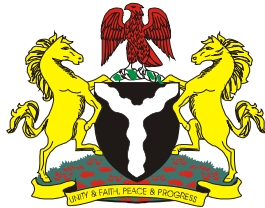


Enugu State Government
The State Board of Internal Revenue



Supported By
State Partnership for Accountability Responsiveness and
Capability

Enugu State IGR Improvement Strategy and
Implementation Plan

(Reviewed and Updated Version)

December, 2014

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Abbreviations and Acronyms

AutoReg	Vehicle Automated Registration System
EnSG	Enugu State Government
ESBIR	Enugu State Board of Internal Revenue
e-TCC	Electronic Tax Administration System
ExCo	Executive Council
FAAC	Federation Accounts Allocation Committee
FRSC	Federal Road Safety Commission
IFMIS	Integrated Financial Management Information System
ICT	Information and Communications Technology
IGR	Internally Generated Revenue
ITAS	Integrated Tax Administration System
JTB	Joint Tax Board
LFN	Laws of the Federation of Nigeria
LSIRS	Lagos State Internal Revenue Service
MDA	Ministry Department and Agency
NDL	National Drivers License
PAYE	Pay-As -You-Earn
PFM	Public Financial Management
PITA	Personal Income Tax Act
SHoA	State House of Assembly
SMART	Specific Measurable Achievable Time-bound
SPARC	State Partnership for Accountability, Responsiveness and Capability
TCC	Tax Clearance Certificate
TIN	Taxpayer Identification Number
VAT	Value Added Tax

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Executive Summary

Over the years, the Enugu State Government, like many other states in Nigeria - with the exception of Lagos - has consistently relied on the Federation Accounts Allocation Committee (FAAC) revenues - Statutory Allocation and Value Added Tax (VAT) - which account for over 60% of the State's total actual revenue. Internally Generated Revenue (IGR) contributed an annual average of 10% of total actual revenue in the last five years to 2012. Capital receipts accounted for an annual average of about 30% of total revenue during the same period.

The steps so far taken by the present government to address the need for automation of motor vehicle licensing (AutoReg), number plate sales, national drivers' license, the collection process (Pay-Direct platform) and Back Duty Audit have impacted positively on the State's (IGR) performance in the last two years. However, there is still scope for improvement in the entire revenue administration framework of the State going forward.

Enugu State, in partnership with the State Partnership for Accountability, Responsiveness and Capability (SPARC) Programme, constituted the State's nine-member Technical Committee on IGR Strategy in April 2013. The Committee's mandate was to develop an IGR improvement strategy for the State with emphasis on how the State can boost its capacity to collect more tax and non-tax revenue on a sustainable basis. The mandate was later modified and expanded in October 2013 to ensure the development of a comprehensive and SMART (Specific, Measurable, Affordable, Realistic and Time-bound) IGR improvement strategy for the State.

To enable the government to further achieve the above mandate, a sensitization workshop on the development of an IGR improvement strategy for the State was held on Monday, 14 October, 2013 at Oakland Events Center Enugu. Over 80 revenue officers drawn from the Enugu State Board of Internal Revenue (ESBIR) and other non-tax revenue-collecting ministries, departments and agencies attended the workshop. The main activities at the workshop were the presentation by the Executive Chairman of the ESBIR titled 'the State's Internally Generated Revenue improvement efforts-the Journey so far' and another presentation of a framework for the development of an IGR strategy by an international consultant on IGR contracted by the SPARC Programme. In both presentations, the contributions of participants and previous data collected, provided the materials that informed the development of this strategy paper which is now being reviewed.

As part of the IGR implementation plan, the four Operational Planning Committees, namely the Information and Communications Technology Systems Committee, the Human Resources Committee, the Taxpayer Public Education Committee and the Taxpayer Compliance Committee were constituted in August, 2014. These Committees were mandated to drive the implementation of the IGR strategy by developing their Operational Plans with the support of the SPARC Programme

In the current assignment, consultants contracted by the SPARC Programme worked closely with the Chairman, Enugu State Board of Internal Revenue and his Heads of Departments on Tuesday 27 October, 2014 to review, update and integrate the State's IGR Improvement Strategy and Implementation Plan with the Tax Payer Identification Number (TIN) system of the Joint Tax Board (JTB). The consultants also supported the four Technical Committees on Wednesday 28 October 2014 to update their Operational Plans and evaluate progress on implementation. The Chairman at the 27 October meeting, among other things, confirmed that the IGR Strategy and Implementation Plan had been accepted and ratified by the State and gave his full permission for the SPARC Programme to carry on with the implementation support as planned.

The consultants also facilitated a one-day workshop on Thursday, 30 October 2014 for members of the four Operational Committees to finalize and integrate their Operational Plans into the IGR Strategy and Implementation Plan, and provided technical advice and support to assigning roles and responsibilities and setting targets.

Section 1: Introduction and Background

Over the years, the Enugu State Government (EnSG), like many other states in Nigeria - with the exception of Lagos - has consistently relied on revenues from the Federation Accounts Allocation Committee (FAAC), namely Statutory Allocation and VAT which account for over 60% of the State's total actual revenue. IGR contributed an annual average of 10% of total actual revenue in the last five years to 2012. Capital receipts accounted for an annual average of about 30% of total revenue during the same period. The State's poor IGR performance has become a major obstacle to the development agenda of successive administrations in the State, having greatly constrained the annual budget size.

Previous Public Financial Management (PFM) study reports which tend to corroborate the above assertion include the 2011 Public Expenditure Financial Accountability (PEFA) Self-Assessment Report and more recently the pilot scale study of the TIN project implementation plan written by the SPARC Programme. These reports, among other things, identified lack of financial and administrative autonomy for the Enugu State Board of Internal Revenue (ESBIR), poor taxpayer database, lack of automation of the database and functional processes, weak personnel structure in terms of skills and remuneration and inadequate logistics as major factors that presently limit the performance of the ESBIR.

Another limiting factor is the 'Collect and Spend' practice by non-tax revenue-collecting ministries, departments and agencies (MDAs) which is due for review in order to plug possible leakages. The steps so far taken by the present government to address the need for automation of motor vehicle licensing (AutoReg), number plate sales, national drivers licenses, the collection process (Pay-Direct platform) and Back Duty Audit have impacted positively on the State's IGR performance in the last two years. However, there is still scope for improvement in the entire revenue administration framework of the State going forward.

The State in partnership with SPARC constituted the State's nine-member Technical Committee on IGR Improvement Strategy in April 2013. The mandate of the Committees was to develop an IGR Improvement Strategy for the State with emphasis on how the State can implement the TIN on a pilot scale based on a focused taxpayer group with a view to subsequently replicating the experience across the various tax payer groups in the State. This mandate was later modified and expanded in October 2013 to ensure the development of a comprehensive and SMART (Specific, Measurable, Affordable, Realistic and Time-bound) IGR Improvement Strategy for the State.

To enable the government achieve the above objective, a sensitization workshop on the development of an IGR Improvement Strategy for the State was held on Monday, 14 October, 2013 at Oakland Events Center Enugu. Over 80 revenue officers drawn from the ESBIR and other non-tax revenue-collecting MDAs attended the workshop. The main activities at the workshop were the presentation by the Executive Chairman of the ESBIR titled 'the State's IGR improvement efforts - the journey so far' and another presentation of a framework for the development of an IGR Strategy by SPARC's international IGR consultant. Both presentations, the contributions of participants and previous data collected provided the materials that informed the development of this strategy paper.

1.1 The current framework for revenue administration in Enugu State

The Legal Framework

The legal framework for revenue administration in Enugu State is the Personal Income Tax (Amendment) Act (PITA) No. 20, 2011, Section 87(a) (b) and (c), Laws of the Federation of Nigeria (LFN). The Act empowers all State Boards of Internal Revenue to assess, collect and account for Personal Income Taxes and Penalties from all taxable adults that are resident in the State. According to Section 87:

(a) The Chairman of the State Internal Revenue Service shall be a person experienced in taxation and a member of a relevant recognized professional body, appointed by the State Governor, subject to confirmation by the State House of Assembly (SHoA)

(b) The Directors from within or outside the State Service, and

(c) Three other persons appointed by the State Governor on their personal merit, each representing a Senatorial District.

At the time of preparing this Strategy Paper, only the Chairman of the ESBIR has been appointed. The Directors of the Board are yet to be appointed.

The institutional framework for revenue collection

The institutional framework for revenue administration in Enugu State is made up of the ESBIR and other MDAs. While the ESBIR has the primary responsibility for collecting all tax revenues either directly or in collaboration with independent revenue agents or consultants, the MDAs are responsible for collecting non-tax revenues that arise from the discharge of their primary mandates (the type of goods and services they provide to the public).

The ESBIR has six departments made up of three technical departments (Assessment, Collection and Inspectorate) and three service departments (Administration and Supplies; Finance and Accounts; and the Planning, Research and Statistics).

Functional processes of the ESBIR are:

- Taxpayer Registration (TIN-database as from 2014);
- PAYE Tax Assessment;
- PAYE Tax Remittance;
- Direct Tax Assessment;
- Tax Assessment Interview;
- Tax Audit;
- Vehicle Registration Process;
- Vehicle Licensing Process;
- Vehicle Identification Plate Inventory Management;
- Withholding Tax Assessment;
- Withholding Tax Remittance;
- Capital Gains Tax Assessment;
- Issuance of Tax Payment Receipts; and
- Issuance of Tax Clearance Certificate (TCC).

These processes, with the exception of vehicle-related processes and the Pay-Direct system of collection, are yet to be automated.

