

**STATE-SPECIFIC RECOMMENDATIONS**

**Scorecard for Lagos State**

Lagos State is a success story in revenue generation in Nigeria and Africa. It sets the bar for measuring IGR performance in the country especially with the reform of its Board of Internal Revenue which stirred the implementation of high-yielding reforms. Within the last five years, IGR rose from N185.9 billion in 2010 to N276.5 billion in 2014 at a 17% growth rate. The State’s IGR constituted 68% of its total recurrent expenditure in 2014.

Lagos State has approximately 56% tax compliance rate, with active tax payers made up of 8% public sector, 7% organised private sector and 18% informal sector.

**IGR SNAPSHOT IN THE SOUTH WEST ZONE (2014)**

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| S/N | STATE | MONTHLY IGR (N) | ANNUAL IGR (N) | 5 YR GROWTH RATE | IGR/RECURRENT REVENUE (%) | IGR PER CAPITA (N) |
| 1 | LAGOS | 23,013,664,889.66 | 276,163,978,675.95 | 16.5% | 67.9% | 23,552.63 |
| 2 | OGUN | 1,458,135,065.63 | 17,497,620,787.52 | 21.9% | 26.4% | 3,597.60 |
| 3 | OYO | 1,358,936,141.68 | 16,307,233,700.20 | 11.7% | 21.7% | 2,236.21 |
| 4 | ONDO | 976,561,791.87 | 11,718,741,502.49 | 16.0% | 13.4% | 2,672.99 |
| 5 | OSUN | 709,439,515.56 | 8,513,274,186.67 | 26.0% | 15.1% | 1,936.51 |
| 6 | EKITI | 288,528,454.03 | 3,462,341,448.32 | 22.2% | 7.0% | 1,130.52 |

Over time though, there have been a number of reoccurring challenges that have lingered:

1. Lack of a comprehensive database of all taxable adults in the informal sector
2. Existing tax laws have limited application in the informal sector
3. Multiplicity of taxes by the State and local governments

**STATE’S ACTION PLAN**

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| **S/N** | **Identified Goals** | **Action Required** | **Timeline** | **Responsibility** |
| 1. | Harmonization of collection of State and Local Government taxes to avoid multiple visits by the authorities | Buy-in of Local Governments to the idea of joint collection; Partnering with a reputable financial platform provider for sharing of revenue purposes e.g. NBBS, Interswith or Remita (Similar to the new TSA system) | 6 months | Ministry of Finance |
| 2. | Integration of all MDAs and IRS to facilitate information sharing | MDAs and IRS training on how to use the newly generated additional information to assess taxes due correctly. | 6 months | Ministry of Science and Technology |
| 3. | Investment in research to identify new areas of collection e.g. withheld taxes on rent, e-commerce: online businesses etc. | New laws for tax collection from online businesses e.g. where are they resident, for PAYE purposes (cloud 2) etc.; New laws on WHT on rent, where other people can also withhold on behalf of IRS in addition to companies already registered for PAYE | 1 year | House of Assembly |