



OYO STATE OF NIGERIA

INTERNAL REVENUE SERVICE

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Internal Revenue Service, quoting

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6th September, 2010

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The Director General,
The Secretariat of Nigeria Governor's Forum,
Abuja

OYO STATE INTERNAL REVENUE SERVICE

PEER REVIEW TOUR OF OYO STATE BY THE SECRETARIAT OF NIGERIA GOVERNOR'S FORUM FROM 3RD – 8TH SEPTEMBER, 2010

Since year 2007, the business of revenue generation in Oyo State has changed drastically and led to unprecedented improvement in volume of revenue generated and collection machinery.

This was possible as a resolve of the Government to, utilise only Interlally Generated Revenue (IGR) for Recurrent Expenditure and Federal Allocation for Capital Expenditure. This Policy was made realistic as a result of the enabling atmosphere created by the Government through the greater political will demonstrated which gave room for the following strategies:

- (i) Structuring the administration of the Board in accordance with the provision of the **Personal Income Tax Act LFN 2004**, on 16th April, 2010 as follows:
 - The Board of Internal Revenue with three external members
 - The Joint State Revenue Committee
- (ii) Adoption of Integrated **One-Stop-Shop** revenue generation policy which enhances collection of Income Tax through the discharge of complementary roles of other Government Agencies as expected in Section 84 of the **Personal Income Tax**;
- (iii) Massive Tax education and enlightenment campaign through all possible medium especially print and electronic media;
- (iv) Capacity building of all categories of Staff, both Locally and Internationally.

2. **THE REALITY:**

(i) **Revenue collection:**

- The Board has facilitated global Internally Generated Revenue (IGR) to the tune of **₦38,207,000,993.20 billion** from all sources during the period as follows:

YEAR	COLLECTION (₦)	%
2006	5,148,841,555.65	
2007	5,977,831,221.44	16.10
2008	9,607,069,347.08	60.71
2009	11,306,503,211.30	17.69
January – June, 2010	6,164,755,657.96	

- The collection profile above confirms the level of achievement made as a result of the Government support.
- Made a great brake through on road taxes as a result of auto registration.

(ii) **Provision of Operational Facilities**

Between year **2008** and **2010**, Government has expended over **₦490,343,741.20** on provision of operational facilities as presented below, apart from millions of naira on overhead.

- (1) Construction of twenty-five (25) permanent Revenue Offices including the **Headquarters of Internal Revenue Office** within the **Secretariat Complex** under Phase I & II

CONSTRUCTION OF PERMANENT ZONAL REVENUE OFFICES UNDER PHASE I

S/N	PROJECT NAME	DATE STARTED	PROJECT COST	STAGE OF COMPLETION %	AMOUNT REQUIRED TO COMPLETE THE PROJECT	COMPLETION DATE
i.	IBADAN NORTH EAST	23 RD December, 2008	16,857,818.84	100%	---	December, 2009
ii.	OLORUNSOGO	23 RD December, 2008	16,857,818.84	100%	---	December, 2009

iii.	IBARAPA CENTRAL	23 RD December, 2008	16,857,818.84	100%	---	December, 2009
iv.	OGBOMOSO SOUTH	23 RD December, 2008	16,857,818.84	100%	---	December, 2009
v.	OYO WEST, OJONGBODU	23 RD December, 2008	16,857,818.84	100%	---	December, 2009
vi.	IBADAN NORTH	23 RD December, 2008	16,857,818.84	100%	---	December, 2009
vii.	OFA-META, OYO	23 RD December, 2008	16,857,818.84	100%	---	December, 2009
viii.	OGBOMOSO SOUTH	23 RD December, 2008	16,857,818.84	100%	---	December, 2009
ix.	ONA-ARA, AKANRAN	23 RD December, 2008	16,857,818.84	90%	---	December, 2009
x.	IREPO, KISI	23 RD December, 2008	16,857,818.84	100%	---	December, 2009
xi.	PROCUREMENT OF BOARD OF INTERNAL REVENUE ZONAL OFFICE, CHALLENGE	23 RD December, 2009	30,000,000.00	100%	---	December, 2009
TOTAL			₦198,578,188.40			

**CONSTRUCTION OF PERMANENT REVENUE HEADQUARTERS, ZONAL AND
DISTRICT OFFICES UNDER PAHSE II**

i.	BIR, HEADQUARTERS	23 RD December, 20 09	99,539,664.43	75%	---	May, 2010
ii.	IDDO	23 RD December, 2009	24,239,256.86	65%	---	May, 2010
iii.	IYANA-OFA	23 RD December, 2009	24,239,256.86	55%	---	May, 2010

iv.	IDIAYUNRE	23 RD December, 2009	24,239,256.86	40%	---	May, 2010
v.	IWERE-ILE	23 RD December, 2009	8,619,828.89	45%	---	May, 2010
vi.	ORIIRE	23 RD December, 2009	8,619,828.89	40%	---	May, 2010
vii.	OGO-OLUWA	23 RD December, 2009	8,619,828.89	40%	---	May, 2010
viii.	TEDE	23 RD December, 2009	8,619,828.89	35%	---	May, 2010
ix.	IGBOHO	23 RD December, 2009	8,619,828.89	47%	---	May, 2010
x.	AFIJIO	23 RD December, 2009	8,619,828.89	50%	---	May, 2010
xi.	OKEHO	23 RD December, 2009	8,619,828.89	45%	---	May, 2010
xii.	AYETE	23 RD December, 2009	8,619,828.89	40%	---	May, 2010
xiii.	AGO-AMODU	23 RD December, 2009	8,619,828.89	35%	---	May, 2010
xiv.	SURULERE	23 RD December, 2009	8,619,828.89	10%	---	May, 2010
xv.	OTU	23 RD December, 2009	8,619,828.89	37%	---	May, 2010
TOTAL			N267,075,552.80			