Tax revenues collected by the ESBIR

Based on **Taxes and Levies (Approved List for Collection) Act 21 of 1998**, LFN, the Board is expected to assess and collect revenues specified in Table 1 below. The types of tax revenue collected by the ESBIR are grouped under two main headings, namely the Personal Income Tax and the Motor Administration Taxes.

Table 1: Taxes and Levies(Approved List for Collection) Act 21 of 1998

(Taxes and Levies to be collected by state governments)		
S/No.	Description	Responsibility
1	Personal Income Tax	ESBIR
1a	PAYE	ESBIR
1b	Direct Assessment (Self-Assessment)	ESBIR
2	Withholding Tax(Individuals only)	ESBIR
3	Capital Gains Tax(Individuals only)	ESBIR
4	Road Taxes	ESBIR
5	Development Levy(Individuals only)	ESBIR
6	Market Taxes and Levies(In markets where government finances are involved)	ESBIR/Local Governments
7	Stamp duties on instruments executed by individuals.	Ministry of Finance
8	Pools betting, lotteries and gaming and casino taxes.	Ministry of Finance
9	Business Premises	Ministry of Commerce and Industry
10	Naming of street registration fees in the State capital	Capital Territory
11	Right of Occupancy fees	Ministry of Lands
12	Various SHoA enactments	MDAs

Source: Enugu State Board of Internal Revenue

Non-tax revenue collected by MDAs

The non-tax revenues collected by MDAs are either specific to, or related to the public goods or services provided by the MDA concerned. Examples include the Ministry of Lands which collects land registration fee, survey fee ; contractors registration fee that is common to all MDAs; property and land use charge and pools betting license and liquor license fees collected by the Ministry of Finance; poultry, veterinary health certificate, palm oil produce inspection fee, palm kernel produce inspection fees collected by the Ministry of Agriculture, fees for registration of private clinics, collected by Ministry of Health; earnings from roadworthiness certificate and sale of emblems by Ministry of Transport and so on. A total of 42 MDAs collected non-tax revenues for the State as at October, 2013. The List of all non-tax revenues collected by MDAs is available at the BIR-Office of the Director of Assessment.

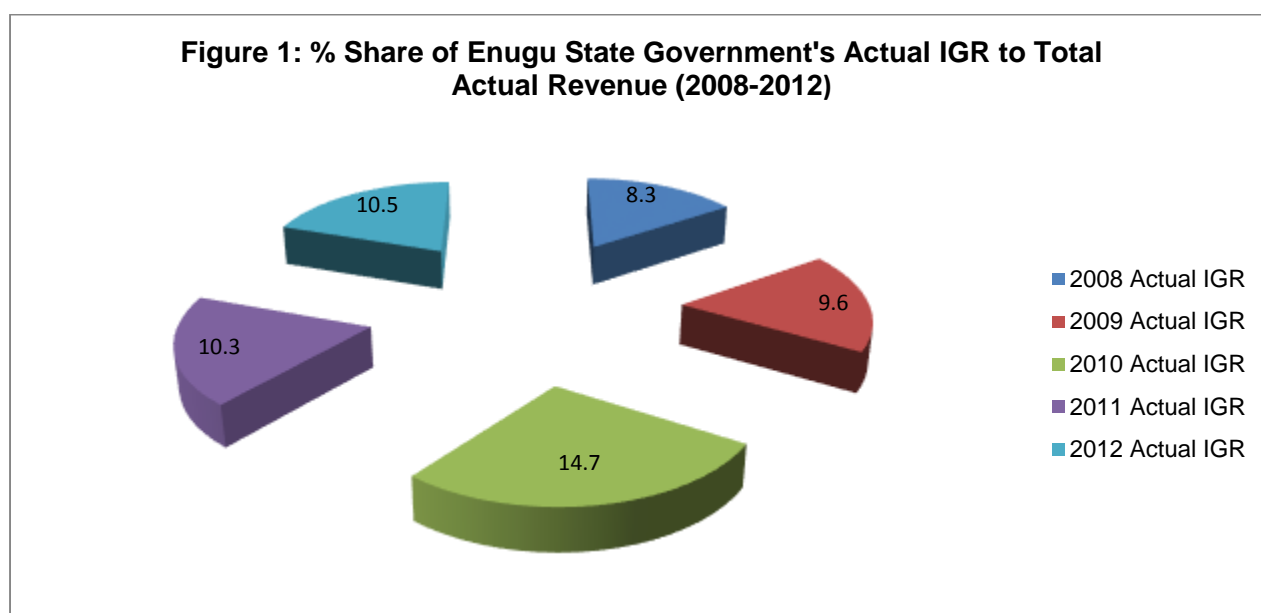
1.2 Enugu State IGR Performance Analysis, 2009-2012

Over the years, EnSG has consistently relied on Federation Accounts FAAC revenue sources, namely Statutory Allocation and VAT which account for over 60% of the State's total actual revenue. On the other hand, IGR presently contributed an annual average of 10% of total actual revenue in the last five years to 2012. Capital receipts accounted for the balance of 30%.The State's poor perennial IGR performance has become a major obstacle to the development agenda of successive administrations in the State. This has greatly constrained the annual budget size and implementation capacity of the government. Please see Table 2 and Figure 1 below.

Table2: Enugu State 2009-2012 revenue performance trend in billion Naira

	2009			2010			2011		
	Budget	Actual	%	Budget	Actual	%	Budget	Actual	%
Description	N'Billion	N'Billion	Perform.	N'Billion	N'Billion	Perform.	N'Billion	N'Billion	Perfo
Statutory Allocation	30.5	25.0	82	33.5	27.9	83	43.6	44.5	102
VAT	4.5	5.0	110	4.5	5.9	130	6.9	6.8	99
IGR	8.3	4.7	57	6.6	9.3	141	7.3	9.9	136
Capital Receipts	29.0	14.3	49	33.8	20.4	60	37.6	35.1	93
Total Revenue	72.3	48.9	68	78.3	63.5	81	95.3	96.3	101
% Share of IGR to Total Revenue	11.5	9.6		8.5	14.7		7.6	10.3	

Source: Enugu State 2008 to 2010 Audited Accounts, 2011 Unaudited Account.



1.3 Recent IGR Improvement Efforts by ESBIR

To further enhance the yield on the JTB approved revenue heads available to State Governments in Nigeria, including Enugu State, the ESBIR has undertaken some technology-driven reforms which have had positive impact on its IGR performance from 2008 to date. This was achieved through Public Private Partnerships, (AutoReg for instance) and through partnership with the Federal Road Safety Commission (FRSC), in the area of new motor vehicle number plate and the automated National Driver's License (NDL) as explained below:

- **AutoReg;**
 - Eliminates forgery/fake vehicle license
 - Eliminates touts
 - Ensures accountability;
 - Introduction of AutoInsure and AutoInspector (new revenue streams for the State)

- Increased revenue from N1.2 million in January to August 2008 to N33.2 million from September to December 2008 when AutoReg started and N115.2 million in 2009, N133.2 million in 2010, N165.8 million in 2011, N172.1 million in 2012 and N170 million as at September 2013. (the non-availability of number plates affected 2012 and 2013 collections)
- **Motor Vehicle Number Plate r Sales;**
 - Stock is updated in the system on receipt
 - Draw down as sales are made at approved price
 - Buyer is updated in the system immediately
 - Proof of ownership must be printed
 - Non-availability of stock affects sales
 - Old issued plates to be replaced by June 2014
- **NDL in partnership with the FRSC;**
 - Fully automated
 - Splits NDL payment immediately into FRSC and ESBIR
 - A one-stop shop now implemented and copied by FRSC and 36 States
 - Driver's License issued compared to FRSC meter to agree with payments to the number of NDL issued
 - All old Driver's License to be changed to new one by June, 2014

Please see **Annex 1:** List of revenue collected by ESBIR.

Section 2: Challenges that limit IGR performance in Enugu State

IGR has contributed an annual average of 10% of the State's total actual revenue in the last five years to 2012. The very low IGR share of Total Revenue when compared with Statutory Allocation and VAT as presented in Table 2 above is not unconnected with the challenges that confront both the ESBIR and the other MDAs which are responsible for the collection of non-tax revenues. These challenges are set out in the subsections that follow.

2.1 The legal mandate challenge

The legal mandate for the collection of IGR (tax and non-tax revenue) in Enugu State rests with the ESBIR and not with the non-tax revenue-collecting MDAs, according to PITA (Amendment), No.20, 2011, Section 87(a), (b) and (c). For this reason the ESBIR is different from the other MDAs of the government due to the administrative autonomy conferred on it by law. The legal mandate underpins Information and Communications Technology (ICT) system and functional processes, staffing/human resources management and taxpayer public education.

2.2 The funding challenge

The government should allow the ESBIR to exercise semi-financial autonomy by using a percentage of its annual collection (not less than 5% to fund monthly cost of collection) in line with Section 88(b) of PITA (Amendment), 2011. This is the norm in most modern tax administrations - the world over - that have made significant progress in IGR collections in the last seven years. In this regard (and within Nigeria), the Lagos State Internal Revenue Service (LSIRS) example of semi-financial autonomy is worthy of emulation. To this end, legislation on this by the Enugu State House of Assembly is essential.

2.3 The staffing and human resource challenge

Due to lack of its own operating fund, coupled with lack of semi-administrative autonomy that will enable it recruit its own professional staff, the ESBIR has continued to work with a workforce that is poorly motivated and which lacks computer knowledge and business orientation to work.

In view of the new strategic direction of the ESBIR, which will involve the automation of revenue generating activities like registration, assessment, debt collection and audit, there is a requirement to modernize the organization/personnel structure of the ESBIR to meet the needs of the new IGR strategy. Automation should not drive the functional processes of the IGR strategy rather, the organization/personnel structure and functional processes should underpin and drive the automation.

