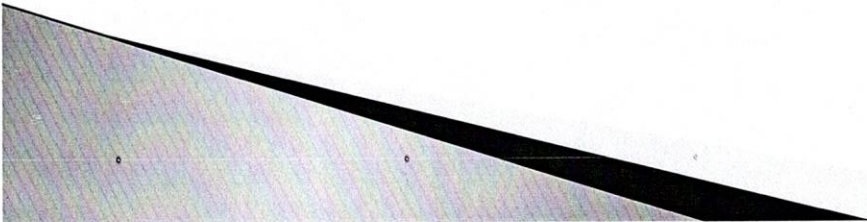


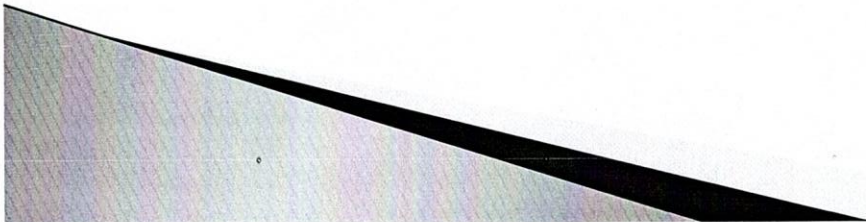
Structure of the Presentation

- ▶ 1. Lagos – a Mega City
- ▶ 2. Revenue Administration in the State before Reform
- ▶ 3. The need for Reform
- ▶ 4. The Reform Programmes
- ▶ 5. The Achievements
- ▶ 6. Conclusions : Reform Output and Outcome



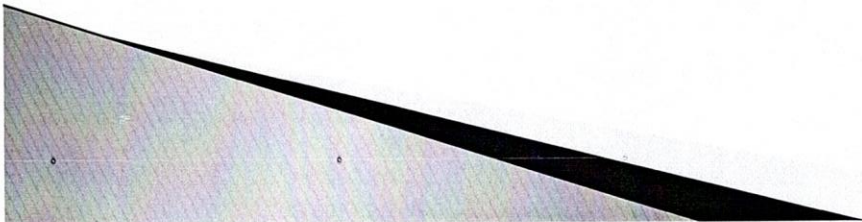
Lagos State a Mega City

- ▶ Lagos state by various international assessments is a mega city/state and with over 75% of its current population living in Metropolitan Lagos.
- ▶ It is the largest urban agglomeration in Africa and the black world (1999 UNCHS).
- ▶ By current estimate of the numbers, which is confirmed by international organizations, the population of Lagos is now in the region of 18 million.
- ▶ In spite of the relocation of the Federal Capital, Lagos State remains Nigeria's and indeed ECOWAS and Sub-Saharan Africa's economic and commercial hub.
- ▶ Lagos experiences major challenges faced by mega cities the world over which include urban transportation, safety of lives and properties, affordable and qualitative Education, Provision of Health facilities, Portable drinking water, Beautiful environment etc.
- ▶ With a growing population and concentration of national industrial activities, Lagos State requires substantial investment in socio-economic infrastructure.



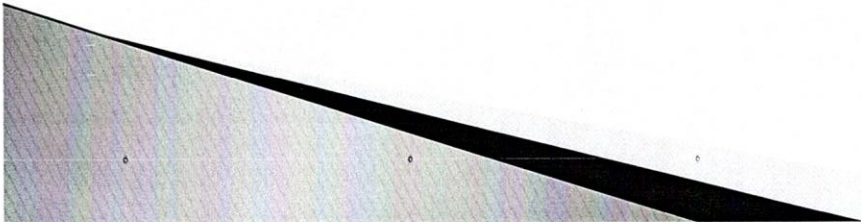
Tax Administration in the State Before Reform

- ▶ Lack of required facilities for the Board to carry out its functions which were manual in nature
- ▶ Low remuneration/morale and Lack of skills comparable to those of taxpayers,
- ▶ Under assessments, Arbitrary assessments and Non-assessments,
- ▶ Non-Remittance of taxes and Diversion of Revenue/Sharp Practices
- ▶ Inconsistencies in the application of enforcement standards.
- ▶ Loss of Revenue due to the State Government.



