

**SUBMISSION BY ADAMAWA STATE BOARD OF INTERNAL REVENUE ON
THE STATE INTERNALLY GENERATED REVENUE TO NIGERIAN
GOVERNOR'S FORUM PEER REVIEW TEAM NORTH EAST STATES:**

1. INTRODUCTION

The emergence of what is now known as Adamawa State Board of Internal revenue a Body responsible for tax administration could be traced as far back as 1962 under the Personal Tax Law (laws of Northern Nigeria 1963). This law saddled the Commissioner of Revenue as the Chief Executive overseeing tax administration in the then Northern Region.

This position remained intact even during the existence of North Eastern State except that this organ of Tax Administration was run as a Revenue Division of the Ministry of Finance.

In 1986 the then Gongola State Government by virtue of Edict No. 14 of 1986 gave this Revenue Division ~~an~~ autonomy as Gongola State Board of Internal Revenue whose Chief Executive was Director Internal Revenue as against Commissioner of Revenue, The Board under this Edict has the Commissioner of Finance as the Chairman of this Board.

In 1991 with the bifurcation of Gongola State into Adamawa and Taraba States, the Board's nomenclature was changed to Adamawa State Board of Internal Revenue. However it retained the powers conferred on it by the Edict though limiting its function to Adamawa State.

In 1993 with the promulgation of Decree 104 of 1993 (now Personal Income Tax Act Cap. P. 8 laws of the Federation), this ushered the establishment of uniform Boards of Internal Revenue for the various States in the Country (Adamawa State inclusive). This law gave the Board the needed autonomy recognizing a professional in tax administration as the Chief Executive and the Chairman steering the activities of the Board. The Personal Income Tax Act (PITA) is rooted on the legislative competence of the National Assembly under item 59

exclusive legislative list and item D7 Concurrent Legislative list of the Constitution.

The Adamawa State Government in conformity with Personal Income Tax Act enacted its State Law, Adamawa State Board of Internal Revenue Law 2007.

This Law recognizes the Personal Income Tax Act (PITA) vide Section 1 Adamawa State Board of Internal Revenue Law.

"This Law may be cited as the Adamawa State Board of Internal Revenue Law and shall be read as one with the Personal Income Tax Act which shall come into operation on the 8th day of March 2007."

This Law is in parameteria with the provisions of the Personal Income Tax Act at the same time acknowledging the limits of the Board to collection as preserved under the Taxes and Levies (Approved Collection List) Act.

2. COMPOSITION AND ROLE:

Having stated the formal legislation (Adamawa State Board of Internal Revenue Law 2007) giving effect to the Establishment of the Board as prescribed under the Personal Income Tax Act (PITA) worth further looking at is its composition as provided under Section 4(1) Adamawa State Board of Internal Revenue Law 2007 reproduced here under:-

"4(1) The Board shall comprise;

- (a) the Executive Head of the Internal Revenue as the Chairman, who shall be a university graduate with relevant qualification and experience in taxation, having served for at least six (6) months in a Senior Management position of the Internal Revenue Service and appointed by the Governor;*
- (b) the Directors and Heads of Departments within the Internal Revenue Service;*
- (c) a Director from the Ministry of Finance;*
- (d) Legal Adviser to the Internal Revenue Service;*

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- (e) *three other persons nominated by the Commissioner of Finance on their personal merits, whose tenure may be prescribed by the Commissioner subject to approval by the Governor;*
- (f) *the Secretary of the Internal Revenue Service who shall be an ex-officio member”.*

Section (8) subsection (5) clearly define the composition of the Board, by stating as follows:

“In case of vacancy in the Board by reason of non assignment of a Director from Ministry of Finance under section (4)(1)(c) and appointment of the nominee of the Commissioner of Fiannce under section (4)(1)(e) the decision of the Board shall be final once the provision of sub-section (1) of this section is satisfied.....”

Section (8) sub(1) state as follows:

“Any five members of the Board of whom one shall be the Chairman, shall constitute a quorum.”

