

COUNCIL NOTES OF IFUEKO OMOIGUI OKAURU, CHAIRMAN JOINT TAX BOARD (JTB) ON UPDATE ON THE UNIQUE TAXPAYER IDENTIFICATION NUMBER (UTIN) PROJECT TO THE MEETING OF THE NATIONAL ECONOMIC COUNCIL OF 15TH JUNE 2010, AT ASO ROCK VILLA, ABUJA.

Your Excellency, the Vice President of the Federal Republic of Nigeria, Your Excellencies, State Governors here present, members of the National Economic Council, all protocols observed.

Your Excellencies, may recall, that the Unique Taxpayer Identification Number (UTIN) project of the Joint Tax Board (JTB) was presented to the National Economic Council (NEC) at its meeting of 14th July, 2009, seeking for buy-in, support, approval and funding of the project estimated to cost **₦7.23 billion**. The JTB set out the rationale for the project, the role of the NEC and the overall benefits to the Nation at the meeting. Further to this, NEC graciously approved the implementation and funding of the project. The FAAC sharing formula (excluding the 13% derivation) was used as the sharing formula for funding of the project between the States and Federal Government. This memo seeks to provide a brief update to Council on work done since approval was granted.

Distinguished Council members, since the approval of the project by the NEC, the following actions have been achieved:

1. Vendor selection process has been carried out, using International Competitive Bidding (ICB) method. The evaluation committee included a World Bank Consultant who is the Project Advisor, an ICT Consultant from UK, and an ICT Consultant from the private sector in Nigeria. Based on the evaluation and recommendation of the evaluation committee, the UTIN Steering Committee gave provisional approval for the award of a contract for the design, supply and implementation of the infrastructure and systems in favour of Telnet Consortium (a Nigerian Consortium) on the 12th March, 2010. The Bureau of Public Procurement (BPP) was subsequently notified, as a result of which the "No Objection Certificate" was issued by the BPP on the 30th March, 2010. A memo seeking approval of the Federal Executive Council (FEC) for the award of the contract has been sent to the Honourable Minister of Finance for submission to the FEC for consideration. Your Excellencies, the implementation of the infrastructure and systems will commence immediately we secure FEC approval for award of the contract;
2. Your Excellencies, other than the hardware and software component of the project, capacity building is a major focus of this project. To ensure that global best practices are utilised in this project, the JTB carried out a study tour of the India Direct Taxation Board and the Ethiopia Revenue and

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Customs Authority. These study tours provided enlightening perspectives to JTB which would be utilized in the course of the roll out of this project. We have also ensured continuous training for all project members and we are currently in the process of obtaining nominations from State's Boards of Internal Revenue for training of their personnel which would be crucial to the success of this project;

3. Another critical success factor for the project is publicity and awareness. It is intended in this regard to ensure that every Nigerian is aware of the existence and usefulness of this project. To this end, we have visited and are visiting on a continuous basis various stakeholders to obtain support. In this regard we have visited the Honourable Minister of Finance, Nigeria Governors' Forum, Association of Local Government of Nigeria, the National Economic Council, Secretary to the Government of the Federation, the House of Representatives Committee on Finance, Forum of Commissioners of Finance in Nigeria, National Identity Management Commission, thirty four States (34) of the Federation and the Senate Committee on Finance. We have also commenced widespread media campaign using various mass media. We hope to be able to conclude the visitation to the two (2) outstanding States – Kaduna and Lagos, before the end of June 2010;
4. With respect to the funding, the FIRS representing the Federal Government has made available its own counterpart funding (52.68% of the project cost) to the JTB. However only four (4) States - Jigawa (full), Oyo (full), Kwara (42%) and Kogi (25%) have paid full or part counterpart funding. The States that have made part payments have committed to complete their payments before November 2010. JTB has received firm commitments from two (2) additional states - Delta and Bauchi. Thirteen (13) States - Adamawa, Borno, Benue, Edo, Imo, Yobe, Niger, Gombe, Kebbi, Ogun, Osun, Sokoto and Zamfara states have assured us that monies have been provided in their 2010 budget and that processing of their payments is in progress. In all nineteen (19) states out of thirty-six (36) States have responded positively. To assist the States in keeping to their commitments, we had suggested to the Nigeria Governors' Forum, that the funds be deducted at source for onward remittance to the JTB. This suggestion was however said to be untenable, as there were concerns about the legality of such a deduction. The JTB would however appreciate any assistance or intervention from the NEC to encourage

