



42ND CATA DAILY

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Group Photo: The Secretary to the Government of the Federation, Mr. Boss Mustapha, the Honorable Minister of Finance, Budget and National Planning, Hajia Zainab Shamsuna Ahmed, the Chairman of the Commonwealth Association of Tax Administrators (CATA), the President CATA, and Executive Chairman FIRS, Mr. Muhammad Nami, Mr. Datuk Mohd Nizom Sairi, who is also the Chief Executive Officer/ Director General of the Inland Revenue Board of Malaysia; the Deputy British High Commissioner to Nigeria, Ben Llewellyn-Jones OBE, the Executive Director of the Commonwealth Association of Tax Administrators (CATA), Mr Duncan Onduru, and Heads of Delegation at the Opening Ceremony of the 42nd CATA Annual Technical Conference [MONDAY, 28th NOVEMBER, 2022.]

TAX; TIME; TECHNOLOGY, & PEOPLE:

Is CATA Playing Catch Up?

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EDITOR'S CORNER



Yesterday felt too short. From the kick off, as soon as Nigeria's Secretary to the Government of the Federation, Boss Mustapha, stepped in, the clock seemed to have taken to its heels.

How is it that interesting moments do not seem to last long enough?

We are always in a race against time. One minute, we take a break, and the next minute the world seems to have moved on. Time waits for no one—and this was the message around Mrs. Ifueko Omoigui Okauru's moderation of the session today, with the sub-topic Digitalisation and the Informal Economy.

CATA members must realise that technology, like time, does not wait for anyone. As the world of commerce digitises and advances in method and scope, tax administrators—more particularly those of the Commonwealth—must be ahead in this race.

A fundamental message echoed by the speakers was the fact that all that tax administrators do is for the people; and that means even as advancements are made in creating products that revolutionise tax administration, they must be people-centered.

In the second edition of the 42nd CATA Daily, we bring you a brief of how the day went, the major highlights of who said what and resplendent photos from the day.

We bring you some articles written by our team on the theme: Tax Administration in the Digital Era."

We hope you enjoy the Newsletter, as much as we enjoyed getting it ready for you.

Johannes Oluwatobi Wejuola

Editor-in-Chief

November 29, 2022



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THE DAY IN BRIEF

By Aisha A. Jega



The 42nd Technical Conference of the Commonwealth Association of Tax Administrators started on 28th November, 2022 at Transcorp Hilton Hotel Abuja. Representatives of the 47 members of CATA are on ground to discuss taxation in the digital era and offer solutions to contemporary tax issues. This is the first in person meeting after the Covid 19 pandemic. The conference began with opening remarks by Mr. Duncan Onduru, Executive Director CATA; Mr. Jon Swerdlow, Vice Chairman CATA, who was represented by the Deputy British High Commissioner, Ben Llewellyn-

Jones OBE, and the Chairman CATA, Mr. Datuk Mohd Nizom Sairi who described the theme as a timely reminder for the members to reengineer their tax processes to fit the digitalization era.

Mr. Muhammad Nami the President of CATA and the Executive Chairman of FIRS in his remarks said the increase of technological innovations in business environment have triggered peculiar issues that tax authorities are grappling with and as a result, tax administrators are under pressure to align their mandates with new changes arising from the technological

advancements. He further stated the importance of having conversations centered on harmonization of tax systems so that countries can learn from those who have achieved this. He added that he hoped participants would share knowledge, ideas and practices for mutual benefit of members.

The Minister of Finance, Budget and National Planning of the Federal Republic of Nigeria, Mrs. Zainab Shamsuna Ahmed in her welcome address stated that Nigeria has been in the forefront of global efforts at finding equitable and lasting



solutions to international tax issues including issues of Base Erosion And Profit Shifting and tax challenges of the digitalized economy. She hoped the conference would discuss and recommend solutions to issues such as digitalization of tax administration, capacity development and fair international tax rules.

