



Presidential Fiscal Policy
and Tax Reforms
Committee

CHARTER



8 Aug.
2023



THE PRESIDENTIAL COMMITTEE ON FISCAL POLICY AND TAX REFORMS

This document sets out the charter for the Presidential Committee on Fiscal Policy and Tax Reforms as approved by His Excellency, President Bola Ahmed Tinubu, GCFR.

It provides the background information and highlights the key challenges of Nigeria's fiscal environment and tax system, terms of reference of the committee, approach and expected outcomes among others.

It also contains an overview of the work plan with timelines including stakeholder engagements, key performance measurement and reporting.

In addition, it articulates key operational issues required to ensure effectiveness in the delivery of the committee's mandates including the secretariat function.

August 2023

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Background

Nigeria has a revenue crisis, and it cuts across all tiers of government. The country's Tax to GDP ratio is one of the lowest in the world and much below the African average. This has led to an overreliance on borrowing to finance public spending which in turn limits the fiscal space as debt service costs consume a greater portion of government revenue annually resulting in a vicious cycle of inadequate funding for socio-economic development.

While incremental progress has been recorded over the years, the outcomes have not been transformative enough to change the narrative.

Key challenges facing Nigeria's fiscal and tax system

The major challenges of the Nigerian fiscal and tax system, which are well documented, include:

1. Fiscal challenges with respect to revenue mobilisation, quality of spending and sustainable debt management
2. Weak coordination between fiscal and other economic policies within and across tiers of government
3. Multiplicity of taxes and multiple revenue collection agencies
4. Poor accountability and inability to demonstrate efficient utilisation of government revenue for commensurate fiscal exchange
5. Largely fragmented, rudimentary, and complex tax system adding to business risk and uncertainties
6. Low tax morale and high prevalence of tax evasion
7. High cost of revenue administration on the part of government and excessive burden of compliance on the part of taxpayers
8. Growing tax expenditure, erosion of the country's tax base and arbitrary tax waivers

Statement of purpose and direction

The key objective of the Committee's work is to help define and shape the fiscal and tax direction for Nigeria including:

1. Harmonisation of multiple taxes and levies at all levels of government to a few number that are broad based, high revenue yielding and relatively easy to administer
2. Unification of revenue collection functions into a single agency per government as much as possible
3. Improved public financial management with focus on efficiency and quality of spending, non-tax revenue optimisation and sustenance
4. Modernisation and simplification of the tax system including the use of technology for revenue administration leveraging on data for intelligence to curb evasion and aggressive tax avoidance
5. Ensuring fairness and equity of tax incidence and fiscal burden while protecting the most vulnerable persons and small businesses
6. Removal of tax and fiscal impediments to business growth and economic development

7. Designing structures and framework to institutionalise reforms for effective policy coordination and collaboration among government agencies and tiers of government
8. Improved efficiency of revenue collection and transparent reporting
9. Ensuring effective utilisation of tax and other revenues for social good to boost citizens' tax morale, promote tax culture and drive voluntary compliance
10. Transforming revenue generation for sustainable development to achieve at least 18% Tax to GDP ratio within the next 3 years, that is, by 2026

Terms of reference

The broad mandate of the Presidential Fiscal Policy and Tax Reforms Committee (PFPTRC) is divided into 3 Pillars with 5 Dimensions and 10 Deliverables.

Pillars	Dimensions	Deliverables and outcomes
1. Fiscal Governance 2. Revenue Transformation 3. Economic Growth Facilitation	1. Fiscal management 2. Revenue administration 3. Tax policy review 4. Tax law reform 5. Fiscal Competitiveness and Economic Growth	1. Repeal of suboptimal taxes and enactment of harmonised tax laws 2. Harmonised (single digit) list of taxes and levies 3. Revised National Tax Policy 4. National fiscal risk framework 5. Bills for constitutional amendments on fiscal matters 6. Revenue optimisation (tax and non-tax) and reporting framework 7. Tax Ombudsman and Office of Tax Simplification 8. Tax and Fiscal Reform Executive Orders and Regulations 9. Model templates for subnational 10. National Tax Amnesty Scheme

The above deliverables will be executed in 3 phases, which are expected to run concurrently, as outlined below:

Phase One – Quick Wins (to be completed within 30 days)

