement the digital transformation plan.
- iii. Fully deploy all modules of the TaxPro Max Solution to ease tax administration.
- iv. Institutionalize and automate the exchange of data between FIRS and key strategic partners.
- v. Design and implement internal control measures to detect and mitigate institutional risk.

Objective 8: Improve Data Management and Intelligence

Suggested Strategies:

- i. Enhance the use of data analytics and intelligence.
- ii. Enhance the Data Management process through data accessibility and trustworthiness.

- iii. Develop and implement a clear strategy to harmonize data and integrate data with tools that provide centralized access to data across sources.

Objective 9: Institutionalize electronic data exchange.

Suggested Strategies:

- i. Establish an automated crosschecking process to verify information in tax declarations with third parties (data-centric environment).
- ii. Institutionalize and automate the exchange of data between FIRS and key strategic partners.
- iii. Operationalize memorandum of understanding (MOUs) for the exchange of information with all relevant government agencies.

5.4 REBUILDING FIRS' INSTITUTIONAL FRAMEWORK

Learning & Growth

Objective 10: Improve Institutional Governance

Strategies:

- i. Maintain a proper and effective alignment between organizational structure, people, and business/internal processes.
- ii. Introduce a knowledge management framework, to build a knowledge-driven culture and increase the level of expertise.

Objective 11: Improve Institutional Performance:

Strategies:

- i. Implement a comprehensive framework for performance management to cover all areas of FIRS.
- ii. Efficient redeployment and placement strategy to ensure that the right quality and number of staff are placed in the right places.
- iii. Improve capacity in FIRS training schools to ensure the development of required skills.
- iv. Improve and maintain the welfare of employees.
- v. Develop and implement a robust succession plan.
- vi. Institutionalize our Risk Management System.

Objective 12: Culture Realignment

Suggested Strategies:

- i. Staff to imbibe and embrace the FIRS core values to promote professionalism in the Service.
- ii. Reinvigorate FIRS Standard Operating Procedures (SOP)
- iii. Regularly measure taxpayers' perception of corruption and implementation of anti-corruption plans.
- iv. Develop a data-driven organizational culture to improve data governance and awareness.

Objective 13: Provide a conducive and secure Working Environment

Strategies:

- i. Ensure all offices are provided with necessary and adequate facilities and equipment that will aid effective operations.
- ii. Carry out periodic safety and security assessment of offices and facilities to identify gaps and provide timely remediation.
- iii. Provide staff with the relevant tools, technology, and training necessary for high performance.

6.0 MONITORING THE PLAN

In order to enhance institutional efficiencies, continuous monitoring of the plan shall be conducted to assess the achievement of the planned results and outcomes. FIRS has adopted a result-based management system hence the monitoring and evaluation framework is based on the result of processes, outputs, and outcomes that collectively delivers the intended strategic goals.

Below is the process that cascades the corporate goals down to individual level:

Level I: Corporate Balanced Score Card – comprises the high-level goals and objectives of the Service.

Level II: Departmental Balanced Score Card – specific departmental targets that contribute to the achievement of the Corporate Score Card.

Level III: Individual KPIs – Individual performance indicators. Targets with specific relevant interventions aimed at the achievement of Level II departmental KPIs.

The monitoring of the plan will be coordinated as a corporate function under the Planning, Research, and Statistics Department of the Service. Monitoring and Evaluation activities will be conducted on a quarterly basis and management reports prepared.

7.0 RISK MANAGEMENT

FIRS recognizes that risk management is integral to sound business practices and is critical to successfully achieving our business objectives and government priorities for all stakeholders, hence what FIRS does is review business activities to identify any opportunities for business excellence. Then identify each risk, its cause(s), and controls, analyze each risk against likelihood and consequence values to determine a risk rating, and where required, develop treatments to mitigate the risk. The aim is to capture opportunities and manage residual risk within the overall risk appetite/tolerance of the entire service.

The table below identifies the strategic risks faced by FIRS and strategies put to mitigate them.

