

PRESS RELEASE

FEDERAL MINISTRY OF FINANCE

Monday, April 26, 2010

Babalola Urges JTB, FIRS To Capture All Eligible Taxpaying Groups

...Advises JTB To Eliminate Tax Multiplicity

...Wants Open, Transparent Tax System

The Honourable Minister of State for Finance, Mr. Remi Babalola, on Monday urged the Joint Tax Board (JTB) and the Federal Inland Revenue Service (FIRS) to capture all predominantly untaxed, yet potential and eligible taxpaying groups.

He also advised the JTB to eliminate all forms of multiple taxation in all the various jurisdictions in the country.

The Minister, who made this known at the 122nd meeting of the Joint Tax Board in Abuja, emphasised that the Federal Government would continue to pursue good tax policy and administration, which he noted, was a vital part of strong economic management.

He noted that effective administration of the various extant tax policies will shape Nigeria's economic future, and also improve productivity and enhance competitiveness.

“It will lift our Gross Domestic Product (GDP) so that Nigerians are better off. It has a way of fighting the corruption virus in our system and it can deal with intergenerational issues in a way that ensures a sustainable future. These are big challenges, and our performance must be up to scratch and surpass expectation,” Babalola stated.

The government, however, warned against “arm-chair revenue collection” and therefore charged the JTB not to spare efforts at galvanising support for the various tax authorities to reach out and capture the predominantly untaxed, yet potential and eligible taxpaying group.

The minister said, “Permit me to observe that our tax administrators nationwide still largely exist in the era of ‘arm-chair revenue collection’. This Board should champion the end of the era of arm-chair tax administration in this country. A situation where Federal Government employees may be under-taxed cannot be justified by any explanation. We need all the money we can get.”

For Nigeria to secure a position as a financial services centre, Babalola advised that the nation must strive to have an internationally competitive tax system.

“However, we need to note that achieving international competitiveness is not about reducing our tax rates to the lowest in the world. Rather, the focus should be on identifying and removing barriers to effective tax administration.

“We should also be striving towards a system that is open and transparent and provides clarity and certainty, while maintaining integrity,” he stated.

He assured both foreign and local investors of the Federal Government’s commitment to a politically stable environment, a robust regulatory system with good corporate governance standards, and a dedicated workforce yet relatively cheap.

“But if we are to be recognised as a leading financial centre in Africa, we cannot afford to take these advantages for granted. All forms of double taxation must be eliminated in our various jurisdictions,” he said.

The minister urged Nigerians to contribute towards the support of the government as nearly as possible in proportion to their respective abilities and the revenue which they respectively enjoy under the protection of the state.

“The principle that the wealth of this country should help to bear the burden of national taxation is too well settled by logic, by authority and by experience to justify any extended argument now.

“The expenses of government to the citizens of a great nation, like ours, are like the expenses of management to the joint tenants of a great estate who are all obliged to contribute in proportion to their respective interests in the estate,” he added.

Decrying the persistence of revenue leakages in the system, Babalola charged the JTB to put in place measures to block the leakages of revenue nationwide as well as ensure improvements in the willingness, accurate declaration of tax liabilities and collection of tax from the populace.

He commended the JTB and FIRS for their efforts in streamlining the tax system and advised them to continue more vigorously to pursue, in line with their available resources and priorities, their mandates of advising on the quality and effectiveness of legislative outcome and on the general functioning and integrity of the tax system.

END