The responsibility saddled on the Board is reflected in Section 6 of the above Law.

The autonomy of the Board is stated clearly in section (6) subsection (2)

“ The Board shall be autonomous in the day to day running of the Technical, Professional and Administrative affairs of the Internal Revenue Service.”

Furthermore on the administrative autonomy section 6(7) states as follows the Board may appoint such other persons to be employees of the service in position created by the Board and such terms and conditions as shall be laid by the Board subject to the provision of this Law.

- *Finance, autonomy*
- *Custodian of all IRSS*
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Section 6(8) emphasis the administrative autonomy it states follows

“If the Board thinks its expedient that any vacancy in the Internal Service should be filled service of the State it shall notify the Civil Service Commission to the effect and the Board by arrangement with the Commission, caused such vacancy to be filled by way of secondment or transfer.”

Finally section 6(9) states as follows:

“The Board may subject to such conditions as it may from time to time determine appoint and employ Consultants, including Tax Consultant or Accountant and Agent to transact any business or to do any act required to be transacted or done in the execution of its function or carrying out into effect the purpose of this Law. provided that such Consultant shall not carryout duties of Assessment and Collecting Tax or normal and routine responsibilities of tax officials”

On the issue of financial autonomy section (6) (1)(b) states as follows:

*“Ensuring the effectiveness and optimum collection of all taxes and penalties due to the State Government under the relevant Federal and State Laws. Provided that an amount of not less than 10% percent of the Revenue collected as may be approved by the House of assembly shall be **retained** by the Internal Revenue Service defray cost of collection and administration”.*

An overview of this role shows that in Adamawa State, the Board is a conduit through which its Internally Generated Revenue is collected and accounted for to the government. The Board equally has a supervisory role on all government revenue generating agencies who usually account to the Board for revenue collected. It has autonomy in its day-to-day affairs and enjoys 10% cost of collection on Internally Generated Revenue (IGR) collected.

3. STRUCTURE

The Board's set up consists of six (6) Departments viz (i) Administration (ii) Collection and Accounting (iii) Other Taxes (iv) Information and Intelligence (v) Planning, research and Information Management and (v) Legal Department.

Under the Assessment Department we have the following units – PAYE, Self Assessment and T25 Major Cases under Other Taxes Department we have Road Taxes, Development Levy and Stamp Duties Units.

The Board equally has its Zonal Offices spread within the following:- Jimeta, Yola, Mubi, Michika, Gombi, Numan and Ganye. These offices directly control 2-5 Local Government Areas each as their respective areas of collection. They are semi autonomous in tax administration at their level but however accountable to the headquarters.

Of recent also the Board has established an office in Lagos to cater for Lagos Area while plans to establish one in Abuja is on the way.

The total staff strength of the Board is 382 and presently at the apex is the Executive Chairman who is the Chief executive and the Accounting Officer. He oversees and steers the general Administration of the Board and the functions of all the Departments. Next in hierarchy is the Secretary/Legal Adviser who heads the administration and the Legal Department concurrently. He is answerable to the Executive Chairman. The Departmental Heads are answerable to the Secretary/Legal Adviser. Next to these Departmental Heads are the Unit Heads and Zonal Officers.

The Board within its structure has in place a technical committee established under Section 10 of the Adamawa State Board of Internal Revenue law which comprises the following.

- (a) Chairman of the Board as the Chairman
- (b) The Directors within the Board
- (c) Legal Adviser to the Board
- (d) Secretary of the Board.

The function of this committee is provided under Section 11 of the Adamawa State Board of Internal revenue Law viz to consider all matters that require professional and technical expertise and make recommendation to the Board.

4. COLLECTION:

Having highlighted the primary function of the Board it is important to note that the Board is directly Incharge of collection of Personal Income Tax, Capital Gains Tax, Pool/Gaming Tax, Road Taxes and Development Levy while other areas of collection e.g Business Premises registration fee, Right of Occupancy fee on Land and other fees, levies and charges are collected by remaining government agencies who account for same to the Board in line with the Law.