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the States to meet up with the funding commitment, as the JTB is eager to obtain all payments by 31st December, 2010;

5. Your Excellencies, a major ally of the JTB in achieving success in this project is the National Identity Management Commission (NIMC), which is the primary agency responsible for identification, verification and validation of individuals in Nigeria. In this regard, the JTB has noted that there have been some concerns as to whether the UTIN project is a duplication of the NIMC's activities. It should therefore be clarified that while the NIMC is focused only on individuals (natural persons), the UTIN system covers individuals, companies, enterprises and all other types of business arrangements. Pursuant to ensuring that the UTIN and other like initiatives are driven by common standards, the NIMC is chairing and coordinating a National Identity Harmonisation Committee (NIHC) involving the following agencies: Joint Tax Board (JTB)/Federal Inland Revenue Service (FIRS), Pension Commission (PENCOM), National Health Insurance Scheme (NHIS), Central Bank of Nigeria (CBN), Federal Road Safety Commission (FRSC), Independent National Electoral Commission (INEC), Nigerian Communications Commission (NCC), the Economic and Financial Crimes Commission (EFCC), Office of the National Security Adviser, Nigerian Prisons Service, Nigerian Immigration Service, Corporate Affairs Commission (CAC) and the National Office for Technology Acquisition and Promotion (NOTAP). The purpose of this committee is to standardize person identity parameters, which will be useful to the work of the various agencies and in our case, the UTIN project. Indeed, an outcome of the work of the NIHC is the "Standards for biometric enrolment handbook" which specifies the minimum infrastructure and systems that an agency must have before the agency is able to partake in effective identity enrolment of persons in Nigeria. These standards were integrated in the definition of specifications for the UTIN project and used as part of the "Request for Proposal" document during the vendor selection process. Your Excellencies should kindly note that the JTB constantly works in collaboration with the NIMC. The UTIN system is not a duplication of the National Identity Number (NIN) system, but instead will further assist the Federal Government in meeting its overall developmental goals and ensure that Nigeria has a reliable and valid database of persons, companies, and enterprises in Nigeria.

In summary, Your Excellencies, the UTIN system will create the platform for the harmonisation of tax administration in Nigeria and provide useful data for the

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identification and monitoring of taxpayers in Nigeria. This would lead to higher tax compliance and increased revenue for Government. The UTIN systems would also provide various other spin offs for our economy, as its use would extend to several other sectors of the Nigerian economy, such as banking and other financial services, procurement, national security, national planning, law enforcement and others.

PRAYERS

Following from the above, Your Excellencies are please requested to:

- (a) **note** the status of the implementation of the UTIN project to date;
- (b) **note** the efforts made by the Project teams to obtain widespread support of the Nigerian populace for the project;
- (c) **note** the overriding benefits of the UTIN system to the Nigeria tax system in particular and the entire Nigerian economy;
- (d) **note** that a memo seeking approval of the Federal Executive Council (FEC) for the award of contract has been sent to the Honourable Minister of Finance for submission to the FEC for consideration;
- (e) **note** that the implementation of the requisite infrastructure and systems will commence immediately we secure FEC approval for award of the contract;
- (d) **note** that with the support of the State Governors, we hope to be able to conclude visitation to the two (2) outstanding States – Kaduna and Lagos, before the end of June 2010;
- (e) **note** that funding of the project to date has been mostly borne by the Federal Government (through the FIRS) with a few States providing counterpart funding and that the project is facing funding constraints;
- (f) **approve** that State Governments should provide their counterpart funding in full before 31 December, 2010;
- (g) **assist** the JTB in putting in place an agreed framework for ensuring funds are indeed provided by the State Governments; and
- (h) **continue** to provide full support for the implementation of the UTIN project.

Thank You.

Ifueko Omoigui Okauru
Chairman Joint Tax Board