1. Identify areas of fiscal interventions to cushion the impact of fuel subsidy removal and exchange rates unification on vulnerable households and businesses
2. Identify apparent areas of economic distortions and revenue leakages in fiscal policies, revenue laws and administrative practices that can be addressed immediately
3. Identify quick wins in areas of broad consensus to raise revenue, remove fiscal constraints and impediments to investments and prosperity
4. Devise measures for low hanging revenue mobilisation opportunities to improve overall tax compliance and close the tax gap. This should include compliance by MDAs and government owned enterprises

Phase Two – Critical Revenue & Fiscal Reforms (to be completed within 6 months)

5. Identify multiplicity of taxes, levies and charges and develop a framework to harmonise them into a few, broad based and easy to administer taxes, levies and charges
6. Review the tax and revenue administration system and determine necessary measures to harmonise collection functions into a single revenue agency per government and propose appropriate organisation structures for the agency
7. Recommend measures to prevent the proliferation of earmark taxes and address any constitutional matters in respect of existing earmarked taxes
8. Explore non-tax revenue sources and diversification
9. Develop a tax and revenue reporting framework in line with global best practice
10. Advise on areas of gaps or overlaps in the taxing rights of various tiers of government to strengthen fiscal federalism and recommend constitutional changes to address areas of conflicts
11. Devise measures to drive cooperation and exchange of information within the country and with the international community
12. Review and update the 2017 National Tax Policy to be more relevant to our current reality, incorporating recent developments and emerging areas
13. Develop a framework for the domestication of international treaties and tax administrative best practices in Nigeria
14. Review tax exemptions, waivers and other tax expenditures for appropriateness
15. Advice on measures to curb corruption in tax and revenue administration and reduce cost of collection

Phase Three – Implementation (to be completed within 1 year)

16. Implementation of the relevant measures including preparation of draft bills for legislative changes, executive orders and regulations
17. Develop a fiscal risk framework to guide government spending, public debt management and revenue monitoring within acceptable benchmarks and fiscal limits
18. Institutionalise fiscal policy coordination, communication and transparent reporting
19. Drive coordination with the subnational level of government and develop templates to domesticate recommended measures
20. Design strategies to leverage existing National Identification and Business Registration system for tax intelligence and deploy technology efficiently for revenue administration
21. Develop a framework for an efficient and equitable tax dispute and controversy resolution
22. Any other function as may be necessary to achieve the committee's mandate as envisaged under the statement of purpose and direction

Deliverables and outcomes

The expected outcomes from the work of the committee will include, but not limited to the following:

1. Repeal of existing taxes and levies especially those that are suboptimal, obsolete or unduly burdensome and enactment of new harmonised tax laws

2. Preparation of a harmonised list of taxes and levies, not exceeding a single digit in number and covering all levels of government
3. Review of the 2017 National Tax Policy to produce a new National Policy on Tax and Fiscal Policy for ratification by the federal and state governments
4. A national fiscal risk framework for efficient fiscal governance, fiscal consolidation and stability
5. Draft bills for constitutional amendments on fiscal matters to promote fiscal federalism
6. Enhancements to the revenue administration system to improve revenue mobilisation and a robust framework for tax revenue accounting and reporting to improve taxpayer trust
7. Establishment of National Office of Tax Ombudsman, Fiscal Policy and Tax Simplification
8. Executive Orders and Regulations to implement tax and fiscal reforms which do not require legislative changes
9. Model tax codes and revenue administration templates for adoption or adaptation by subnational level of government
10. A National Tax Amnesty Scheme to expand the tax net and give taxpayers the opportunity for self-remediation. This may be complemented by an Unexplained Wealth Order.

Committee's Composition

The membership of the committee has been carefully constituted to ensure diversity of in-depth knowledge, robust expertise, and broad representation by key stakeholder groups across the geopolitical zones.

1. Taiwo Oyedele, Chairman
2. Representatives of Tax Practice, Law and Accounting Firms
3. Members of the Tax Advisory Committee
4. National Tax Policy Implementation Committee
5. Renowned Fiscal Policy and Tax Experts
6. Representative of the Chartered Institute of Taxation of Nigeria (CITN)
7. Representative of the Institute of Chartered Accountants of Nigeria (ICAN)
8. Representative of the Association of National Accountants of Nigeria (ANAN)
9. Representative of the Nigerian Bar Association (NBA)
10. Nigerian Economic Summit Group (NESG)
11. Organised Private Sector of Nigeria (OPSN)
12. Nigerian Association of Small and Medium Enterprises (NASME)
13. Women in Business (WIMBIZ)
14. Representative of the Federal Ministry of Justice
15. Representative of the Federal Ministry of Finance
16. Representative of Federal Ministry of Trade, Industry & Investment