The 42nd Technical Conference was declared open by Mr. Boss Mustapha; the Secretary to the Government of the Federation of Nigeria who said Nigeria is eager to provide platforms to discuss such issues. He talked about measures taken to ensure ease of doing business in Nigeria and encouraged foreign investors to come and start businesses in the country.

Mr Taiwo Oyele, Africa Tax and Fiscal Policy Leader kicked off the technical sessions with the Keynote Address on the topic: Taxation in the Digital Era. He spoke about the need to redesign the tax system in the digital world.

The technical sessions were divided into 2: the theme of first session was Digitalization and the Informal Economy, it was moderated by Mrs Ifueko Omoigui Okauru, Managing partner Compliance Professionals Plc. She hoped that the question “How do we do it?” will be answered at the end of the conference.

Prof. Jeffrey Owen of Vienna University gave his presentation virtually, and panel members Mr. Robert Mutebi, Commissioner of IT and Innovation Uganda Revenue Authority, Mr.

Abdul Halim, Director Large Taxpayer Office Inland Revenue Board of Malaysia, and Mrs. Louise Ingabire Kalisa, Commissioner of IT and Digital Transformation, Rwanda Revenue Authority shared their countries' experiences with taxation and the Informal economy. They shared the tactics their various countries were employing and the criteria necessary for success in their countries including automation, ecosystem thinking, building Artificial Intelligence and harmonization of data in Uganda, inclusiveness and being customer centric in Rwanda, and sharing of information between the two tax bodies in Malaysia.



Mr. Stuart Murtha, Assistant Director Customer Compliance Group Security (HMRC-UK) gave a presentation on Digitalization and Taxpayer Information Security and Confidentiality in the 2nd part of the technical sessions. This session was moderated by Mr. Daniel Edis, Deputy Commissioner Domestic Tax Revenue Division Ghana and had panel members such as Kashifu I. Abdullahi, the Director General/CEO National Information Technology Development Agency (NITDA, Nigeria) and Mr. Lodassen Kisten, Team Leader Fiscal Investigations Department, Mauritius Revenue Authority shared their respective countries experiences and stressed the importance of confidentiality in the taxation system, why and how to have confidentiality in the tax system, the laws that protect taxpayers' information, and sanctions for breach of confidentiality which can include fines and imprisonment. Challenges of digital information and confidentiality were discussed, these include the issue of the need to have tax confidentiality and tax transparency.

Looking forward to today's session!





TAX DIGITALISATION:

A MODERN ECONOMIC TOOL

When the Covid-19 pandemic hit world economies in year 2020, no one could have imagined the devastating impact the pandemic left behind. Economies around the world were left hard-hit, survival became the watchword. Two years later, the impact is still felt. In a bid to stem the damage caused, technology became a vital tool. Financial bodies and organisations and revenue-generating agencies bore the burden of stimulating economies back to life.

The role technology has assumed in our daily lives cannot be overemphasized. Technology affects almost every aspect of twenty-first century life, from transport efficiency and safety to access to food and healthcare, socialisation and productivity. Inevitably, innovation led to the deployment of technology in sectors of the economy that were hitherto redundant.

The theme of the 42nd CATA annual Technical Conference taking place at the Transcorp Hilton, Abuja centres around digitalisation. How has digitalisation impacted economies around the world? How can it be deployed in various economies irrespective of the

different developmental stages economies are going through? How can it impact the Informal Sectors of the economy? How does digitalisation affect Information Security and Confidentiality?

The need to provide answers and a roadmap to developing a functional framework cannot be over emphasised.

Digitalisation and the Informal Economy, Digitalisation and Taxpayer Information Security and Confidentiality, Change Management Process in a Digitalised Tax Administration, Digitalisation and the Challenges of the Digitalised Economy,



Digitalisation and the Harmonisation of the Tax System are some of the sub-themes to be discussed at the Conference.

