

**BRIEF/SPEECH OF HMF ON THE VOLUNTARY ASSETS AND  
INCOME DECLARATION SCHEME (VAIDS) AT THE  
EMERGENCY MEETING OF THE JTB ON THE 5<sup>TH</sup> OF JUNE 2017**

Protocols

Introduction

I am deeply honoured to address this esteemed gathering of all the Chairmen of State Boards of Internal Revenue Services, the Executive Chairman of the Federal Inland Revenue Service, staff of the FMF, FIRS, JTB and other distinguished guests.

As you are all aware, the reason we are here is to discuss a subject matter that is very critical to the well being of the nation, improved non-oil revenue generation through a Special Purpose Vehicle named Voluntary Assets and Income Declaration Scheme.

1. The Nigerian Voluntary Assets and Income Declaration Scheme (VAIDS) is a programme that will enable eligible taxpayers to pay their outstanding tax liabilities relating to the previous 6 tax accounting years.
2. Taxpayers would be able to regularise their tax affairs, declare all relevant assets and income and obtain tax clearance certificates.
3. Participants who are truthful and cooperate with the tax authorities shall obtain the following benefits:
  - a. No tax audit.
  - b. No Criminal prosecution for tax offences.
  - c. Complete waivers of interest and penalties in the first 6 months of the scheme.
4. The HMF obtained the consent of all State Governors and of the President when she made a presentation at the National Economic Council (NEC) on 10<sup>th</sup> March 2017 however, it was deemed very important for the Ministry in conjunction with the Joint Tax Board (JTB) to meet with all the Chairmen of the State Internal Revenue Boards to explain the project in detail and to answer any questions.

5. The Federal Government and all the State Governments are in agreement that our collective revenue base is extremely low. We have a serious infrastructure deficit and so many other programmes that ought to lift our people out of poverty have been rendered comatose due to lack of funding.
6. The non-oil tax to GDP ratio of 6% is one of the lowest in the world, as such it's the goal of VAIDS to-
  - a. Increase the tax to GDP ratio to at least 10%;
  - b. Increase the number of taxpayers in the net from;
  - c. Enhance revenue generation;
  - d. Widen the tax base; and
  - e. Improve the overall level of tax compliance.
7. Multinational companies and high networth individuals are in the habit of underpaying taxes or completely evading the payment of taxes. Majority of the lower and middle classes of eligible taxpayers are not in the tax net at all except those on PAYE Schemes. VAIDS will be a veritable tool to bring as many as possible into the tax net for the first time or to regularise pre-existing tax status.
8. It is expected that States shall prepare lists of High Networth individuals within their respective jurisdictions who shall be specially persuaded to either come into the tax net for the first time or to truthfully declare their assets and income and pay outstanding liabilities.
9. The Asset Tracing Team within the Ministry of Finance shall support the work of VAIDS. In conjunction with International Asset Tracing Specialists, they are charged with tracing the assets of Nigerians who have evaded tax and the information shall be used to crosscheck their declarations.
10. The Federal Government acknowledges that States have the responsibility for assessing, collecting and accounting for Personal Income Tax (PIT) from those residing within its jurisdiction.
11. The Federal Government, through VAIDS, has no intention of usurping the statutory and constitutional authority or responsibilities of the State Governments but it has taken into

account the fact that most States do not have the wherewithal to trace assets within the country and internationally.

12. The Federal and State Governments, as resolved at the NEC meeting of 10 March, 2017 desire to work together so as to give citizens the opportunity to be transparent and honest in their tax affairs and by so doing, bring all eligible taxpayers into the net and increase the revenues accruing from the non-oil sector.
13. With increased funds available for development projects, State Governments and the Federal Government will be better positioned to improve the quality of life of its citizens and to fulfil its campaign promises.
14. The Acting President shall launch the Scheme on the 20<sup>th</sup> of June 2017 while the implementation date remains the 1<sup>st</sup> of July.
15. In order to make this Scheme a reality, it will be necessary for the States to enter into a Memorandum of Understanding (MOU) with the Federal Government.
16. The MOU, which affirms the willingness of the Federal Government and States to work together in order to put a halt to the inaccurate disclosure of assets and income as well as this serious leakage revenue, has certain key concepts which ought to be brought to your attention:
  - a. Establishment of framework for mutual cooperation.
  - b. Sets out the obligations of the parties, namely;
    - i. FIRS
    - ii. SBIRS
    - iii. State Governments
    - iv. JTB
    - v. Asset Tracing Team
  - c. Creates separate accounts for each State
  - d. Spells out the duration of the Scheme from July 1, 2017 to March 31<sup>st</sup> 2018, a period of 9 (nine) months only.
  - e. Permits agreements for instalmental payment plans over a 3year period.
  - f. Confidentiality of all information is assured except under a Court Order, for the prosecution of persons who fail to

comply with the tax laws or VAIDS guidelines or to authorities involved in the assessment or collection of taxes under the scheme.

g. Omnibus clauses covering the amendment, commencement, termination, dispute resolution, and governing law are also included in the MOU.

h. The MOU clearly States in clause 12 that each party to the Agreement remains an independent body with all its obligations and responsibilities intact as provided for under relevant enabling legislation.

i. It further emphasises the fact that no party to the Agreement shall be an agent of any other party except as provided in the MOU.

17. In order for the citizenry to be sensitised about the scheme, the Federal Government has undertaken to develop a nationwide publicity campaign using billboards, print media, television and radio. This is intended to raise awareness about the scheme and shall encourage all eligible taxpayers to voluntarily go to the nearest tax office in order to declare their assets and income. During the scheme, there will be periodic updates on the amount collected and how it is being invested in various projects.

18. It is a widely acknowledged fact that the FIRS and SBIRS are grossly understaffed and therefore may not be able to cope with the deluge of persons coming forward to declare. As such, the Federal Government has undertaken to deploy about 2,000 N-Power Graduate Interns to be trained as Community Tax Liaison Officers (CTLOs) who would be deployed to the nooks and crannies of the nation to market the scheme.

19. The CTLOs would assist the taxpayers fill out their declaration forms, encourage them to obtain TINs and follow them up through the stage of payment of outstanding liabilities. They will be paid the usual stipend of N30,000 for N-Power interns with a bonus which would depend on their ability to fulfil key performance indicators.

20. It is expected that the CTLOs shall form a nucleus of a new Corps of motivated and articulate staff to be recruited and deployed by the various SBIRS
21. The Scheme shall assess and collect all Federal and State taxes such as CIT, PIT, PPT, CGT, Stamp Duties, Tertiary Education Tax and Technology Tax. It covers all tax defaults on undeclared assets and income within and outside the country.
22. An Oversight Committee of Chairmen of SBIRS would also be established to monitor the Scheme, while the Federal Government would need to centrally coordinate its international administration.
23. In order to resolve any operational or technical issues that may arise during the operation of the Scheme, a Project Coordinating Office (PCO) would be set up and will be staffed with very competent persons who will have expertise in various aspects of Tax Administration, ICT, Customer Service, as well as the Law. The FIRS and JTB will also be available to render assistance whenever called upon to do so. A 24 hour helpline will be set up so that taxpayers may have their questions answered at any time of the day.

## Conclusion

24. Finally, participants in this meeting are enjoined to go through the documents provided as they contain detailed information about the Scheme. Members of the Committee on VAIDS are here to answer any questions that you may all have.
25. I thank you for your attention and wish you all successful deliberations.

**L. H. Shuaibu**  
**Director, Technical Services Department**  
**For Honourable Minister of Finance**  
5<sup>th</sup> June 2017