



The Unique Taxpayer Identification Number (UTIN) Buy-in and Support

Project Brief for the States of Nigeria

Prepared by the UTIN Project Team

17 September 2009

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Introduction

- The Unique Taxpayer Identification Number (UTIN) an initiative of JTB is basically an electronic system of tax registration, which would be unique to an identified taxpayer for life and would be available nationwide.

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Legal Basis

□ Legal Basis for the UTIN Project

- Section 86 (9)(d) of the **Personal Income Tax Act, cap P8, LFN 2007** and;
- Section 8 (q) of the **FIRS Establishment Act, 2007** – provides legal basis for FIRS and State BIR to collaborate in issuance and administration of Taxpayer Identification number (**TIN**) to all taxable persons (individuals and corporate);
- These provisions have been given effect by the constitution of the National Unique TIN Implementation Steering Committee in July 2008 with FIRS, States BIR and other key stakeholders as members by JTB.

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Issues

- Existing loopholes in tax system in Nigeria, how do we register all taxable Nigerians, and provide a sustainable platform for revenue generation for the States and Local Government Areas.
- No national platform for the identification and registration of taxpayers with priority based on persons; not nature of transactions (PAYE, CIT, VAT, WHT, Stamp Duties, Education Tax, Petroleum Profit Tax, etc).
- How can we improve tax administration in Nigeria.
- How can we share information between the tax authorities in Nigeria, between States, the States and FIRS to promote confidence, effectiveness, efficiency, competitiveness and create conducive environment for investors.
- How do we increase the FG, States and LGA revenue base, now that we have dwindling oil revenue and global economic meltdown.

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Challenges

- Funding
- Taxpayers attitude to paying their taxes
- Lack of standardization of existing Infrastructure and Systems
- Lack of standardization of tax authorities registration formats and processes
- Electricity
- Skilled staff

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What We Have Done

- Development and approval of Project Initiation Document and Project Organisation.
- Securing the seed fund for the implementation of the UTIN project via FIRS 2009 budget
- Inauguration of the UTIN implementation Committee on 14 July 2008
- The Project Team recruitment and resumption on 20 April 2009
- Buy-in visitations and presentations to critical stakeholders-almost closed

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Members of the UTIN Implementation/Steering Committee (Stakeholding Agencies)

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
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	National 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)

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Buy-in Visitations and Presentations to the following:

- The Honourable Minister of Finance
- The Governor of Niger State and Chairman Northern Nigeria Governors' Forum
- The Governor of Kwara State and Chairman Nigeria Governors' Forum
- The Nigeria Governors' Forum (NGF)
- The ALGON Secretariat
- The Association of Local Governments of Nigeria (ALGON)
- The Donor Agencies
- The National Economic Council (NEC)
- ❖ The approval for the implementation of the UTIN project was granted by (NEC) on 14 July 2009, approved funding formula based on FGN and States FAAC percentage.

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Achievements

- Setup of the UTIN secretariat
- Secured the approval of the National Economic Council (NEC) to support and fund the UTIN project via the FG (52%) and States (48%) on 14 July 2009
- Secured critical stakeholders buy-in
- The Project Advisor Mr. Rajiva Singh of World Bank resumed in August 2009
- Secured the approval of the Joint Tax Board Members, to play their natural role as the project owners effectively.
- Media Education on the UTIN project and its products in some radio and television stations nationwide
- Increased UTIN project awareness

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Work in Progress

- Visitations and presentations to the States August/September 2009
- Design the Infrastructure and Systems architecture August/September 2009
- Securing Nigeria Governors' Forum blessing on the States' counter part funding amount
- Securing NEC approval for direct deduction from FAAC
- Securing counter part funding from States
- Media Campaign
- Website design and deployment
- Capacity building
- Buy-in visitations and presentations to Federal Executive Council
- The UTIN project team will guide States on how to bring their existing infrastructure and systems in tandem with the UTIN format and standards

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Funding Cost

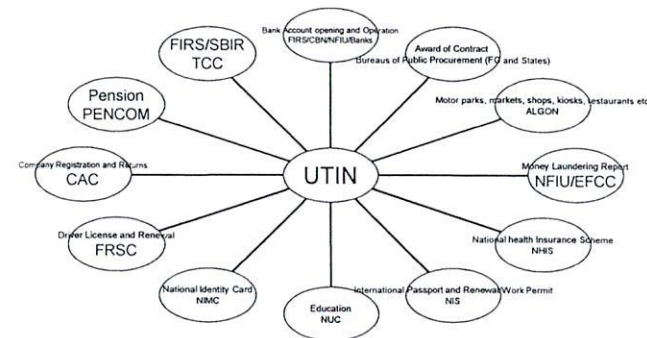
- The project is estimated to cost the sum of 7.23 billion naira detail available on the Project Initiation Brief, this estimate is not yet final;
- Federal Inland Revenue Service (FIRS) representing the Federal Government of Nigeria to provide 52% of the project cost, this is based on the FGN FAAC percentage;
- The 36 (thirty six) States Boards of Internal Revenue representing the States to provide the 48% of the project cost, also based on the FAAC percentage for States;
- Each State shall contribute the applicable amount using their FAAC fraction on the 48% of project cost.

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Services that the UTIN will facilitate And Implementing Government Agencies



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Benefits To States

- Increase in revenue
- Reduction of cost of administration
- Increase of tax base
- Increase in tax compliance
- Reduction of tax evasion
- Easy access to and sharing of information
- Identification and registration of taxpayers
- Reduction of multiple taxation
- Basis for planning, budgeting and appropriation

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Infrastructure And Systems That The UTIN Project Will Provide For Each SBIR

- VSAT equipment and bandwidth
- 5 (five) Desktops Computers
- Local Area Network Communication devices
- 5 (five) data nodes
- Registration application
- 1 (one) Server
- Operating System (OS)
- Technical, data capture, and operation of the UTIN allocation system training

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Mode Of UTIN Implementation

- The central database will be managed by the Joint Tax Board located in Abuja. States will continue to own their taxpayer database (local) while other stakeholders will have "read only" access on a "need to know basis" within the centralised system;
- The UTIN number will only be issued from the centralised system at JTB Abuja, this is the path that will guarantee national uniqueness;
- The harmonised system will involve adopting common registration processes, infrastructure and systems. The registration application will be uniform nationwide, It is important to note that migration from what currently exists to what is planned will not affect the current tax administration system or the jurisdiction of each level of Government in relation to collection and control of taxes. The UTIN number will continue to be used by the Federal and State Governments to administer taxes in line with existing laws and practice.

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Milestone and Time lines

• Approval of Project Initiation Brief	January 2009
• Approval of UTIN format	January 2009
• Development of communication plan for the UTIN Marketing	March 2009
• Secure the buy-in of Governors and other stakeholders	March 2009
• Agree on infrastructural design and network	September 2009
• Establishment of Data Centers in Pilot States	April 2010
• Successful deployment of hardware and software at the 37 locations including User Acceptance Tests	May 2010
• Pilot run in Select States	May 2010
• Integration of Offices	June 2010
• Full roll-out	January 2011
• Closure of UTIN Committee	August 2011

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Prayers

- Own, buy-in and support the UTIN Project;
- Adopt the UTIN numbering format, standards, processes, registration forms, infrastructure and systems as the platform for tax automation;
- Support the identification and registration of taxpayers nationwide;
- Assist to secure their State's UTIN project part funding as determine by their States FAAC fraction on the 48% of the project cost.

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Conclusion

- Thank you for listening and may God bless you.
- Questions and Answers

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