2.4 The automation and ICT challenge

The revenue assessment and collection processes of the ESBIR are carried out manually which leaves wide room for error and leakages from the system. These processes should be automated and the staff trained on the use of Microsoft Office tools, especially Microsoft - Excel and Microsoft -Word.

The present situation calls for the implementation of an integrated taxpayer database (also known as an Integrated Taxpayer Administration System). The taxpayer database should be an instrument to register, record, collect revenue, make assessments and provide data for debt management and audit. The database should also reduce the necessity for paper transactions, increase transparency and reduce corruption. The taxpayer database should also feed or inform management information systems.

The TIN system is the foundation for the development of an accurate taxpayer data base because, if correctly implemented, it will maintain the names of all persons and entities who deal with government. The system being supported by the JTB is a national project which has been agreed by all States and

provides for a consistent approach across all States and in the long term will be more accurate and secure. Please see Section 104 (i) b of PITA (Amendment), Act 20, 2011.

2.5 The administrative framework challenge

The present administration's management structure may not be suitable for the proposed IGR reform programme. For instance, the Board at present is a one-man Board which is against the law. The Board and its administrative arms should be constituted and allowed to operate and run the affairs of the ESBIR professionally and in accordance to the provisions of the law.

2.6 The logistics challenge

The ESBIR presently lacks the minimum number (10) of roadworthy operational vehicles it needs at its headquarters and zonal offices for effective revenue drive, enforcement and collection. There is also the need for new furniture, computers and other office equipment at the Head Office and Zonal Offices. To enable the implementation of reforms and recommendation made in this paper, careful budgeting and ultimate provision of the necessary equipment and infrastructure support are essential.

2.7 Non- compliance with the pay-direct system challenge

The activities of agencies that collect and spend "Dedicated Revenue" outside the State's Pay-Direct System have become a major source of revenue leakage in the system that should be checked. These agencies collect and use a large percentage of their total monthly IGR collections, if not all, to fund the public goods and services they provide. The MDAs concerned should be made to comply with the Pay-Direct System by remitting an agreed percentage of their total monthly collections into the State Treasury.

2.8 The enforcement and compliance challenge

There are two main strategies to increase and enhance IGR: increase taxpayer database and improve compliance. These two strategies involve the compliance of the taxpayer, firstly by registering for a TIN and secondly by paying the correct tax at the right time.

To enable the effective implementation of a taxpayer database and an accurate and secure TIN registration, there must be an extensive public education programme in Enugu State. The challenge for the ESBIR is that the public needs to be made aware of their civic responsibilities, and ESBIR should undertake a campaign which encourages attitudinal change to taxation and assists in the provision of a transparent revenue collection agency which will then lead to enhanced revenue collection.

Many challenges can be documented to explain why people do not like to pay taxes. Some of these challenges can be addressed by different strategies to encourage people to register, but taxpayer education is vital to the success of any revenue improvement strategy, including flat rate taxes, simplifying filing of returns, etc.

2.9 The informal sector challenge

Various strategies are being employed currently to encourage taxpayers to register and come into the tax net. However, this current work is not without a limited result. For instance, the ESBIR is currently partnering with leaders of market associations and transport unions in Enugu metropolis with a view to bringing more potential tax payers in the informal sector into the tax net. But the fact remains that the current approach is not yielding the desired result. Therefore, there is the need to try other persuasive techniques, such as, inclusive governance by involving the people in the budget process and in the implementation of capital projects through qualified indigenes of the State. Another

persuasive approach will involve an aggressive publicity campaign of what the government has been doing with public funds, such as, new schools and hospitals, improved road network, water supply etc

More importantly, the government can elicit more taxpayer compliance by implementing the mandatory national TIN registration scheme. When operational, the TIN could be used by MDAs to bring more potential tax payers in the informal sector into the tax net by making it compulsory for parents/guardians to present their TIN before their children/wards can be admitted into public and private schools. Similarly, taxable adults in the State who may require the services of other ministries, such as, Lands and Housing, Motor Vehicle Licensing Authority, etc. should be made to provide their TIN/electronic Tax Clearance Certificate (e-TCC) before they are attended to.

Section 3: Proposed Enugu State IGR Improvement Strategy

3.1 Methodology

The main objective of this paper is to propose a credible and SMART IGR Improvement Strategy for Enugu State which will help to resolve the present challenges that limit IGR collection capacity of the ESBIR and other revenue collecting MDAs, and boost the State's IGR performance going forward. Toward this end, the State in partnership with SPARC constituted the State's nine member Technical Committee on IGR Improvement Strategy in April 2013. The Committee's mandate was to develop an IGR Improvement Strategy for the State with emphasis on how the State can boost its capacity to collect more tax and non-tax revenue on a sustainable basis. The mandate was later modified and expanded in October 2013 to ensure the development of a comprehensive and SMART IGR Improvement Strategy for the State.

To enable the government further achieve the above mandate, a sensitization workshop on the development of an IGR Improvement Strategy for the State was held on Monday, 14 October, 2013 at Oakland Events Center Enugu. Over 80 revenue officers drawn from the ESBIR and other non-tax revenue-collecting MDAs attended the workshop. The main activities at the workshop were the presentation by the Executive Chairman of the ESBIR on titled "the State's IGR improvement efforts - the Journey so far and another presentation of a framework for the development of an IGR Strategy by a SPARC consultant. In both presentations, the contributions of participants and previous data collected provided the materials that informed the development of this strategy paper. Lastly, the SPARC consultants supporting this assignment, also met with the management of ESBIR on 25 November 2013 and agreed the recommendations of the strategy paper and the framework for an indicative implementation plan.

For maximum impact, this above methodology involving the development of a SMART and credible IGR Strategy for the State will be forward looking, with emphasis on how the State can make more money.

The direct PAYE tax and the direct assessment Personal Income Tax which are legislated for in the tax laws allow the greatest strategic scope for the maximization of IGR in two ways, by:

- Increasing the tax payer base i.e. identify tax payers that are not already paying tax, implement new taxes or increase rates; and
- Improving tax payer compliance i.e. audit, penalties, enforce outstanding debts.

To achieve the above, it is important for the tax authorities to be able to identify the State's current and potential taxpayers by location, nature of business and tax type payable via a modern interactive taxpayer database. In an efficient tax system, a taxpayer database which provides functional processes to register taxpayers by tax type, to assess taxpayers and provide data for debt collection, enforcement and audit is essential. In focusing on a taxpayer database, sometimes recognized as an Integrated Tax Administration System (ITAS), which is integrated with a TIN, all other taxes, duties, licenses and any other payments contributing to the revenue collections will be identified for each taxpayer, thus providing a high level of assurance that maximum taxes are collected.

This can only be achieved by an effective means of TIN registration through various methodologies such as street combing, designated centers and liaising with other stakeholders and other government departments that have access to data of individuals in all capacities. The use of data on taxable adults resident in the State already held by other government systems (such as, the Ministry of Lands and Urban Development, Housing Ministry of Commerce and Industry, Ministry of Transport, Motor

Vehicle Licensing Agency/AutoReg, Pay-Direct collection platform together with other methodologies) are the only way to guarantee a maximum registration. Please see figure 2 below: Proposed Enugu State Integrated Taxpayer Database -all platforms talking to each other as indicated by the arrows.

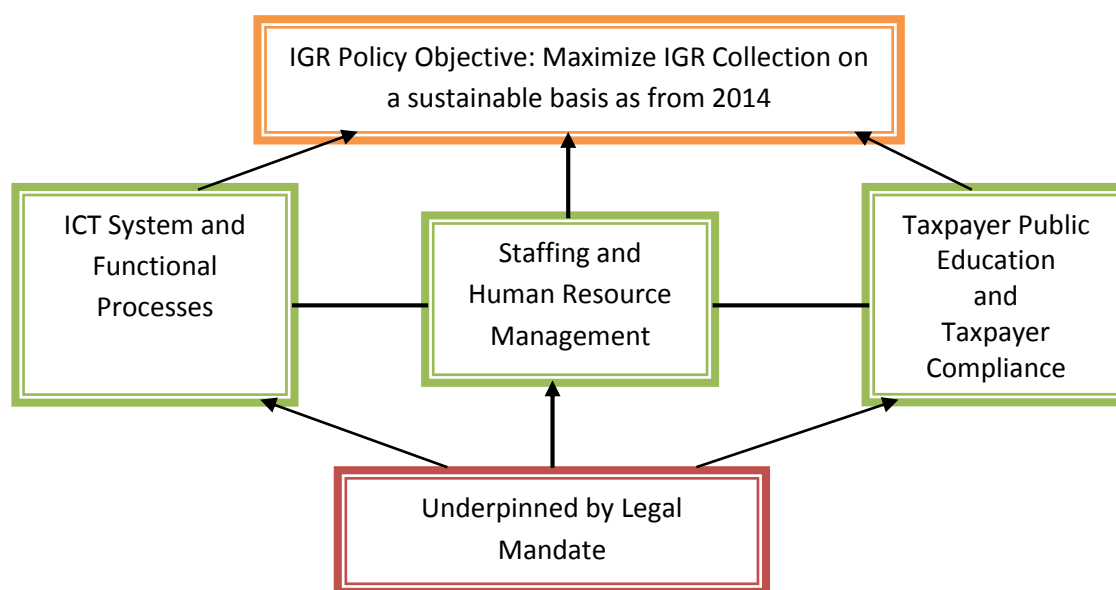
3.2 Framework for IGR strategy development

The framework for the IGR Strategy is linked to four high level themes:

- ICT-system and functional processes;
- Staffing/human resource management;
- Taxpayer and public education; and
- Taxpayer compliance.