17. Representative of Ministry of Telecommunications & Digital Economy
18. Nigerian Investment Promotion Commission (NIPC)
19. Tariff Technical Committee
20. Nigerian Ports Authority (NPA)
21. Nigerian Maritime Administration and Safety Agency (NIMASA)
22. Nigerian Upstream Petroleum Regulatory Commission (NUPRC)
23. The Federal Inland Revenue Service (FIRS)
24. The Joint Tax Board (JTB)
25. Nigeria Customs Service
26. Representative of Association of Local Government of Nigeria (ALGON)
27. National Institute for Legislative and Democratic Studies (NILDS)
28. National Institute for Policy and Strategic Studies (NIPSS)
29. Revenue Mobilisation Allocation and Fiscal Commission (RMAFC)
30. The Budget Office of the Federation
31. Accountant General of the Federation
32. National Bureau of Statistics
33. DG, Nigeria Governors' Forum
34. Debt Management Office
35. Chairman, Finance Commissioners' Forum
36. Central Bank of Nigeria

Observers and partners

Selected local and international observers and partners are expected to support the work of the committee including the World Bank, International Monetary Fund, UNDP, Budget, Tax Justice and Governance Platform.

Secretariat services

The secretariat services will be provided by an independent professional firm with support from the Nigerian Economic Summit Group (NESG) and Students' Tax Clubs.

The secretariat function will include:

- a) Carrying out research and analysis to inform the work of the committee
- b) Impact assessment and modelling of proposed changes
- c) Preparation of committee and subcommittees' reports including infographics etc
- d) Develop templates for various aspects of the committee's work
- e) Managing and handling correspondences
- f) Planning, scheduling meetings and managing logistics
- g) Support stakeholder management and communications
- h) Dashboard to monitor progress against set objectives and timelines

Subcommittees

SN	Subcommittees	Terms of Reference
A	STEERING SUBCOMMITTEE	
1.	Steering subcommittee	<ul style="list-style-type: none"> a) Provide overall direction for the committee and report to the President b) Set the guiding principles and governance for the committee and subcommittees c) Review and approve the work of other subcommittees and any variations as may be necessary d) Ensure effective handshake between and among subcommittees e) Press briefings and stakeholder communication f) Oversee and manage key stakeholders engagement e.g. with NASS, NEC, NGF etc g) Facilitate implementation of approved reform measures and other recommendations
B	FISCAL GOVERNANCE SUBCOMMITTEES	
2.	Fiscal Management	<ul style="list-style-type: none"> a) Review and propose changes to the Fiscal Responsibility Act b) Develop a Fiscal Risk Framework for Nigeria including appropriate fiscal targets and limits e.g. debt service to revenue ratio, recurrent to capital expenditure ratios etc c) Measures for sustainable policy design, implementation, and regular reviews including framework for a Fiscal Policy Committee (FPC) d) Recommend optimal fiscal approach to achieve SDGs, Energy transition and greener economy, Multidimensional poverty reduction, etc e) Strategy to enhance subnational collaboration and handshake with monetary and other policies f) Identify fiscal improvements to the budgeting process at federal and subnational level g) Non-tax revenue optimisation and sustenance – government assets, natural resources etc h) Measures to improve public financial management including efficiency and quality of spending i) Revenue reporting including annual reports by revenue agencies aligned with global best practice j) Measures to drive full tax compliance by MDAs and various tiers of government