Need for Reform

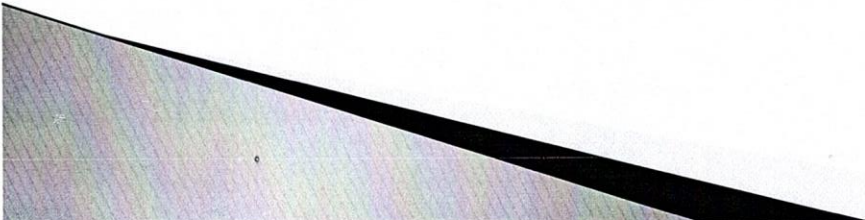
- ▶ In 1999, the Administration of Ashiwaju Ahmed Bola Tinubu, the immediate past Governor of Lagos State, initiated the state revenue administration reform process aimed at:
 - ▶ Addressing the problems highlighted above.
 - ▶ Putting in place a dynamic and proactive Revenue Administration.
 - ▶ Ensuring effective and efficient collection of all tax revenues due to the Lagos State Government under the relevant Federal and State Laws.
 - ▶ Vigorously pursuing programmes that will lead to widening the tax net and ensuring that all tax payers pay the adequate tax as and when due.
 - ▶ Ensuring sustainable IGR to meet the ever increasing expenditure profile of the State thereby making the State less reliant on allocations from the Federation Account.



The Reform Programmes

a. Advocacy, Enlightenment and Education

- ▶ Tax payers' education and enlightenment on the need to pay taxes have been sustained through unprecedented tax campaigns in Prints, on Radio and Television.
- ▶ LIRS took its tax campaign to the Traditional rulers thereby co-opting them into the tax drive
- ▶ Testimonial Adverts by notable and respected citizen of the State – religious leaders, celebrities etc
- ▶ Tax awareness road shows in collaboration with Non Profit Organisations
- ▶ Participation in events and shows

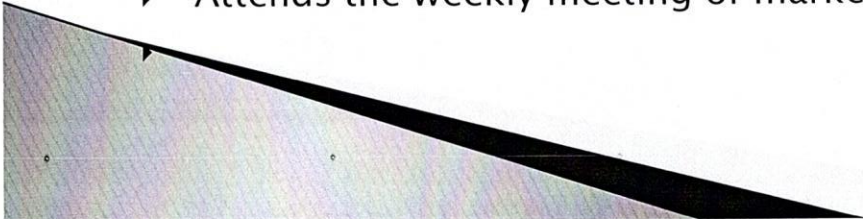


Advocacy, Enlightenment and Education (continuation)

- ▶ Participation in Trade Fairs
- ▶ Tax Education and Enlightenment Team (TEET) Activities : To ensure accelerated and full coverage of the state's tax jurisdiction, LIRS commenced Task Force operations (with 3 teams), charged with the responsibility of visiting Companies and Business establishments within the State to check tax compliance and educate the taxpaying public. The activities of the task forces have resulted in increased tax payers' base and compliance. The Task Force teams have been increased from 3 to 35.
- ▶ Publication of Frequently Asked Questions on various tax issues.
- ▶ LIRS sponsored Television Programme 'Tax Talk ' is presently being aired on 3 Television Stations .
- ▶ Sponsored page in the Financial Standard
- ▶ Distribution of Fliers
- ▶ Publication of Employers' Guideline
- ▶ Functional website www.lirs.net, with up to date information and downloadable forms

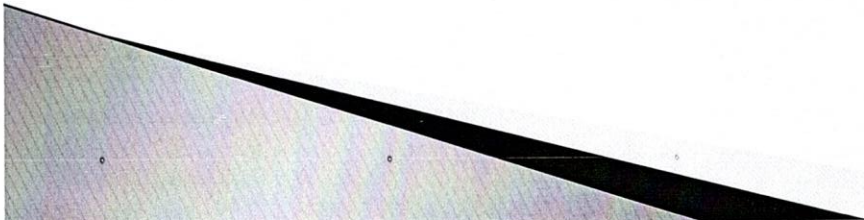
b. Engagement

- ▶ Yearly Stakeholders' Tax Conference– The conference brings together Professionals, Traditional Rulers, Market Men and Women in the State who meet the State Governor and the Executive Council.
- ▶ Presentation of Awards To Distinguished Tax Payers
- ▶ Lagos State Internal Revenue Service (LIRS) as part of her Public – Private Sector Partnership organized a stakeholders' conference for professional associations on Thursday, the 17th of April 2008.
- ▶ Town Hall Meeting: LIRS also organized an interactive session with members of Market Associations, General Merchants (Importers and Exporters) and Skilled Technicians on Tuesday, 1st July 2008. During the occasion, His Excellency launched LIRS tax theme song.
- ▶ Focused meeting with the following groups in 2009:
 - ▶ Lawyers 19th May 2009
 - ▶ Operators in the Hospitality Industry 16th July 2009
 - ▶ Religious leaders, 20th July 2009
 - ▶ Pharmacist 29th July 2009
- ▶ Attends the weekly meeting of market unions members and their leaders