The four high-level themes are underpinned by the legal mandate of the ESBIR as prescribed in the PITA, 2011 (As Amended).

Figure 2: Linkage /dependencies of IGR objective and the four strategy themes.

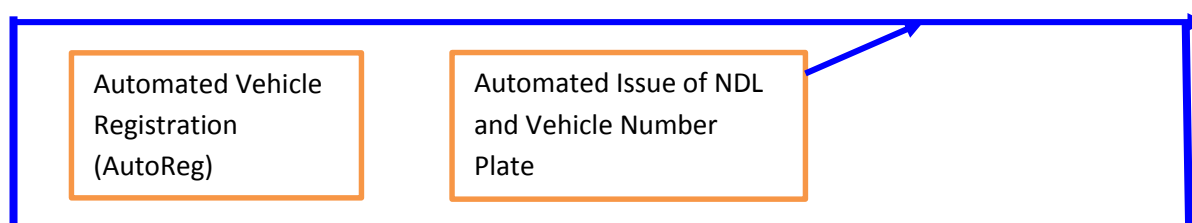


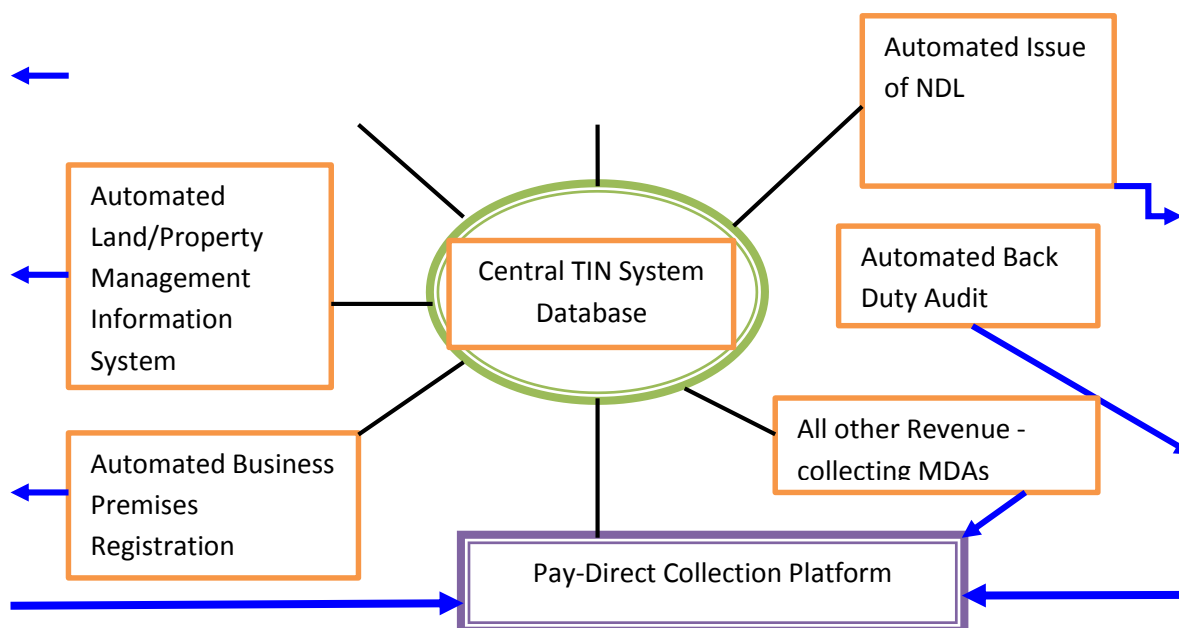
The framework should link the agreed State's IGR policy objective to the above four high level strategy themes as depicted in Figure 2.

ICT System

ICT systems refer to the TIN project computer hard and software, Local Area/Wide Area masts, generator and other sub-systems, such as the AutoReg vehicle license platform, automated allocation, sale and control of vehicle number plate and NDL in partnership with the FRSC, the automated Back Duty Audit System and the Pay-Direct collection platform. These are the components of the proposed Enugu State Integrated Taxpayer Database as depicted in figure 3 below. These components and the software of the Ministry of Lands and Urban Development for tracking owners of land and buildings, the software of the Ministry of Commerce and Industry for tracking owners of business premises will together constitute the proposed Enugu State Integrated Taxpayer Database. Each component-software will be linked to the central TIN Database with an interface, as it becomes available. When fully activated, the various components would be talking to each other (interactive) and mutually accessible.

Figure 3: Proposed Enugu State Integrated Taxpayer Database Diagram





Functional Processes

Functional Processes include taxpayer registration and allocation of a unique national life-time TIN to each taxpayer, taxpayer assessment, and accrual based tax payable debt management and tax audit.

Staffing and Human Resources Management

The new IGR Strategy will involve overhauling the present staffing/human resource structure of the ESBIR, including quality assurance review of the entire organizational/personnel structure, review of recruitment policy and job description which enable ESBIR recruit the right staff at the right time, putting the right people in the right positions, providing the right training at the right time and providing the right remuneration package to attract professional staff. Where the internal capacity to implement these high level changes is lacking then they could be outsourced.

Taxpayer and Public education

Taxpayer public education for enhanced compliance can be achieved through different approaches to include change of attitudes towards paying taxes and motivational methodologies. The approach will involve regular advertising and publicity of the government's achievements in the provision of better educational and health facilities, improved road network, improved power supply, improved housing and environment, improved water supply etc. It will also involve educating the public on the need for them to fulfill their civic responsibility by paying their taxes promptly to enable the government provide more social services and economic infrastructure. However to motivate taxpayers in a different way, every MDA could demand for individual TIN, e-TCC or Pay-Direct e-Payment Receipts from parents or guardians as condition for admitting pupils/students into public and private educational institutions in the State. The same goes for hospital services, land-related services, motor vehicle registration and licensing services.

Taxpayer Compliance

Taxpayer compliance requires that the enforcement department of the ESBIR should have the capacity to ensure that all tax and non-tax IGR due to the government are collected and promptly paid into the Treasury, relying on and using the law to enforce the recovery of outstanding debts and leaving no room for the accumulation of tax liabilities. Compliance is achieved only when taxable persons and corporate entities resident in a particular tax jurisdiction have evidence of registration

which is the TIN, when taxpayers are properly assessed and when the correct amount of tax is paid at the right time.

Legal Mandate

Legal mandate is the main determinant that underpins modern tax administration systems and functional processes, staffing/personnel administration and taxpayer public education. A real (as against paper) legal mandate is key to the success of any IGR Improvement Strategy. The legal mandate for the collection of IGR (tax and non-tax revenue) in Enugu State rests with the ESBIR and not with the non-tax revenue-collecting MDAs. For this reason the ESBIR is different from the other MDAs of government due to the semi-financial and administrative autonomy conferred on it by law. The government should, therefore, allow the ESBIR to actualize this mandate. Please see Sections 87 and 88 of PITA (Amendment), 2011.

The above four high level strategy themes have dependencies and work together to achieve a common policy objective which is to maximize the State's IGR performance. Please see figure 2 above: Linkage /dependencies of IGR objective and the four strategy themes.

In addition to the above, the recent efforts of many tax authorities to register taxpayers electronically must support the work already commenced in the Enugu State tax system in collaboration with the FRSC with respect to the automated NDL and issue of vehicle plate numbers and the JTB which coordinates the national TIN database project.

The TIN embarked upon by all the States and supported by the JTB is in progress in Enugu State. The TIN aims at providing a common platform for registering all entities that are required to pay any tax, fee or other non-tax revenues. It will provide a foundation for an accurate and complete taxpayer database and a good foundation for achieving real time tax collection which is the global focus of all modern tax systems. Please see Annex 2: Overview of the national TIN project. The use of TCC and in some states the e-TCC is a motivating factor for any entity to register. If an entity is required to do any kind of business with government then that entity should be required to hold a legitimate TIN, e-TCC or an e-payment receipt to carry out that business.

To support the two strategies outlined above, there are dependencies within the tax system which require support to allow the goal/ objective to be achieved. Central to the improvement as outlined are the electronic systems necessary to progress to a modern taxation system commencing with the full implementation of TIN and interface with an integrated taxpayer database which can identify taxpayers by location, tax type and nature of business.

The integrated taxpayer data base alone will not address all the issues as this cannot work in isolation of the required procedures which the systems will support. These are embedded in the functional processes required to operate an effective and efficient collection of taxes. The main functional processes in tax administration, as stated earlier are registration, assessment, debt management, enforcement and audit.

Similarly, processes and systems cannot work without people i.e. human resources of the ESBIR and the taxpayers who ultimately pay all the direct taxes and non-tax revenues. Reforms are required in these areas in order to move ahead with strategic direction of IGR. Please see figure 4 below: Enugu State IGR Strategy Diagram. The specific recommendations for each area are shown in Section 4 and these have been elicited from the challenges recognized in Section 2. How these recommendations fit into the overall strategy is described in the following section.