In driving innovation, there is a domino effect that stings the very membrane of necessity. How do we ensure that there is sustainability in driving innovation through digitalisation?

Digitalisation Meets Tax

Administration: The FIRS Story

When Mr. Muhammad Nami was appointed the Chairman of the Federal Inland Revenue Service on 9th December 2019, there was renewed hope that he was the right man for the job. Shortly afterwards, the COVID-19 pandemic hit global economies. As if his job was not difficult already, Mr. Nami had to contend with a pandemic that ravaged the world and a dwindling economy.

In spite of these challenges, Mr. Nami and his management team came up with a roadmap towards achieving its goals. The Nami-led FIRS had to focus on achieving tax collection through the deployment of technology. This technology was to drive automation to its optimum output, which means ultimately, there has to be 100 per cent automation.

The deployment of this technology led to the innovation of the TAXPROMAX. This software does not only achieve the aim of collecting taxes but it also seeks to drive compliance, which is very important to creating a sustainable tax culture. The domino effect of this roadmap also addresses the issue of revenue leakages, less human interface in the cycle of tax remitting, accountability and a strong tax culture between FIRS and public.

One of the pertinent issues that needed to be addressed was how to ensure a compliance driven approach. It was essential to create a system of tax innovation that is less punitive and more compliant based. This led to the various tax reforms in the Finance Act 2021.

One of such reforms by the Nami-led FIRS ensured the exemption of companies and businesses with less than N25 million turnover from paying Companies Income Tax. This was geared towards supporting small businesses, introducing tax incentives for investments in infrastructure and capital markets, promoting fiscal equity and helping humanise an otherwise regimented system. The humanisation of the system helped connect with taxpayers and show that the government cares for its citizens.



The various strategies implemented which anchored on digitalisation, led to FIRS becoming the top revenue-generating agency in Nigeria; achieving 109% of its non-oil collection target in 2021.

As the President of the Commonwealth Association of Tax Administrators (CATA), Mr. Nami has enabled an improved synergy amongst member countries. This has led to Nigeria hosting the 42nd CATA Annual Technical Conference. This is a solid ground to the unanimous support member countries have for Mr. Nami. There is a need to exchange ideas; this is made easier when there is synergy and a cordial relationship amongst member countries of the Nami-led CATA.

Mr. Nami set out to achieve four goals as the President of CATA:

- Improved capacity building for member countries;
- Promotion of the Multilateral Commonwealth Income; Tax Relief for all member countries;
- Promotion of Bilateral Avoidance of Double Taxation Treaty among member countries and;
- Strategic partnerships with developmental and multilateral institutions, for support in capacity building.

The era of digitalisation is here and it is imperative that Tax Administrators take advantage of this technological innovation and make it an economic tool that will harmonise the Tax processes.

It is also important to expand the tax net. The Theme of Tax Digitalisation and Informal Economy, looks into the alienation of a sector of the economy: The Informal sector. This is a vital source that greatly affects the revenue collection of a county.

At the end of this Conference, the roadmap to a globalised framework should have been achieved, through the discussion around digitalisation and its impact.

Oluwaseyi Ogunghesan

Communications and Liaison Department, Federal Inland Revenue Service (FIRS)



REFORMS AND RESULTS:

EXPORTING A SUCCESS STORY TO THE COMMONWEALTH

At about 11 am, on Friday, November 12, 2021, there was a buzz among tax aficionados: Muhammad Nami, the Federal Inland Revenue Service (FIRS) boss had been elected the President of the Commonwealth Association of Tax Administrators (CATA). He is the first Nigerian in the history of CATA to be so elected.



CATA is an association constituted at the meeting of the Commonwealth Finance Ministers in Barbados in 1977 to promote the improvement of tax administration within the Commonwealth with particular interest in developing countries. In 1978, 26 countries, including Nigeria formed CATA; the membership has grown to 47 today.