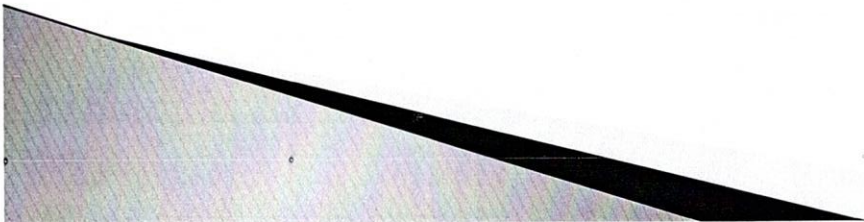
c. Collaborations

- ▶ LIRS partnership with Banks ,which is mutually beneficial, has reduced the turnaround time between tax assessment and payment.
- ▶ Nigeria Employers' Consultative Association (NECA) in collaboration with LIRS organized an interactive session for the Organized Private Sector on the Challenges Faced by Tax Authorities in discharging their duties at the Lagos Airport Hotel on 21st of May 2008.
- ▶ LIRS continue to collaborate with the State's MDA through mandatory confirmation of tax compliance status of Individuals transacting business with the State Government. Presently, LIRS has assessment desk in the offices of Land Bureau , LASTMA and the State's High and Magistrate Courts.
- ▶ Collaboration with other Revenue Agencies
- ▶ Multi-lateral Organizations– World Bank



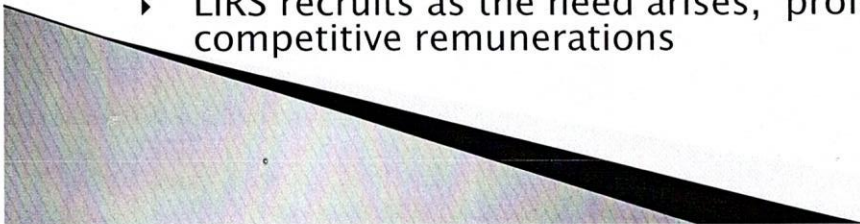
d. Facility upgrade

- ▶ Renovation of Tax Offices
- ▶ Deployment of IT infrastructure in all tax offices
- ▶ Installation of Generators
- ▶ Procurement of new utility vehicles
- ▶ Relocation of some tax offices to more spacious and business friendly environment



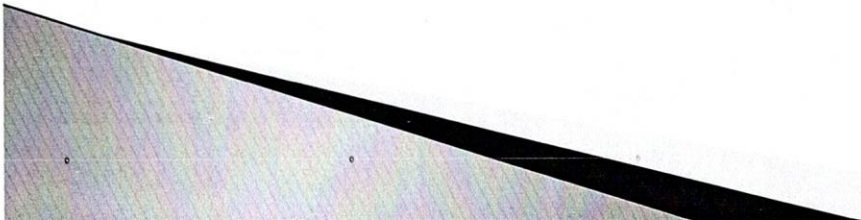
e. Organizational Restructuring

- ▶ Autonomy of LIRS: The autonomy of LIRS which commenced under the immediate past Governor, Ashiwaju Bola Ahmed Tinubu, was completed and her new Logo unveiled by His Excellency, the Governor of Lagos State Mr. Babatunde Raji Fashola (SAN) at the 1st Lagos State Taxation Conference in 2007
- ▶ Development and adoption of vision and mission statement
- ▶ Harmonization of the operational directorates.
- ▶ Carrying out a full re-appraisal of the appointment and operational procedure for Tax Audit Monitoring Agents with a 90-day turn-around programme which ensures that tax audits are carried out more efficiently
- ▶ Establishment of a virile operational procedure that ensures proper and timely coordination of activities between the assessing and enforcing arms of the Board
- ▶ Members of staff who opted to remain in the civil service were transferred to other Ministries and Departments. Others who are keen to pursue a career in taxation administration were offered employment by the autonomous LIRS and disengaged from the civil service
- ▶ LIRS recruits as the need arises, professionals in relevant fields and offer them competitive remunerations