Figure 4: Enugu State IGR Strategy Diagram

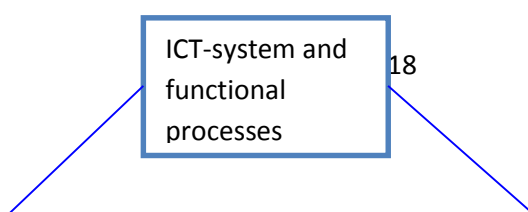




Table 3: 'Quick Wins' recommended by the ESBIR for immediate Implementation in 2013/2014

S/No.	Recommended Activities	Due Date	Responsibility
1(i)	Adopt the template as approved by JTB for IGR reporting	Immediate	Done
1(ii)	Consolidation of all government collections via the payment platform (Pay Direct)	Immediate	Director Finance and Administration of all MDAs-
2	Compliance with the provisions of section 85 of PITA on the presentation of TCC of the individual and returns from his employees to qualify for all Govt. services by all MDAs	Immediate	All Heads of MDAs, Chief Medical Directors of Hospitals, Bursars of Schools
3	Property tax law needed: Consolidate property rate, tenement rate and ground rent. Hotel/Consumption Tax Court injunction vacated	Immediate	Hon. Attorney General, Commissioner for Lands, ESBIR and Chairmen of local governments.
4	The ICT team to be assigned the responsibilities of maintaining/improving all automations, current and future	On-going	State Project Administrator-ICT
5	Review charges/fees and penalties in line with current economic realities and realignment of revenue heads to appropriate MDAs	Immediate	Executive Council (ExCo)
6	introduction of 1% infrastructural levy on all contracts/encourage awarding contract to non-limited liability companies in particular millennium development goal projects	Immediate	Commissioner for Finance and ExCo
7a	Payment of 50% i.e. N44 million to JTB TIN and Database project.	Immediate	Commissioner for Finance

7b	Discussions with JTB's Consultants for the provision of IGR Software application, in line with JTB's advice of saving cost	Immediate	ESBIR, Accountant General, Head of ICT Team
8	Any underpayment by MDA in particular the Local Government Councils to be recovered by the Accountant General	On-going	Accountant General
9	Sponsorship toward revenue drive from state government beneficiaries – Banks	On-going	Accountant General and Commissioner For Finance
10	Establishment of composite offices with all necessary tools/capacity for assessment , collection and accountability of revenue for MDAs e.g. Water Board, ESBIR, Commerce, Enugu State Waste Management Authority, Lands etc.	Immediate	ExCo
11	Representative of ESBIR in various revenue bias committees	Immediate	ExCo
12	Monthly review of IGR Performance at EXCO	Second week of every month.	Commissioner for Finance/Commissioner. For Budget and Planning
13	Quarterly meeting on IGR headed by His Excellency, the Governor/designate	Quarterly	His Excellency or Designate

Section 4: Recommendations for discussion and moving forward to agreed recommendations

Table 4 below sets out the initial issues and recommendations that emerged from the discussions held with state partners at various meetings and during the IGR Strategy sensitization workshop held on 14 October, 2014. These recommendations have been discussed and agreed.

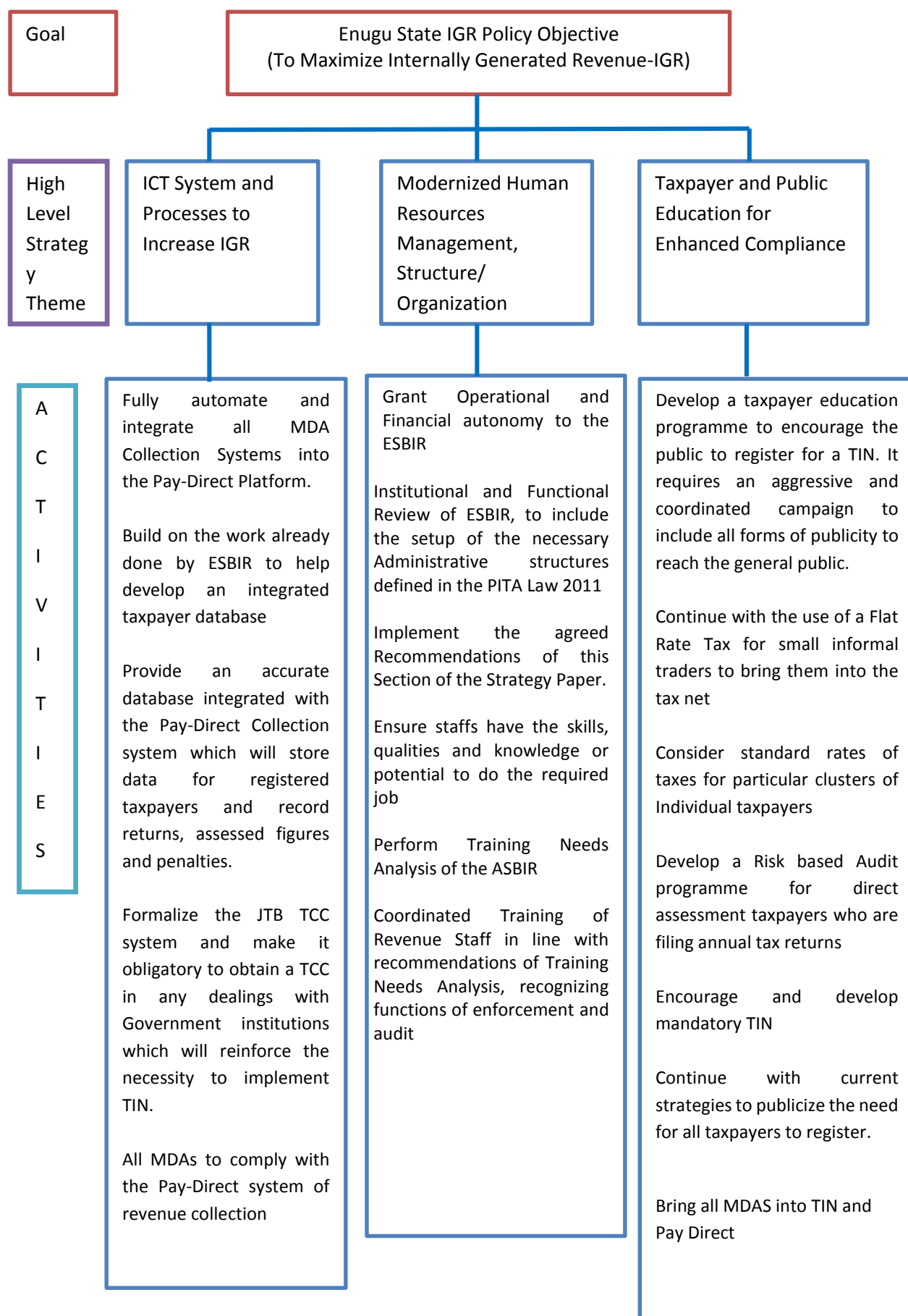
Table 4: Recommendations

Key Challenge as Numbered in Section 2.	Implications	Recommendations To be discussed	Implications of recommendations
2.1: Lack of Real Administrative Autonomy	ESBIR could be restricted in the reform programme	Enable ESBIR to actualize its administrative autonomy as provided for in the PITA (As Amended), 2011.	If recommendation is not activated then the ability to move forward on reform programme will be restricted
2.2: Funding	Lack of funding inhibits all major areas of development in ESBIR.	The government should activate the Operating Fund (not less than 5% of prior year's collection) of the ESBIR already established by law. Alternatively, the State's budget, including cost of collections, should be given priority attention by ExCo and the SHoA and approved promptly	Development plans must be established on a periodic and realistic basis to allow for budget costs to be accurate. Possibility of outsourcing the development of JTB-TIN database or involving donor agencies if budget implications are planned and prepared for in advance
2.3 Staffing/Human Resources	Structure and organization not designed to meet the needs of advanced and modern technology development Staff unable to manage or use data produced by the new technology. Technical skills for revenue collection	A full review of staff complement together with grade structures required. Job descriptions qualifications, pay and grading, etc. Ensure staff have the skills, qualities and knowledge or potential to do the required job	Human resource departmental reform: To include job descriptions for all grades especially technical posts Database required for all staff needs Training needs analysis for all staff (management and technical staff) to

Key Challenge as Numbered in Section 2.	Implications	Recommendations To be discussed	Implications of recommendations
	<p>and inspection staff not present</p> <p>Unqualified staff in technical posts</p> <p>Wrong staff in post</p>	<p>Training needs analysis required for all staff in technical departments.</p> <p>Further training may be required in "Change Management"</p> <p>Tax administration training to include Tax law, enforcement and audit</p>	<p>include "change management"</p> <p>A review of staffing requirements within the revenue collection role in all MDAs will be required.</p>
2.5 Administrative Framework	Administration management structure may not be suitable for reform programme	Establish the critical administrative structures provided for in the law i.e. constitute the Board and its operational arms, including the Technical Committee, The Local Government Joint Revenue Committee, The Body of Appeal Commissioners.	A project team is required to outline and plan IGR reform programme and to build in, plan and monitor the implementation of agreed recommendations.
2.4 Systems and Processes	<p>An excellent working collection system (Pay Direct) is in place; however it is not used by all MDAS. Integration of systems required</p> <p>No integrated accurate database for all taxpayers whatever tax type- therefore an opportunity to increase taxpayer base and increase transparency</p>	<p>To fully automate and integrate all MDA collection systems into the Pay-Direct platform.</p> <p>The State Government should show commitment to the TIN Project by paying either partly or fully for the cost of the TIN ICT Infrastructure and necessary training. The payment is vital to the success of the proposed IGR Strategy.</p>	<p>Budget for hardware, software and training.</p> <p>Taxpayer and public education essential</p> <p>Increased motivation for taxpayer to register, therefore widening taxpayer base and increasing IGR collection.</p> <p>Widens the necessity of TIN and assists in minimizing non-compliance.</p>

Key Challenge as Numbered in Section 2.	Implications	Recommendations To be discussed	Implications of recommendations
	No integrated database available to assist in registration, returns processing audit and enforcement and audit	<p>To provide an accurate database integrated with the collection system which will store data for registered taxpayers and record returns, assessed figures and penalties.</p> <p>To formalize the TIN and e-TCC system and make it obligatory to obtain a TIN/e-TCC in any dealings with government institutions which will reinforce the necessity to implement TIN.</p>	This is aligned to the need for job description, staffing, structural and organizational review of the ESBIR as explained in 2.3 above.
2.8 Enforcement and Compliance	There is no taxpayer education unit or department in the ESBIR. Lack of responsibility for taxpayer education can limit the success of any IGR Strategy.	The ESBIR should establish a publicity unit or department with responsibility for sustained and extensive taxpayer public education programme. The public need to be made aware of their civic responsibilities, through multi-media campaigns that encourage change of attitudes to taxation. This can be achieved through the carrot and the stick approach in both the formal and the informal sectors, as explained in Sections 2.8 and 2.9 under Challenges.	