Phase I - 198,578,188.40
Phase II - 267,075,552.80
Grand Total - N465,653,741.20

(ii) Purchase of Motor Vehicles and Bicycles:

S/N	QTY	VEHICLES PARTICULARS AND RATE	YEAR	AMOUNT (₦)
i.	9	Hyundias at N1.8m.	2007	16,200,000.00
ii.	2	Hyundias at N1.8m.	2009	3,600,000.00
iii.	1	Toyota Avensis	2009	4,890,000.00
GRAND TOTAL				₦24,690,000.00

(iii) The State Government also purchased twenty (20) Motor-cycles for Internal Revenue Services for revenue generation;

(iv) Miscellaneous

- Training and Re-training of Staff both within and outside the Country
- Regular payment of Salary and Running Cost
- Increase in the Revenue Generation of the State Government
- Renovation of existing Revenue Offices
- Introduction of AutoReg Registration of Vehicles in the State
- Introduction of AutoReg Registration of Road Worthiness in the State
- Appointment of more Revenue Consultants in order to enhance revenue generation activities.
- Establishment of E-Direct Payment in the State
- Purchase of nine (9) Laptop and eighteen (18) Desktop Computers for the used of Board of Internal Revenue Offices
- Purchased of Office Stationeries for the used of Board of Internal Revenue Offices
- Establishment of ten (10) Tax Collection Centres in the State

- Regular payment of rented apartments for Revenue Office in the State
- Revenue generation Enlightenment programme on **NTA, BCOS Radio and Television and Placement of Spot Adverts**
- Approved 30 minutes public enlightenment programme on **BCOS Radio and Television** tagged "**KOTO-OBA**" which focuses on Internally Generated Revenue (**IGR**) source in the State.
- Printing of Revenue Forms
- Contribution to Joint Tax Board (**JTB**) both morally and financially
- Creation of fifteen (**15**) Additional District Tax Offices in the State
- Establishment of Revenue Court in the State.
- Construction and erection of eight (**8**) giant Signboards for Tax payment Campaign
- Payment of **₦109,055,015.29** as contribution of Oyo State Government for the Unique Tax Payer Identification Number (**UTIN**) Project

(iii) **Challenges:**

The major challenges are, lack of cooperation from Federal Government Agencies on Pay As You Earn (**PAYE**) Scheme and the structure of the informal sector. These problems are being addressed with caution in the best professional way but that of the Federal Agencies is treated under prayer in this report.

3. **PRAYER:**

The intervention of the Governors' forum on the uncooperative attitude of Federal Government Agencies and Institutions on adequate and prompt payment of taxes due to the State Governments is solicited.

The Secretariat is please informed that the behavior of Federal Government Agencies especially Tertiary Institutions on remittance of Pay As You Earn (PAYE) deduction and other taxes is unstatutory. Apart from the fact that they have backlog of unpaid taxes as a result of under remittance of Staff PAYE deduction since 2004, they remained recalcitrant to statutory instructions on Pay As You Earn Scheme. Kindly find below list of tax indebtedness of Federal Government Agencies being pursued in Court since 2008:

S/N	<u>Cases in Court:</u> Institution	Period	Amount (N)
(i)	College of Medicine	2004 – 2006	258,102,693.77
(ii)	Federal College of Education, Oyo	2006	85,255,463.63
(iii)	University of Ibadan	2003 – 2006	1,932,255,271.66
(iv)	PHCN, Oyo	1999 – 2004	35,327,250.96
(v)	PHCN, Ogbomoso	1999 – 2004	23,275,260.45
(vi)	Central Bank of Nigeria	2001 – 2003	<u>33,838,916.91</u>
			<u>N2,368,054,857.38</u>

Apart from above, **University of Ibadan** and **College of Medicine** still have Tax Liability for year 2007 – 2008 to contend with as follows, while all peaceful efforts made to tax audit University Teaching Hospital (UCH) hence proved abortive:

University of Ibadan	-	2007 – 2008	1,346,609,257.53
College of Medicine	-	2007 – 2008	<u>326,587,838.75</u>
TOTAL			<u>N1,673,197,096.28</u>

Amongst past and current efforts taken that have not yielded the desired result are:

- Dialogue at various level of the State Government.

- Joint Tax Board (**JTB**) intervention
- Various Court actions.

Kindly note that this is the prevailing situation all over the Country.

I wish to state that the Executive Governor of Oyo State **Otunba (Dr.) Christopher Adebayo Alao-Akala, JP, psc** has been properly briefed about this development and being supportive on all efforts made.


The Board is therefore using this opportunity to request the Secretariat of the Governors' forum to please, place this important constitutional responsibility before the Governors as a matter of urgent National importance, with the view to seek the Federal Executive Council (**FEC**) to grant the following alternative measures:.

- (i) The **Federal Executive Council**, should grant the deduction of their tax liabilities at source by the **Accountant General** for the Federation and remit to respective States after proper reconciliation;
- (ii) The clause, to allow for the deduction at source, tax liabilities of Federal Agencies of Government, by the **Accountant-General** for the Federation, be included in the Personal Income Tax (**PITA**) Bill submitted for amendment, as contained in the **FIRS Act of 2007**.

4. Thank you.


Alhaji I. Zakariyau,

Executive Chairman,
Board of Internal Revenue.

 September, 2010.