SN	Subcommittees	Terms of Reference
3.	Fiscal Competitiveness and Economic Growth	<ul style="list-style-type: none"> a) Reforms in ports and customs procedures b) Fiscal and tax measures to make Nigeria an attractive and competitive destination, hub for tech & other startups, R&D & innovation centre, HQ/shared services and remote work location etc c) Measures for effective domestication and implementation of ECOWAS and AfCFTA treaties d) Promoting entrepreneurship and NMSMEs, incentives rationalisation, enabling the capital market etc e) Identify and remove unfair tax provisions, fiscal hurdles and disincentives to inclusive growth/development f) Develop a framework for the establishment of the Office of Tax Ombudsman, Fiscal Policy and Tax Simplification g) Measures to counter multiplicity of taxes, earmarked taxes, levies and charges h) Explore alternative funding models for critical MDAs and regulators that do not involve imposition of taxes & levies on businesses
C REVENUE TRANSFORMATION SUBCOMMITTEES		
4.	Tax Policy Review	<ul style="list-style-type: none"> a) Review and update the 2017 National Tax Policy b) Recommend action plans for Nigeria in response to international tax developments including the 2-Pillars Solution, illicit financial flows, etc c) Develop a sustainable policy framework to protect the poor and vulnerable population d) Prescribe suitable policy for the taxation of informal sector and NMSME including measures to tackle informal taxation by non-state actors
5.	Tax Law Reform	<ul style="list-style-type: none"> a) Review and redraft the major tax laws including CITA, PITA, CGTA, VATA, SDA, etc b) Prepare draft Executive Orders and Regulations for proposed reforms and measures that do not require legislative changes c) Recommend Constitutional amendments and changes to strengthen Nigeria's fiscal federalism d) Advise and facilitate possible translation of the major tax laws into Nigeria's major local languages
6.	Revenue Administration	<ul style="list-style-type: none"> a) Harmonisation of revenue agencies and collection functions to enable MDAs and regulators focus on their core mandates b) Use of Data for Tax intelligence and economic planning including data points for a robust social register, electronic VAT register etc

SN	Subcommittees	Terms of Reference
		c) Capacity building for revenue agencies and institutionalising professionalism d) Modernisation and automation, and response to challenges of the digital economy e) Improve efficiency of collection and target a 1% cost of collection within the next 4 years f) Curbing corruption in revenue administration and measures to enhance taxpayers trust e.g. whistleblowing framework g) Structures to enhance and sustain voluntary compliance including accreditation of tax agents, enhanced compliance framework (cooperative compliance), etc

Guiding principles

The work of the committee will be guided by the following principles:

1. **National Interest** – every member and participant regardless of their affiliation or political interests shall put Nigeria’s interest first and above all other considerations. International best practice ideas should be considered within our local context.
2. **Data driven** – Proposals must be evidence based and all submissions and recommendations must be data driven to the extent possible. *In God we trust, all others must bring data (Edwards Deming).*
3. **Impact assessment** – Every proposal shall be accompanied with detailed impact assessment both quantitative and qualitative as it may affect stakeholders directly and indirectly in terms of the ultimate burden or benefit where applicable.
4. **Tax philosophy** – Let everyone breathe, especially the poor. Government does not intend to tax poverty but rather promote prosperity and share out of it by way of tax. Taxes on investment or production should be eliminated to the extent practicable in favour of taxes on returns, income and consumption. *We will tax fruits, not seeds.*
5. **No new taxes** - We do not intend to introduce new taxes or increase the rates of existing taxes except if it becomes necessary to compensate for harmonised taxes and levies or prevent revenue loss.
6. **Facilitate inclusive growth** - We will remove tax and fiscal bottlenecks and disincentives. Our goal is to promote investment and facilitate economic growth as a sustainable way to grow and diversify government revenue.
7. **Ensure equity** - We will promote fiscal equity for all stakeholders including investors and businesses, both local and foreign, and all tiers of government - federal and subnational
8. **Diversity of views** – We will seek and respect the views of all members and other stakeholders. Differences and disagreements should be expressed professionally with civility. *It is not who is right, but what is right, that is of importance – Thomas Huxley.*



Work plan

Activity Description	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 2024	Jul 2024
Inaugurate Presidential Fiscal Policy & Tax Reform Committee												
Set up website/emails, secretariat and other operational matters												
Design structures for committee's work including subcommittees, stakeholders' management and reporting												
Identify quick wins on issues where there is broad consensus and prepare executive orders												
Stakeholders' engagements, administer surveys, obtain inputs and feedback etc including sessions for Nigerians in the diaspora, traders, women groups, people living with disabilities etc												
Prepare legal instruments for critical reforms (Executive Orders, law amendments, regulations etc including templates for subnational to domesticate changes where applicable)												
Issue Executive Orders and enact / amend relevant laws for critical fiscal & tax reforms (federal & subnational)												
Set up relevant implementation structures e.g. integrated revenue agency, budgetary changes, public financial management measures, Tax Ombud and Office of Tax Simplification etc												
Submit final report of recommendations & deliverables, implemented changes, progress against set targets and other issues for future considerations												

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