Figure 5: High Level IGR Strategy Theme Activities



Section 5: Updated Enugu State IGR Strategy Implementation Plan

The purpose of the updated IGR Strategy Implementation Plan is to guide ESBIR in developing a detailed implementation plan which will take the IGR Strategy forward to a modernization programme. The updated plan has been completed using the specific recommendations agreed and documented in the IGR Strategy as accepted by the State. These recommendations were agreed and documented through a series of meetings and workshops held with key government officials with responsibility for IGR administration. Please see the updated implementation plan in Table 5 below.

Table 5: Updated Enugu State IGR Strategy Implementation Plan

Main Drivers	Activities	Measurable Indicator(s)	Timeline	Budget year	Source of Fund	Responsibility	Challenges	Success Indicators/ Current Status
Human Resources	Set up technical committee to meet once a month for two years. The technical committee set up may be a reaffirmation of the current technical committee with additional mandate to manage the IGR Implementation Plan.	Technical Committee in place Monthly meetings and mandate instigated	January 2014	2014	ESBIR	Chairman BIR/IGR Technical Committee.		Achieved. Technical committee in place and active. Human Resource Committee in place and working.
	Set up Operational (project) Committee -each member to represent each driver, plus two members of the high level Technical Committee (six)	Operational Teams (six in number) in place Weekly meetings and mandate instigated	April to June 2014	2014	ESBIR	Chairman BIR/IGR Technical Committee		Committees constituted and functional. Action plans in place and being implemented.

	<p>Grant operational and financial autonomy to the ESBIR</p> <p>appoint the Board as per Section 87 of PITA Law to include requisite operational autonomy</p> <p>Enact Section 88 of PITA Law to allow for Financial Autonomy</p>	Control over budgets in place and operational autonomy through instigation of Board members	December 2015		ESBIR	Chairman ESBIR, Commissioner for Finance, Attorney General, ExCo	Lack of effective advocacy for autonomy of the ESBIR as prescribed by Sections 87 and 88 of the Law.	<p>No action yet.</p> <p>No Action yet.</p>
	<p>Complete and agree recommendations of the Institutional and Functional Review of Enugu State revenue administration structure.</p> <p>Consider short term measures until review complete as follows:</p> <p>Creating three new departments Motor Vehicle, Capital Gains Tax and Taxpayer Education.</p>	Report of administrative structures in place	December 2015		ESBIR	Chairman BIR/SPARC	Lack of administrative and financial autonomy.	<p>Work in progress by ESBIR and Office of Head of Service.</p> <p>On-going.</p> <p>Action yet to be taken.</p>
	Implement all the recommendations of the administrative structure	Recommendations in place	December 2015		ESBIR	Chairman BIR/SPARC Public Service	Lack of administrative	No action yet.

	proposed by the JTB for 36 States and the Federal Capital Territory Boards of Internal Revenue BIR. Right people in right jobs					Management (PSM) workstream	and financial autonomy.	On-going.
	Review structure of zonal offices to allow for more opportunities and responsibilities in offices.	Responsibility delegated to Zonal Offices	December 2015		ESBIR	Chairman ESBIR/Head of Service/SPARC-PSM	Lack of administrative and financial autonomy.	No action yet.
	Within overall review reassess promotion criteria and system	Fair system	December 2015		ESBIR	Chairman BIR/Head of Service	Lack of administrative and financial autonomy.	No action Yet.
	Ensure staff have the skills, qualities and knowledge or potential to do the required job including a review of the ESBIR salary structure, to make salaries commensurate to skills required	Job description, qualifications and salary structure implemented	December 2015		ESBIR	Chairman ESBIR/Head of Service/SPARC-PSM workstream	Lack of administrative and financial autonomy.	No action Yet.
	Perform Training Needs Analysis of the ESBIR and revenue collecting units of MDAs.	Training Needs Analysis in place	December 2015		ESBIR	Chairman BIR/Head of Service	Lack of administrative and financial autonomy.	No action yet.

	Prioritize technical operational areas in the training programme.							
	Set up training department to co-ordinate operational training.	Training department in place	December 2015		ESBIR	Chairman BIR/Head of Service	Training school is moribund. Lack of administrative and financial autonomy.	Training school yet to be reactivated.
	Coordinated Training of Revenue Staff in line with recommendations of Training Needs Analysis	Training needs fulfilled	December 2015		ESBIR	Chairman BIR/Head of Service	Lack of administrative and financial autonomy.	Yet to commence.
ICT- Systems and Processes	The ICT Director or equivalent who will be appointed as a member of the operational committee will form a project team within ICT to carry forward the recommendations	Project team in place	January 2014	2014	ESBIR	Chairman BIR/IGR Technical Committee		ICT-Systems Committee in place.
	Recruit suitable IT staff to take on new automation. Train staff in the Implementation of software supplied through the JTB/TIN initiative		July 2014	2014	ESBIR	Chairman BIR/Head of Department/ JTB.		Staff recruited Selected staff trained

	Work with JTB to set up, install and commence operations on TIN system Train staff accordingly.		September 2014	2014	BIR	Chairman BIR/JTB	Poor work environment – no air conditioning, no fan, TIN generator not functional.	TIN-system installed, staff trained and 4,000 taxpayers registered. The State's total counterpart fund of N88 million paid to the JTB.
	Develop strategy to migrate system to a central taxpayer data base		June 2015	2015			Lack of funds to acquire Integrated Financial Management Information System and implement Local Area Network.	
	Complete the automation of MDA collection systems and eradicate cash/cheque payments made to MDAs.	All MDA collection systems integrated into Pay Direct platform	December 2014		ESBIR	Chairman BIR/MDAs/Banks	Lack of Funds to implement Wide Area Network Lack of taxpayer	Work with banks is in progress to introduce a Point of Sale scheme for all small tax

							education at MDAs and zonal tax offices.	payments in informal sector and MDAs.
	Formalize the TCC system and make it obligatory to provide a TCC or tax payment receipt in any dealings with state government and local governments. ESBIR to issue circular to all MDAs to comply or face sanction.	Increased number of taxpayers	June 2015		ESBIR	BIR/Commissioners/Permanent Secretaries of MDAs.	Poor taxpayer education.	Yet to commence.
	Operationalize TIN to give motivation for registration.	Increase number of taxpayers	December 2014		ESBIR	ESBIR /JTB		On-going.
	Work to secure adequate equipment and necessary infrastructure to support TIN operations at the zonal tax offices-i.e. provide more mobile kits for off-line TIN registration.	Increase number of taxpayers	March 2015	2015	ESBIR partner Pay Direct Banks and donor agencies.	Chairman, ESBIR	Poor work environment i.e. lack of air conditioning, fans, inadequate office furniture and office space.	On-going.
	Work with other MDAs to register taxpayers including issuing forms and biometric capture and issuance of TIN card	Increase number of taxpayers	Annually	ESBIR Budget	Chairman, ESBIR	Chairman, BIR/Commissioners and Permanent	Equipment failure due to poor work environment	On-going

						Secretaries of MDAs.	as explained above.	
	Develop an accurate database integrated with the Pay-Direct Collection system which will store data for registered taxpayers and record returns, assessed figures and penalties. Based on strategy adopted.	In-house Integrated Financial Management Information System-Taxpayer Database and Pay Direct System integrated.	December 2015	ESBIR Budget /donor support.	ESBIR/donor agencies/ SPARC	Chairman, ESBIR	Inadequate funding.	Yet to commence.
Tax Payer and Public Education. Public Relations Officer	The Taxpayer Education Director or equivalent who will be appointed as a member of the operational committee will form a project team within Taxpayer Education Department to carry forward the recommendations below	Project team in place	January 2014	ESBIR Budget	Chairman ESBIR/director taxpayer education.	ESBIR		Done. Taxpayer Education Committee in place and working.
	Develop a taxpayer education programme to encourage the public to register for a TIN. It requires an aggressive and coordinated campaign to include all forms of publicity to reach the general public.	Education programme in place	March, 2014	ESBIR Budget	Chairman ESBIR/Director Taxpayer Education.	ESBIR	Lack of funds. The server room and ICT office lack air conditioners.	On-going

	<p>Taxpayer education programme to include:</p> <p>Jingles on electronic media and in print</p> <p>Billboards in 17 local government areas and three in Enugu metropolis</p> <p>Publication of tax news items</p>	<p>Number of radio/TV-advert slots per month/quarter.</p> <p>Number of billboards erected in Enugu and in each local government area</p>	December, 2014	ESBIR Budget	Chairman ESBIR/ Director Taxpayer Education.	ESBIR	Lack of funds	On-going
	Encourage and develop mandatory TIN for all taxpayers who use government services (MDAs) and continue with current strategies to publicize the need for all taxpayers to register.	Increased number of taxpayers	December, 2014	ESBIR/ MDAs Budgets	Chairman ESBIR/Director Taxpayer Education.	ESBIR/JTB	Lack of MDAs sensitization circulars from ESBIR.	
	Sensitize all ESBIR staff on the use of ICT in conjunction with the ICT department.	Staff in ESBIR know latest developments	March, 2015	ESBIR Budget	Chairman ESBIR/ Director Taxpayer Education.	ESBIR	Resistance to change	On-going sensitization for staff to keep them up to date
	Acquire high capacity mobile address systems mounted on suitable vehicles.	Acquisition and use	March, 2015	ESBIR Budget	Chairman ESBIR/ Director Taxpayer Education.		Lack of administrative and financial autonomy.	Vehicles yet to be purchased.