All 47 member countries of the Association unanimously elected Muhammad Nami to lead them. The excitement was palpable. Beyond that, it held an aura that spoke more than the applause that followed Muhammad Nami's acceptance speech.

The applause of those excited representatives at the virtual session of the fifteenth

General Meeting of CATA was a call to hope, for ideas, and for a leader to take on global taxation problems and fix them.

Ordinarily, the General Meeting would have been a physical event. Alas, the 2021 General Meeting was a virtual one. No thanks to the ruthless Coronavirus



pandemic that has disrupted everything; from lives to jobs, to healthcare, to travel, to family, and for the men and women present at that virtual meeting, government revenue. As such it behoved on them to elect an individual that would break the mould of Covid-19 on government revenues.

Muhammad Nami knows this. Like every leader in tax administration. His country, Nigeria saw the woes of the pandemic: income for the government dwindled, jobs were lost and the burden to seek revenue introduced a desperate situation — get money wherever it can be found. This responsibility rested on his shoulder. And he has so far delivered.

In 2020 when the Coronavirus pandemic struck, economies across the world were battered and most countries suffered fiscal shocks. Revenue authorities could not shore up enough funds to meet the needs of government to execute their mandates. Despite the fiscal chaos, the FIRS was able to meet 98% of the national tax target for that year.

It had collected total tax revenue of over 4.952 trillion Naira, a little short of the target of N5.07 trillion the Federal Government had set for it. This near 100% feat was phenomenal. It was coming in the same year the pandemic had shrunk business activities, lockdowns had frustrated commerce, while tax exemptions had been given to small companies and tax waivers had been granted by the FIRS to cushion the effects of the pandemic.

In the same year, the Service under Nami achieved 109% of its non-oil tax collection target.

How were all these possible, even in the face of a raging fiscal plunderer?

Nami came into office with a mindset of reform and result. He drew up a roadmap of the objectives he was seeking for the FIRS: rebuild its institutional framework; collaborate better with stakeholders; make the FIRS a customer-centric institution and make the institution data-centric.

These objectives have underpinned all decisions he has made as Executive Chairman of the FIRS. It is not a surprise that within the second year of his time in office he has deployed the revolutionary TaxPro Max: FIRS' homegrown digital platform for tax administration which allows taxpayers to register, file returns and pay their taxes easily from any location other than their respective tax offices.

Then he set up the Tax Incentive Management Department to monitor and take charge of the tax affairs of enterprises enjoying tax exemptions and holidays and ensuring they do not take undue advantage of their status as a cover to earn taxable income and refuse to pay taxes on such income.

“Data is the new oil” is an aphorism Nami rehashes often. In line with that thought he set up the Intelligence, Strategic Data Mining and Analysis Department of the FIRS— a department to mine data, analyse it and make sense of the transactions happening across the country and the world for tax administration.

The world is experiencing change and uncommon dynamics with technology at the forefront of the disruption. Nami has consistently advocated for reforms of operations, processes and tax laws, while pursuing the adoption of technology for revenue mobilisation and improved human



capital development for tax administrators to be ahead of the curve.

Nigeria's annual review of its Finance Act, a ritual that the FIRS boss has been a part of, is a template that fiscal reformers, serious about tackling revenue challenges should adopt.

It was the Finance Act of 2020 that gave the FIRS the legal backing to deploy technology for tax administration. Without that amendment to the FIRS Establishment Act, the successes recorded by the adoption and deployment of the TaxPro Max would not have witnessed the jubilation it has today. The Act also created more avenues for the

tax authority to investigate long-abandoned potential sources of revenue; in the proposed 2021 Finance Bill, the FIRS is to be given greater powers for revenue collection.

Among others, it proposes a single tax administration authority that would ensure certainty of tax liability and ease of payment of taxes, which means that Nigeria is poised to generate far more revenue than it has done previously.

The Commonwealth nations are looking forward to the leadership of Muhammad Nami to taxi CATA through the turbulence of today's

complexities and provide new thinking, strategic leadership and reform-minded development to the body of tax administrators, as is being witnessed in Nigeria.

