

## **CHALLENGES OF THE TRANSITION ERA**

The final year of the principal's current term re-defines the mandate and responsibilities of the Committee. From our current advisory role in policy and project conception, design, monitoring and general counselling, we will now have to migrate to helping with transition management and preparations for another term of four years.

### **Challenges**

1. Sustenance of credible governance in the next one year inspite of inevitable disruptions.
2. Managing a complex political transition process that now has regime loyalists as contestants.
3. Containing the potentials of an opposition now in diverse formations.
4. Assessing the state of implementation of existing programmes, policies and projects.
5. Assessing the social and economic impact of the Amaechi administration on the people of Rivers State.
6. Assessing the appropriateness and sustainability of a social democratic policy framework for Rivers State.
7. Determining the needs – social and physical infrastructure, economic and social programmes- of the people of Rivers State going forward.
8. Identifying new priorities for the incoming administration and establishing continuity lines between present policies, programmes and projects and new initiatives
9. Identification of suitable human assets for deployment at various levels of government to ensure optimal achievement of the above.

### **Specific Assignments**

- a. Documentation of all Committee Proceedings and recommendations
- b. End of tenure Monitoring and Evaluation Exercise
- c. Head Hunting and Capacity building seminars, workshops and retreats
- d. Hands on Media and Information Management Support
- e. Establishment of a Permanent Strategy and Political Support Sub Committee.

## **1 Preamble**

Internal Revenue Reform or Revenue Reform? – RSG needs to be involved in not just increasing revenue generated internally but also increasing revenue generated at the federal level

## **2 Assessment Indicators**

### **A) Political Will**

- i) Involvement of Government in revenue matters – generation and utilisation at the highest level and on a sustainable and continuous basis;
- ii) No sacred cows in the implementation of tax/revenue laws
- iii) Engagement of the Federal Government and National Assembly on matters of relevance and importance

### **B) Fiscal Management**

- i) Communication of the actual revenue flow to the State on a regular basis and the use of government revenues on a regular and transparent basis
- ii) Communication (publication) of tax expenditure – such as incentives, waivers, tax holidays etc.)

### **C) Tax Policy**

- i) Developing a State Tax Policy in alignment with the National Tax Policy
- ii) Percentage Contribution of Internally Generated Revenue in Funding State Projects;
- iii) Indirect sources of Revenue;
- iv) Eliminating Multiple Taxation in the State

### **D) Tax Administration**

- i) Tax Identity Management structure and extent to which all current and potential tax payers are integrated with all transactions of government

- ii) Quality of the Internal Revenue Service Institution - Organisation and Administration – structure, staffing, use of technology, facilities, etc.;
- iii) Autonomy of Internal Revenue Service (IRS) from the main Civil Service Bureaucracy;
- iv) Level of Involvement of Internal Revenue Service (IRS) in Tax Payers' Services – Education, Information, Assistance etc.;
- v) Dispute Resolution and Feedback Mechanism between Tax Payers and Government/Internal Revenue Service (IRS);

## **Observations and Recommendations**

### Growing Federally Collected Revenue

- ❖ Conclude on the issue of oil wells taken up from AkwaIbom State and commence generating revenue from such oil wells;
- ❖ Make input into specific Federal Laws as would impact revenues collected;
  - Revenue Allocation Bill - address issues of revenue allocation of federally collected revenues;
  - Value Added Tax Bill – address horizontal sharing of revenue of Value Added Tax and encourage an increase in the Value Added Tax Rate, supporting a shift from direct to indirect taxation
  - Petroleum Industry Bill
  - Income Tax Bill
  - Other Federal Bills – through on-going involvement in all bills presented to the National Assembly



### Growing Internal Generated Revenue

- ❖ Significant Revenue Growth between 2008/2009 is 16% (average) but can still be improved and more importantly institutionalized;
- ❖ There is no State Tax Policy – to be developed
- ❖ Autonomy bill for the Board of Internal Revenue has been passed by State House of Assembly but is yet to be fully operational
- ❖ Organisation of the IRS critical – to be done
  - Confirm strong leadership team to spearhead change
  - Staffing and competence issues requires attention such as would address tax evasion by expatriates of major multinational companies etc
  - Inadequate staff motivation
  - Poor office Infrastructure
  - Inadequate technology deployment for tax administration systems
  - Inadequate logistical support for tax administration
  - Weak enforcement and inadequate tax collection mechanism especially in difficult terrains
- ❖ Large Unregulated Informal Sector – Rivers State is yet to contribute to the UTIN Project which would improve identity management infrastructure and assist in accessing the informal sector – RSG to contribute to UTIN and be a financially active member of the Joint Tax Board
- ❖ Actively provide input to changes in Income Tax Law (engage FIRS and National Assembly)
  - Residency rule controversy between Head Office & Operational location for multinational oil companies
  - Residency rule application between Rivers State and other governed taxable jurisdictions

- ❖ Widen and Grow the tax base
  - Step up the promotion of large scale fish farming;
  - Develop Okrika Aquatic Stadium and Monument of King Jaja of Opobo as international tourist places with a view of increasing the revenue generation of the State;
  - Fast track provision of 24 hour Power supply in the State and form Industrial Clusters, leveraging on industrial development incentives.
  - Fast track construction of the inter-state Railway System linking all the south-south states that will accelerate exports and facilitate the development of ICDs, Satellite Container Depots and ease road congestion.
- ❖ Harness the huge untapped IGR potentials from Land, Housing & Urban Development related revenue sources e.g.
  - 1) Speed up the deployment of geographic information management system (GIMS) in the Bureau for Lands, Housing & Urban Development..
  - 2) Scale down processing duration for the issuance of certificates and grants to the irreducible minimum lead-time ;
  - 3) Introduce service-based revenue enhancement strategy: Intensify collection of all revenue channels and sources in lands & urban planning.
- ❖ Harnessing hidden Revenue Channels by Reviewing Fiscal Statutes (Federal & States) – e.g. Third Party Insurance on Motor Vehicles and Accident Emergency Response Scheme; Warehouse Receipt Bill
- ❖ Centralisation of revenue account and oversight function of IRS over MDAs