	Sensitization programmes for all stakeholders on TIN.	Increased public awareness of the need to register for TIN	Annually	ESBIR Budget	Chairman ESBIR/ Director Taxpayer Education.	Chairman, ESBIR/Head, Taxpayer Education Department		On-going.
	Seminars and workshops to sector groups and special sector organizations	Education	Annual budget	ESBIR Budget	Chairman ESBIR/ Director Taxpayer Education.			On-going.

Section 6: Support to Operational Planning Committees

In early 2014, the ESBIR reaffirmed the existing State IGR Technical Committee which reports to the Chairman, ESBIR. The four Operational Planning Committees, namely the ICT Systems Committee, the Human Resources Committee, the Taxpayer Public Education Committee and the Taxpayer Compliance Committee were constituted in August, 2014.

The Committees were mandated to drive the IGR Strategy implementation process by developing and implementing their Operational Plans with the support of SPARC. The Operational Committees are expected to drive the plan implementation process and report monthly/quarterly implementation progress to the Chairman of the Technical Committee on ICT-Systems (Director of Assessment).

The consultants worked closely with the Chairman, ESBIR and Heads of the four Operational Committees on Tuesday 27 October, 2014 to review, update and integrate the State's IGR Improvement Strategy/ Implementation Plan with the TIN system of the JTB as well as supported the four Operational Planning Committees on Wednesday 28 October 2014 to update their Operational Plans and evaluate progress on implementation. The Chairman at the 27 October meeting, among other things, confirmed that the IGR Strategy and Implementation Plan had been accepted/ ratified by the State and gave his full permission for SPARC to carry on with the implementation support as planned. Please see Annex 5: Brief Notes of meeting between SPARC consultants and ESBIR held on 27 October 2014.

A workshop was held on Thursday, 30 October 2014 for members of the four Operational Planning Committees to finalize and integrate their Operational Plans into the IGR Strategy and Implementation Plan. Technical advice and support on assigning roles and responsibilities and setting targets was also provided to the Committee members. A communiqué was issued at the end of the workshop which summarized the Committees' additional IGR improvement solutions as culled from the Updated Enugu State IGR Strategy and Implementation Plan (Section 5, Table 5) for consideration, approval and implementation by the government. Please see Annex 8 for the communiqué.

Section 7: Next Steps

- The Chairman of each Operational Planning Committee is expected to monitor the implementation of the agreed activities in the State's Updated IGR Strategy and Implementation Plan and send monthly progress report to the Chairman of ESBIR.
- The Chairman of each Operational Planning Committee is also expected to send monthly report to the Chairman of ESBIR on progress towards implementing the decisions contained in the communiqué.

Annex 1: List of IGR collected by ESBIR

S/No	IGR Type
1	P.A.Y.E Current and Arrears
2	P.A.Y.E Arrears
3	P.A.Y.E (AV)
4	Direct Assessment Task
5	Rural Task
6	Penalties Tax
7	Withholding Tax
8	Mortuary Levi
9	Education Development Levi
10	Capital Gains Tax
11	Appeal Tax
12	Infrastructure Development Levi
13	I.D of Motor Vehicle
14	Motor vehicle licenses
15	Motor drivers licenses
16	Road Traffic Exams

Annex 2: Overview of the National TIN Project

Preamble

The Taxpayer Identification Number (TIN) is a strategic initiative of the Joint Tax Board and it is basically an electronic system of tax registration which would be unique to an identified taxpayer for life and would be available nationwide. The harmonized national TIN project is being implemented in partnership with all the Boards of Internal Revenue of the 36 states of the country with the Joint Tax Board (JTB) as the coordinating Agency. The project will be used as a platform to harmonize and ensure uniformity in the identification and registration of all taxpayers in the country. The platform will serve as a national database for all taxable adults in the country.

TIN-Project-Background

Section 86 (9)(d) of the Personal Income Tax Act, Cap P8, LFN 2007 and Section 8 (q) of the Federal Inland Revenue Service (FIRS) Establishment Act, 2007 provides for FIRS and States' Board of Internal Revenue (SBIR) to collaborate in the issuance and administration of Taxpayer Identification Number (TIN) to all taxable persons (individuals and corporate). These provisions were given effect by the inauguration of the National TIN Implementation / Steering Committee in July 2008 with the FIRS, States BIR and other key stakeholders as members by the JTB.

Objective of the TIN Project

The primary objective of the TIN Project is to carry out a successful roll-out and implementation of the Taxpayer Identification Number (TIN) for Nigeria and the development of a related database linked to all relevant stakeholders in the Nigerian tax administration network in order to bring Nigeria's tax administration and practice in line with global best practices.

The Overarching objective of the project is to ensure a smooth roll-out of the TIN Project, which will harmonize Taxpayers identification and registration in Nigeria. A harmonized taxpayer database will create closer linkages between the various institutions in Nigeria and will aid co-operation, information sharing and increased revenue accruing to all tiers of Government.

Scope of the TIN Project

- Design and Implementation of Infrastructure and System to support TIN assignment to taxpayers.
- Deployment of 5 (five) biometrics registration equipment at the FIRS and States' Board of Internal Revenue (SBIRs).
- Deployment of 3 mobile biometrics registration equipment at each of the tax authorities

Benefits of the Project

Generally, tax administration system in Nigeria has been undermined by issues and challenges ranging from non-identification, registration and non-compliance of taxpayers with both the Personal income Tax Act (PITA) (before and as amended in 2011) and the various State revenue administration laws. The TIN was designed primarily to address these and many other problems in the Country's tax administration system in order to bring it in line with global best practices. The benefits that will accrue from the project if implemented as planned are:

- Increase in revenue;
- Reduced multiple or double taxation;
- Reduction in the existing loopholes in the tax system in the country;
- Easy allocation of taxpayer identification and registration thereby bringing more taxpayers into the tax net;

- The replacement of the present manual registration system (which is prone to a lot of errors and fraudulent manipulation), with the electronic system will minimize errors and mistakes often associated with manual registration;
- Minimize the problem of multiple taxation which has been a major challenge for taxpayers and administrators;
- Facilitate information and data sharing amongst the relevant institutions and stakeholders in the Tax Administration System with the consequent increase in the quality of tax assessment;
- Engender greater compliance with tax laws because of its accuracy in capturing taxpayers' data;
- Minimize cost of tax compliance, which in turn will enhance voluntary compliance with tax laws,
- Enable tax authorities collate, access, analyze and retrieve data with ease;
- Facilitate a more efficient system of tax assessment and collection as well as tax audit and investigation due to its accuracy;
- Enhance voluntary compliance thereby allowing tax authorities to focus on the review and verification of claims by taxpayers;
- Reduce leakages in tax collection, eliminate corruption in tax system and enable tax authorities ascertain the actual incomes and taxes to be paid by registered taxpayers;
- With effective and efficient TIN system in place, it will enhance ICT literacy and capacity building among the SBIRs staff;
- Provide basis for planning, budgeting and statistics purposes;
- Widen and deepen the taxpayer database; of the Federal and State Governments;
- Provide a conducive and sustainable environment for taxpayers; and
- It would be used for Person Identity Verification.

The TIN Database Funding Structure

Based on the resolution of National Economic Council (NEC) of July, 14th 2009, the NEC approved the following:

The financing/funding structure is that 52.68% will be paid by the Federal Government through the Federal Inland Revenue Service (FIRS) which amounts to N4,470,912,261.34 (Four billion, four hundred and seventy million, nine hundred and twelve thousand, two hundred and sixty one naira, thirty four kobo) and 47.32% to be paid by the 36 (Thirty Six) States which amounts to N3,470,399,999.99 (Three billion, four hundred and seventy million, three hundred and ninety nine thousand, nine hundred and ninety nine naira, ninety nine kobo). Enugu State's share of the TIN project cost is N88million. See Table of all States' Share of the Total Cost below.