5. ACCOUNTABILITY:

As highlighted above effective and optimum collection of the revenue in the State is vested on the Board. It is for this reason that Section 19(1) provides for the establishment of remittance bank Account for payment of government revenue and its remittance to be in a manner to be prescribed.

Sequel to this EXCO approved designated Banks and a Lead Bank for the Board for these collections. At the end of every month various Government Revenue generating Agencies make returns of revenue remittance to the Board. The Board in the same manner instructs the collecting banks to raise draft in favour of the Lead Bank the last Bus stop for these funds. However, these system has changed with the Commission of Pay Direct.

6. REVENUE PROFILE AND PERFORMANCE IN THE PAST TWO (2) YEARS:

See attached marked annex 1.

7. CHALLENGING FACING INTERNALLY GENERATED REVENUE IN THE STATE:

- i. Apathy of wealthy indigenes to invest in the State.
- ii. Low level of taxpayer education in the State because of its rural base.
- iii. Lack of record keeping by informal, private sector which makes it hard for the Board to assessed them rightfully.
- iv. Lack of correct deduction and timely remittance of Pay As You Earn (PAYE) and Withholding Taxes by Local Government Councils.
- v. Lack of correct deduction and remittance of Withholding Taxes by Government Agencies.
- vi. Lack of timely returns of collection by Government agencies to the Board e.g the Courts etc.
- vii. Epileptic remittance of Pay As You Earn (PAYE) by Federal Government Agencies despite e-payment policy.
- viii. Lack of computerizing the collection system.
- ix. Low rates of levies, fines, fees and user charges.

8. MEASURES

- i. The above challenges notwithstanding the Government has taken the following steps.
- ii. Plans to hold tax summit with its citizens.
- iii. Premium is now being given to taxpayer education through prints and media publicity.
- iv. Plans to centralized salaries of Local Government as to make deduction of Pay As You Earn (PAYE) easy at the source.
- v. Chief executive of various Ministries and Boards have been urged to ensure that revenue generated are promptly accounted for to the Board.
- vi. Government plans to centralized all contract payments to ensure that Withholding Taxes are deducted and promptly remitted.

- vii. To the check the epileptic remittance of Pay As You Earn (PAYE) by the Federal Government Agencies despite the e-payment policy the government plans to establish a Zonal Office for the Board at Abuja.
- viii. Government plans to computerize the operation not only of the Board but also of other Government collecting agencies to plug leakages.
- ix. The government plans to review the rates of levies, fines, fees etc to meet with economic reality.
- x The problems of logistics for the Board is equally being addressed while the training and retraining of the Board staff is an on going process.
- x. The government is equally looking inwards to see how it will tap the economic potentials in the State to boost the Internally Generated Revenue.
- xi. Pay Direct platform for Internally Generated Revenue has been commissioned in the State.

It is hope that with all these measure in place, the Internal Generated Revenue will increase.

Appendix 1

**ADAMAWA STATE GOVERNMENT MONTHLY INTERNALLY GENERATED
REVENUE COLLECTION FOR 2008 AND 2009:**

MONTH / YEAR	2008 ₦	2009 ₦
JANUARY	138,722,361.70	183,050,859.66
FEBRUARY	152,745,820.06	178,872,739.17
MARCH	272,493,404.26 <i>X</i>	162,603,134.07 <i>X</i>
APRIL	145,794,882.69	215,905,761.29
MAY	142,326,443.01	329,730,057.04
JUNE	234,888,968.42	205,020,168.38
JULY	129,218,771.03	147,827,986.73
AUGUST	414,464,354.44	126,541,305.32
SEPTEMBER	225,636,037.40	617,083,329.04
OCTOBER	173,282,403.24	1,080,953,748.30
NOVEMBER	154,049,623.11	333,609,310.94
DECEMBER	379,415,055.28	229,242,517.16
TOTAL	<u>₦ 2,563,038,144.64</u>	<u>₦ 3,810,440,917.10</u>

sectoral performance