On Friday, November 27, 2021, Muhammad Nami walked into the United Kingdom's Treasury House for his first face-to-face meeting with members of the CATA Secretariat, as well as representatives of the United Kingdom's Tax Authority - Her Majesty's Revenue and Customs (HMRC). Mr Duncan Onduru, the Association's Executive Director briefed the new President on the governance and structure of the office, as well as the prospects and challenges the Association was facing.



“We cannot afford to discuss taxation without technology anymore,” Muhammad Nami quipped as he made his remarks to those present at the meeting. True to reality, tax administration must be in tune with modern technological advancements. And in fact, ahead of it.

For Nami, four items are top on his agenda for the Commonwealth Association of Tax Administrators: improve the capacity of memberstomeetupwiththedynamicsoftoday especially in technological advancements; promote the Multilateral Commonwealth income Tax Relief for all member countries; promote the Bilateral Avoidance of Double Taxation Treaty among member countries; and forge strategic partnerships with developmental and multilateral institutions, for support in capacity building for CATA members.

In the next three years, the worth of Muhammad Nami’s over thirty years’ experience as a tax consultant, administrator and reformer would be put to test, again. The Nigerian template, whose results the numbers are already boasting of, is a ready gift to the Commonwealth. Expectations are high, given the uncommon times Nami has met in office. Yet the FIRS boss has shown that he has the right mindset, solid records and capacity to lead CATA. The Commonwealth awaits his reforms and results.

Johannes Oluwatobi Wojuola is the Special Assistant on Media & Communication to the Executive Chairman of the Federal Inland Revenue Service (FIRS) Muhammad Nami





Quotes Of The Day:

WHO SAID WHAT?

In matching the pace of advancement in technology, tax administrators must remain bound by the laws, regulations and codes that safeguard the sourcing, storage, processing and management of data. In diverse ways, all members of CATA have to deal with the challenges that transformational technology has brought to the commercial space and stay ahead of the conversation.

This 42nd CATA Technical Conference promises to be a platform that produces a potpourri of ideas and solutions in a fast-changing world that requires sophisticated strategies for problem-solving. Although these issues are emerging, many of our jurisdictions already have several innovative solutions to addressing them. The Conference is the right platform to cross-breed ideas and share experiences we can all learn from.

CATA also joined the Asia-Pacific Tax Hub. This Hub, supported by the Asia Development Bank, has been crucial in strengthening Domestic Revenue Mobilisation and International Tax Cooperation for its members. With this membership, we believe that we would experience more capacity development for the countries of that region and ultimately improve revenue mobilisation for those countries.

The African Tax Administration Forum (ATAF) has been a friend of CATA. Over the years, the two organisations have worked together, albeit, on ad-hoc basis. In order to forge a stronger and more strategic partnership, CATA and ATAF will sign a Memorandum of Understanding (MoU) at the margins of this Conference. The MoU will seek to provide more opportunities for capacity-building programmes for CATA members on the African continent.

Muhammad Nami,
President CATA (Executive Chairman, FIRS)



With limited interactions during the onset of COVID-19, the pandemic pushed us to revisit the way we interacted with our clients, the taxpayers. As agencies entrusted to safeguard the coffers of our respective nations, it was never an option for us to close shop. Therefore, we had to innovate, and to innovate fast.

Aside from work processes, digitalisation also opens a whole new set of opportunities in broadening the tax base of the country. With digitalisation in place, nations will be better able to plug leakages, especially those caused by the informal sectors, the shadow economy as well as the sharing and gig economy.

We must also come together to address international issues of common concern, such as the taxation of the digital economy which has taken centre stage at international discussions. The end result would be to ensure we are able to collect the right amount of revenue as entrusted upon us as tax administrators.

Dr. Mohd Nizam Sairi,

CATA CHAIRMAN



The current international tax rules are skewed against source countries; particularly, developing countries.