States Share of the Total Cost of Funding the National TIN Project		
S/No.	States	Counterpart Contribution in Naira
1	Abia State	83,646,131
2	Adamawa	93,380,036
3	Akwalbom	94,468,636
4	Anambra	94,321,047
5	Bauchi	109,395,624
6	Bayelsa	74,914,221
7	Benue	100,836,704
8	Borno	111,259,441
9	Cross Rivers	87,660,229
10	Delta	94,412,621
11	Ebonyi	77,415,671
12	Edo	88,117,858
13	Ekiti	78,089,813
14	Enugu	88,104,057
15	Gombe	82,821,277
16	Imo	94,061,098
17	Jigawa	103,317,660
18	Kaduna	117,752,306
19	Kano	147,580,224
20	Katsina	112,234,319
21	Kebbi	93,877,443
22	Kogi	93,643,133
23	Kwara	85,334,043
24	Lagos	133,312,460
25	Nasarawa	79,953,706
26	Niger	109,199,756
27	Ogun	91,264,954
28	Ondo	87,524,222
29	Osun	86,560,007
30	Oyo	109,055,155
31	Plateau	91,584,509
32	Rivers	102,389,038
33	Sokoto	97,361,744
34	Taraba	92,220,603
35	Yobe	91,525,993
36	Zamfara	91,804,262

Source: Joint Tax Board. Plot 1863, Cadastral Zone, Lee Kuan Yew Street off Mahathir Mohammed Street, Asokoro District, FCT Abuja

Membership of the National Implementation Committee of the TIN Project is comprised of the following institutions:

- 1 Joint Tax Board- Six Chairmen of the State Boards of Internal Revenue
- 2 Federal Inland Revenue Service
- 3 Federal Ministry of Finance
- 4 National Population Commission
- 5 Federal Road Safety Commission
- 6 Corporate Affairs Commission
- 7 Association of Local Governments of Nigeria (ALGON)
- 8 National Bureau of Statistics
- 9 Central Bank of Nigeria
- 10 Office of the National Security Adviser
- 11 Economic and Financial Crimes Commission (EFCC)/Nigerian Financial Intelligence Unit (NFIU)
- 12 Bureau of Public Procurement
- 13 National Identity Management Commission
- 14 Nigeria Speakers' Forum
- 15 Nigeria Governors' Forum
- 16 Clerk of the National Assembly
- 17 Chief Compliance Officers of Banks in Nigeria (CCOBIN)
- 18 Nigeria Custom Service
- 19 Nigeria Immigration Service

Summary of the TIN Electronic Registration Procedure

The print (newspaper publications and flyers) and electronic media (radio and TV Advertisements) campaign inviting the target pilot group should include four (4) Steps to be followed during the electronic registration exercise as indicated below:

- **Step 1:** Visit the ICT Office of the ESBIR and obtain the relevant application form (TIN Form);
- **Step 2:** Complete the application form and return to the ICT Office of the ESBIR with valid proof of identity such as Driver's License, international passport, national ID- Card or Utility Bill;
- **Step 3:** Provide required biometric (finger-print) information;
- **Step 4:** Upon confirmation, a card that contains your TIN will be issued to you on the spot.

The Taxpayer Identification Number (TIN) is issued Free of Charge. For any enquiry please contact the ICT Office of ESBIR or the nearest Enugu State Tax Office.

Annex 3: IGR Strategy Development and Implementation Planning in Enugu State

IGR Strategy Development and Implementation Planning in Enugu State

25th November 2013

1. Introductions

Name

State

Office

Designation

- **Brief description of your work**
- **Why are we here?**
To Complete an Implementation Plan which reflects the IGR Strategy
- **Where are we now?**
We have an IGR Strategy in draft form; however from the Strategy an Indicative Implementation Plan must be developed by applying the principles of SMART

2. What do we hope to achieve from this session

IGR Implementation Plan which is SMART

- *Specific*
- *Measurable*
- *Achievable*
- *Realistic*
- *Time Bound*

3. Main Drivers in the Strategic Plan

- *Human Resources*
- *Systems and Processes*
- *Tax Payer Education and*
- *Tax Payer Compliance*
- *Is it a Technical Committee?*
- *Steering Committee?*
- *Management/Working Committee representing the main drivers in the plan i.e. IT, HR, Tax Payer Education or Tax Payer Compliance?*
- *Step up a specialized unit within BIR?*

4. Information Technology

- What are the recommendations in the Strategy:
- Look at where Enugu State is in terms of TIN development
- Look at where Enugu State is terms of Tax Payer Data base development

- Identify main steps for development of Implementation Plan

5. Human Resources

- What are the recommendations in the Strategy
- Look at where Enugu State is in terms of Functional review of BIR administrative structure
- Look at training needs within the BIR functional departments

6. Tax Payer Education

- What are the recommendations in the Strategy
- Look at what Enugu State has performed in terms of Tax Payer Education
- What recommendations have linkage with Tax Policy?

7. Tax Payer Compliance

- What are the recommendations in the Strategy?
- Recommendations as to Tax payer compliance are linked to the functional review and training requirements
- The main areas to plan for are within registration, collection and enforcement together with audit.

Annex 4: Guidelines for the preparation of IGR Improvement Operational Plans.

1-The Human Resources (HR) Operational Plan should cover the following activities and their estimated costs:

- Conduct HR needs assessment to ascertain gaps in capacity, infrastructure, funding, etc.;
- Responsibility for HR management (establish or strengthen HRM department);
- Review Corporate Mandate Mapping;
- Review Corporate Plan and organogram;
- Consider Organizational restructuring (merging existing departments or create new departments);
- Mandate mapping and job description;
- Number, category and qualification of staff;
- Recruitment, training needs analysis, training and career development;
- Coordinate training with operational departments (registration, assessment, collection, enforcement, audit, accounts, administration);
- Incentives and salary structure, promotion and discipline;
- Consider HR consultancy service fee per annum where in-house capacity is lacking;

2-The ICT and Systems Operational Plan should cover the following activities including their estimated costs and timelines:

- Conduct ICT Systems needs assessment to ascertain gaps in capacity, infrastructure, funding, etc.
- Document the current systems and identify data sources (taxpayer master file records, referencing, histories, balances, receipt recording, interfacing systems such as TIN, TCC, banks, accounting, budget.);
- Responsibility for ICT systems management (establish or strengthen ICT department);
- Functional Processes to be automated (registration, assessment, collection, enforcement and audit);
- Computer hardware and software application for tax payer database/ TIN infrastructure etc.;
- Computer hard and software application for functional processes;
- For software, consider options for in-house development or acquisition of a package or turnkey solution;
- Systems configuration-mapping of business processes into the system;
- Systems specification (develop clear, comprehensive and implementable specifications);
- Systems coverage (LAN and/WAN);
- Systems procurement (comply with and follow procurement legislation and processes, tender documents, establish a budget and potential funding sources, such as, development agencies, joint acquisition with other States, outsourcing, etc.);
- Vendor capacity to deliver/support-financial (including the cost of initial and on-going licensing), experience, location, access, support arrangement and commitment);
- Systems Installation /implementation-pilot, roll -out, integration and interfaces;
- Post-installation service agreements;
- Consider ICT consultancy service fee per annum where in-house capacity is lacking.

3-Taxpayer Public Education Operational Plan should cover the following activities, including responsibility, their estimated costs and timelines:

- Conduct tax payer education/awareness needs assessment to ascertain gaps in capacity, infrastructure, funding, etc.;
- Review current taxpayer education programme;
- Review responsibility for taxpayer education and awareness (establish or strengthen taxpayer education department);
- Plan Tax Education Campaign (register and issue TIN to all potential tax payers, all taxpayers to pay tax as and when due), collaborate with banks and other non-tax revenue collecting MDAs to get information on potential taxpayers;
- Identify approach and methodology of tax education campaign (Tax Education Plan);
- Advertisement/publicity concept development (corporate and product concepts)- ensure that campaign messages are consistent with reform plan;
- Printing of advert/publicity materials (posters, banners and leaflets) for distribution to trade unions, professional bodies, churches, mosques, market unions, educational institutions, etc.;
- Production of voice and video advert/publicity materials (CDs and DVDs);
- Procurement of electronic media time/ slots (jingles, per hour/day/ week/quarter;
- Procurement of print media space and choice of newspapers, magazines and frequency of placements;
- Based on needs assessment results, increase, improve or enhance the capacity of staff involved in enforcement and tax audit (recruitment, deployment and specialized training);
- Embark on High level dialogue with Stakeholders through sensitization workshops for trade groups, professional associations, CSOs and FBOs and CBOs
- Consider advertisement consultancy service fee per annum where in-house capacity is lacking.

4-Taxpayer Compliance Operational Plan should contain the following activities, including responsibility, their estimated costs and timelines:

- Review the current taxpayer compliance environment and strengthen enforcement department.
- Designate specialized courts to handle tax and non-tax revenue cases or designate more courts for this purpose.
- Assign dedicated lawyers to prosecute tax and non-tax revenue defaulters.
- Consider the use of presumptive tax as a means of bringing small informal traders into the tax net.
- Consider the use of standard tax rates for individuals within professional or persons in the same trade groups based on years of experience.
- Cite the relevant Sections of the Revenue Law, 2010 and PITA Law. 2011 (as Amended) in all circular to remind debtors and offenders to pay their tax/ debt to the ASIRS or face legal action.

Annex 5: Communiqué

presented in the implementation plan fit into these four high level themes. The four (4) operational plans have been prepared. The next step, which is the purpose of this workshop, requires SPARC's consultants to support the ESBIR to build the operational planning capacity of members of the four (4) Operational Committees.

DECISIONS REACHED

At the end of the workshop, the following decisions were reached:


1. BIR to articulate a proposal for its autonomy to the EXCO through the Hon. Commissioner for Finance citing examples of states in Nigeria where this is operational and evidence of benefits and successes arising there from.
2. Creation of three new departments - Capital Gains, Tax Payer Education and Motor Vehicle - by December, 2015.
3. Reinstatement of the accretion policy to motivate staff for improved productivity.
4. The BIR training School should be reactivated.
5. Offline registration kits should be disseminated to the tax offices to facilitate expansion of taxpayer registration.
6. A reminder letter should be sent to FCMB for infrastructure support (ICT, tax payer education, etc) as an IGR pool bank copying the authorities that granted them approval as a pool bank.
7. Creation of an in-house tax Assessment Review Committee at the BIR headquarters to handle cases of aggrieved tax payers (taxpayers' objections).

8. The BIR should be supported by SPARC's PSM Work-team to undertake organizational structure review in a manner that is consistent with the structure prescribed by the JTB.
9. BIR should create three new departments: Motor Vehicle, Capital Gains Tax and Taxpayer Education and 3 new Units: Enforcement Prosecution, Service and Enlightenment and Alternative Dispute Resolution
10. The BIR should initiate a Bill to the State House of Assembly to enact a Law for the establishment of one (1) Revenue Court per Local Government Area.


The above recommendations are encompassed in the updated Enugu State IGR Strategy Implementation Plan and follow the strategic direction of the Plan.



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