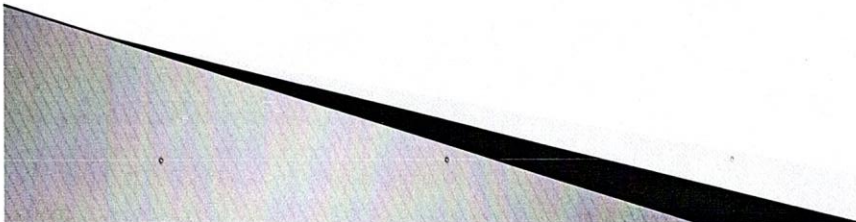
Organizational Restructuring(Continuation)

- ▶ Creation of new units; Religious , Judiciary, Professional, Informal Sector, LASTMA, Self Assessment Review Units, Public Sector, Strategic Audit, Relationship Management Units, Distrain unit
- ▶ Capacity building: LIRS has in operation a well equipped and functional training school. Regular in house training are organized to enhance staff skill
- ▶ Staff are also exposed to the best practice in tax administration through participation conferences, seminars, off shore training – 4 staff of the LIRS were in South Africa in June 2008 for the African Tax Institute's Tax Administration Modernization Course.



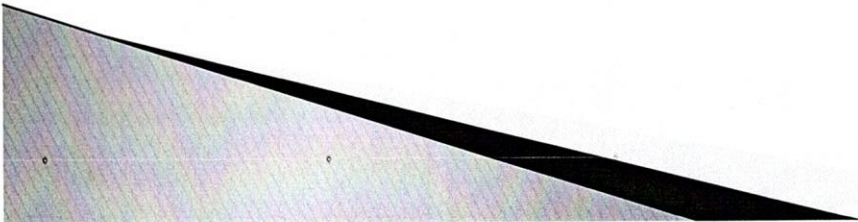
f. Process Reengineering / Simplification of Assessment and Payment Process

- ▶ The full implementation and use of e-TCC to further assisted the blockage of general revenue leakages
- ▶ Accelerated Tax Audits of Back Years. Over 1500 tax audits in 2006 , 3500 in 2007 and 4000 in 2008 were concluded and tax audit liabilities paid. 1000 Professional Accountants and Tax practitioners were engaged to collate tax audit data and assist in Tax payer Enumeration
- ▶ Direct Bank Lodgment- Linkage of over 1200 branches of banks on line; Automated Revenue Receipts.
- ▶ Close Monitoring of revenue through the generation of timely management reports- creation of accounts relationship management unit that monitors remittances based on industry
- ▶ Accounting and Reconciliation- Fast reporting and month-end closing analysis.
- ▶ Enhanced Internal Control
- ▶ Continued enumeration of tax payers



Process Reengineering / Simplification of Assessment and Payment Process(Continuation)

- ▶ Self Assessment Scheme: LIRS introduced Self Assessment Filing System for individuals, the first of its kind in Nigeria and indeed black Africa, to make tax payment convenient, boost the State's IGR and expand the tax payers' list. In partnership with collecting Banks, an individual tax payer can conveniently pay his tax at any of the over 1200 branches of these banks and LIRS 36 Tax Stations.
- ▶ Minimum Tax for those in the Informal Sector.
- ▶ Establishment of Mini Tax Offices in over 30 Major Markets, as a means of bringing tax assessment and collection closer to the taxpaying public .



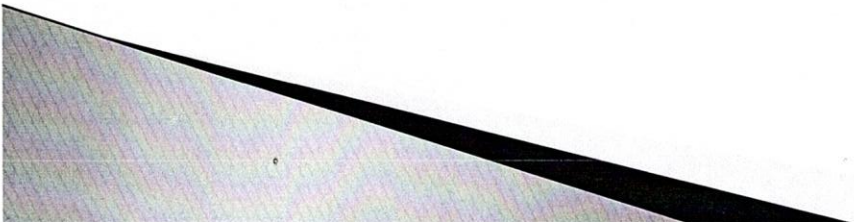
g. Enforcement

- ▶ When every other effort fails to recover tax assessed from defaulting tax payers and after due process, we have had cause to and will continue to invoke the distrain power of the Board as contained in the relevant sections of Personal Income Tax Act.
- ▶ Necessary machinery has been put in place to ensure quick prosecution of tax defaulters which will act as deterrent for future defaults.



ACHIEVEMENTS

- ▶ A wider taxpayer base
- ▶ Increased rate of voluntary compliance.
- ▶ Accurate and timely payment of taxes
- ▶ Increase in Internally Generated Revenue.



REFORMS OUTPUT AND OUT COME:

- ▶ Increase in the State' Internally Generated Revenue. The State IGR now averages
- ▶ =N= 14 Billion monthly.
- ▶

INTERNALLY GENERATED REVENUE (IGR)