S/N	DESCRIPTION	RISK TYPE	MITIGANTS
1	STRATEGIC	<ul style="list-style-type: none"> Negative impact on institutional reputation. Tax losses and gaps Poor governance and poor management. 	<ul style="list-style-type: none"> Adhere to policy regulations and procedures approved by management or the board -Professional skill, good attitude, and ability Dictate, sanction, or deter the defaulters Set goals, objectives, and strategies and get competent employees.
2	OPERATIONAL	<ul style="list-style-type: none"> Tax Risks: Risk that tax yield is reduced. -Registration risk -Filing risk -Payment risk -Declaration risk -Poor Reporting 	<ul style="list-style-type: none"> -Ensure that all taxpayers are captured/registered with the service through the TaxProMax platform. -Conduct proper assessment program and monitor tax filing or returns

		<p>requirements</p> <p>-New technology/tax system applications</p> <p>-Interpretation of tax laws</p> <ul style="list-style-type: none"> • System failure • Improper management of resources/improper supervision/breakdown in internal procedures/human errors/inadequate or failed procedures. • External forces: Legal, Political or economic challenges that affect our mandate and process. 	<p>-Conduct audit and investigation to confirm accurate tax payment</p> <p>-Penalize or sanction defaulters through litigation.</p> <p>-Ensure that the checklist of filing requirements is met.</p> <p>-Sensitize, train, and build staff capacity to manage the new technology or tax system application(s).</p> <ul style="list-style-type: none"> • Proper maintenance or upgrade of systems is required • Adhere strictly to procedures, rules, and policies of the service • Set goals, objectives, and strategies to enable the Service timely respond to legal, political, and economic challenges
3	COMPLIANCE	<ul style="list-style-type: none"> • Weak, conflicting, and complex tax laws that make it difficult for taxpayers to comply with the appropriate tax regulations. • Non-filers, late filers, nil tax payments, inaccurate declarations, nil vat payment, or high fictitious 	<ul style="list-style-type: none"> • Continuous changes in tax laws to improve weak, poor and complex tax laws for ease of doing business • Raise additional taxes, penalties, and interest for improper or inaccurate tax returns through desk examination, audit,

		<p>input VAT claims.</p> <ul style="list-style-type: none"> Increasing regulatory changes and enforcement areas such as: <ul style="list-style-type: none"> -Ineffective implementation of the changes in the annual finance acts. -Inadequate enlightenment/stakeholders' engagement. -Low staff capacity/knowledge of legislative changes and requirements. -Poor employee health and safety (covid-19 executive orders and regulations enforcement) -Aggrieved taxpayers or other government agencies instituting legal actions against the service slowing down on successes achieved through various reforms introduced/implemented. 	<p>investigation, enforcement, or litigation</p> <ul style="list-style-type: none"> Ensure accurate declaration of income and filing of tax returns by taxpayers Engage in regular technical sessions and staff training to build capacity <ul style="list-style-type: none"> -Follow Covid 19 protocols -Avoiding arbitral raising of tax assessment that will resolve conflict.
4	FINANCIAL	<ul style="list-style-type: none"> Poor economic performance/budget. Changes in tax laws that affect collection performance and % of 	<ul style="list-style-type: none"> Set goals and objectives in line with the economic challenges. Monitor businesses or companies that are enjoying

		<p>funds available for the FIRS to meet its expenditure.</p> <ul style="list-style-type: none"> • Financial misstatements. 	<p>tax holidays in order to ensure that they are operating within the terms/conditions of the tax holidays, continue to act as agents of indirect taxes, file appropriate tax returns and pay taxes on the expiration of the tax holiday.</p> <ul style="list-style-type: none"> • Avoid spending outside the plan expenditure.
5	SECURITY AND SAFETY	<ul style="list-style-type: none"> • Security and safety of staff within offices, and operational environments 	<ul style="list-style-type: none"> • Access control • Adopt a safety “culture” in the organizations • Prompt Threat detection/awareness/notification
6	HUMAN RESOURCES	<ul style="list-style-type: none"> • Human capital development risk, employee engagement, and capabilities, leadership sustainability, career growth, and development. 	<ul style="list-style-type: none"> • Proper placement • Employ a competent and skillful workforce • Adopt and implement appropriate Succession plans • Training
7	REPUTATIONAL	<ul style="list-style-type: none"> • Fraud • Professional And ethics violations by employees • Negative publicity through print and electronic media (social media) • Breach in organization 	<ul style="list-style-type: none"> • Penalty on information leakages • Disciplinary action on faulting staff • Sanctioning of staff in line with the appropriate of the Finance Act 2022 regarding

		<p>undertaking/relation with stakeholders</p> <ul style="list-style-type: none"> • Inefficient service delivery 	<p>confidentiality of taxpayers' data/information.</p> <ul style="list-style-type: none"> • Improvement in our tax ICT tools to ease taxpayers' compliance.
8	TECHNOLOGY	<ul style="list-style-type: none"> • Data breach or fraud • Misuse of information • Security incidence at 3rd party affecting operations. 	<ul style="list-style-type: none"> • Controlling cybersecurity. • Employ advanced technology solutions (ethical hackers)

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