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Taxation as the new "TINA": Nigeria needs to follow its National Tax Policy (NTP)

If the Federal Government succeeds in navigating Nigeria through its current economic crisis through uncommon, active, creative and sustained thinking, it would have laid the foundation for a better Nigeria by 2019.

Presently, the expectations on the Federal Government are so enormous and are only outweighed by the frustrations of an impatient, disenchanted and disillusioned citizenry. Many Nigerians are tired of excuses and rhetorics and only request the Federal Government to deliver clear and actionable solutions. Even then, the Federal Government and its economic management team must be wary of "quick fixes, which lead to short fixes and in the end, no fixes"!

At the center of Nigeria's economic rescue agenda is the need to enhance recoveries from non-oil revenue and improve the Federal Government's cashflow position. The urgency in the shift to non-oil revenue sources is clear. Revenue from taxation is a critical component of this shift and this places the Federal Inland Revenue Service (FIRS) and the various State Internal Revenue Services in the bull's eye. Nigeria's challenge is not necessarily the decline in oil prices but rather that the high oil prices in the past had continued to mask Nigeria's over-dependence on oil to drive the economy and the relatively small tax base outside the oil and gas industry.

Thus, with "Taxation" now becoming the new "TINA" in Nigeria's economic & fiscal crisis universe, the imperative of an end-to-end, wholistic fiscal agenda cannot be overemphasized. TINA is the acronym for "There Is No Alternative" a slogan popularized by the then Conservative British Prime Minister, Late Margaret Thatcher, to signify that free markets, free trade and capitalist globalisation are the best or the only way for modern societies to develop. It is now generally

accepted that "Tax" is the surest path upward, revenue-wise for the nation.

In view of the country's dire situation, the cooperation of all Nigeria's citizens, both corporate and individuals, are required in the discharge of their civic responsibility with regard to tax compliance. This is not a big ask given that taxes paid by citizens of most of the developed countries are used by governments to run their economies, and this confers on the citizenry a legitimate stake in public governance. Nigeria cannot and should not be an exception in this regard, as this can only be achieved if citizens pay their taxes and live up to their civic responsibilities and expectations.

It is an undeniable fact that Nigeria has typically posted a low tax to GDP ratio as well as to the total revenue earned by the Federation. This is due to low tax compliance levels by individuals and corporate taxpayers. This low level of tax compliance has been attributed to a plethora of reasons, which include:

- lack of accountability and transparency in government spending
- low quality of infrastructures in return for taxes paid
- low civic literacy level, etc

The current emphatic tone of intolerance to economic and financial crimes, which leak away or divert taxpayers money to personal pockets across all the tiers of government, may assist to address the trust deficit that exists between government and the citizenry at all levels on the issue of appropriate use of taxpayer's funds. Enforcing penal consequences of economic and financial crimes at an accelerated pace can only serve to reinforce confidence in the system. Thus, the need to eschew carnival-like media trials and deliver convictions of "big personalities" engaged in "authority stealing" cannot be over-emphasised.

Consequently, the following elements become relevant:

- There is need to institutionalize focus on non-oil revenue generation through tax as a primary option and not as a child of necessity that it became in 2016, a situation in which the agencies that should drive such were under-capacitated for the challenge
- There is need to complete very quickly the shift in fiscal policy to indirect taxation
- Existing tax legislation need to be simplified and be made more robust to serve the need of the nation's economy
- The National Assembly must implement a more rigorous appropriation process which includes provision for an accompany finance legislation
- Adopt strategies to get the 20% that contribute 80% or more of Nigeria's tax revenue to as near 100% compliance as possible
- Adopt strategies that nurture compliance by those not yet in tax net e.g. voluntary disclosure programme/modified tax Amnesty programme, improving taxpayer convenience programmes etc
- Accelerate data integration across all available database in relation to potential taxable persons and their transactions and fast-track automation of all processes relating to assessment and collection of taxes
- Destroy the perception of "untouchable taxpayers" by rocking their boats through relentless detection and enforcement measures
- Progressive implementation of measures that make tax evasion unattractive: No hiding place

Such effective enforcement of compliance with tax laws and institution of a virile tax culture to enforce the laws governing taxation to the letter complemented by evident prudent utilization of revenues from various sources will revive the fervor and vigour to comply with tax laws by the citizenry.

Incidentally, all of the above elements are already stipulated (in one form or the other) as strategies to deliver enhanced revenue recovery through tax in the NTP. It is both advisable and expedient that the NTP remains the foundation of all actionable solutions and options towards enhancing non-oil revenue generation through Taxation so that it does not become another lifeless monument in our chequered history.

In conclusion, the shift to non-oil revenue must be a properly managed paradigm shift and not the exchange of one extreme dependence for another. As a matter of strategic national interest, it is only prudent and pragmatic for the Federation to continue on a path of a well-diversified economic base which will ensure that the economy is strong and stable enough to respond, adapt or adjust to vagaries and dynamics of international trade relations triggered by political and economic forces at play in the international market.

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