Painfully, the skewness in the current international tax rules is again influencing the two-pillar solution of the Inclusive Framework. We have observed, for instance, that “Amount A” profit meant for market jurisdictions is progressively being chipped away in favour of jurisdictions where the multinationals are resident.

An emerging trend occasioned by the digital era is remote-working (an individual resident in one country working remotely for an entity resident in another country). The fire of remote-working was given vent to by the lockdowns of COVID-19. This is raising many questions such as tax residency, employment tax, tax nexus for the company and possibility of other local taxes.

Mrs Zainab Shamsuna Ahmed,
Honorable Minister of Finance, Budget and National Planning



Ladies and Gentlemen, over the years CATA membership has afforded our countries various opportunities. These include the training and development of our tax administrators, benchmarking our tax policy and practices against other more developed Commonwealth tax administrations and having access to unfettered expert advice from other tax jurisdictions at reduced or no cost.

Simplification of tax legislation is not currently an easy task. We therefore need to strike a balance between the need to ensure a robust legislation that covers both the current global economic environment but also lends itself to ease of understanding to the average man on the street.

Duncan Onduru,
Executive Director CATA



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THINGS YOU SHOULD KNOW ABOUT THE APPOINTMENT OF MTN, AIRTEL & DEPOSIT MONEY BANKS AS VAT WITHHOLDING AGENTS

- 1** VAT is a consumption tax charged at 7.5% and every taxable registered person remains an agent of collection.
- 2** Section 14(3) of the VAT Act gives the FIRS powers to appoint any person as further agent to withhold the tax from whoever invoices that person and remit to the Service. By implication, such persons have roles to play as VAT agent.
- 3** The Federal Inland Revenue Service has, in the exercise of its powers, under section 14(3) of the VAT Act, appointed MTN, AIRTEL and Deposit Money Banks as agents to withhold VAT and remit to the Service. (Note that this is in addition to Lottery Operators previously so appointed)
- 4** This appointment is with effect from January 1st 2023.
- 5** This arrangement is not new as Section 13 of the VAT Act already mandated every Ministry, statutory body or other agency of Government and companies in the oil and gas sector to deduct at source and remit the VAT to the Service in the stimulated manner.
- 6** Customers of MTN, Airtel and Deposit Money Banks will not be affected in any form, and the prices of telecom and banking services should remain the same. However, suppliers whose VAT has been withheld by appointed agent are required to declare other VAT due whilst filing on Taxpromax and make payment as usual.
- 7** Suppliers who are on boarded on the VAT automation platforms must remain connected to ensure transparency of their own VAT.
- 8** This appointment does not affect the obligation of Taxable Person to render returns or any part of the VAT Act.
- 9** The Service will release detailed guidelines soon.



PHOTO SPLASH

OPENING CEREMONY















PANEL SESSION 1 - Digitalisation and the Informal Economy







PANEL SESSION 2 - Digitalisation and Taxpayer Information Security and Confidentiality







OKANGA DAILY

by Kelechi Okoronkwo



The Shocking Reality

This is the shocking reality. The world is not waiting for anyone, not even for CATA member-countries. Ifueko Omoigui-Okauru who moderated the discussion of Taiwo Oyedele's keynote address on taxation in the digital era, at Monday's first panel discussion session: "Digitalisation And The Informal Economy", makes the reality more frightening.

She said the world does not care about whatever CATA discusses in this technical conference. The reality is already there—the world economy has gone digital. What would make a difference is when CATA keys into the reality of the Digital Era.

The internet is changing the world. As we speak, the world is changing fast. And it is not about to stop. Instead of stopping, it will rather accelerate.

What are the options available to us? To try to stop the world from changing, or rather adapt with the changes and deal with it?

Experts have told us that we cannot stop the world from changing. It is beyond what anybody or group can do. What we could rather do is equip ourselves to adapt to the changing world and be able to move at the same pace, if not faster.