

TAX ADMINISTRATION REFORMS AND  
ΤΑΞ ΑΔΜΙΝΙΣΤΡΑΤΙΟΝ ΡΕΦΟΡΜΣ ΑΝΔ  
MODERNIZATION: A CASE STUDY OF THE CRS  
ΜΟΔΕΡΝΙΖΑΤΙΟΝ: Α ΧΑΣΕ ΣΤΥΔΨ ΟΦ ΧΡΣ  
INTERNAL REVENUE SERVICE.  
ΙΝΤΕΡΝΑΛ ΡΕΒΕΝΥΕ ΣΕΡΒΙΣΕ

A  
PRESENTATION  
TO  
GOVERNOR'S FORUM SECRETARIAT  
BY

MR. ESIEN BASSEY UKOREBI  
EXECUTIVE CHAIRMAN  
CRS INTERNAL REVENUE SERVICE

# Presentation Outline

- Background
- Modernization Activities
  - Automation of Collections and Monitoring System
  - Automation of Revenue Receipts and Tax Clearance Certificate
  - Electronic Revenue Management System
  - Automation of Motor Vehicle Administration Solution
  - Capacity Building
  - Internally Generated Revenue Profile 2004 – 2009 (Jan. – Sept.)
- Conclusion

# Background

- Tax administrators are facing tremendous challenges and opportunities from external and internal factors.
- The impact of the world economic meltdown and the resultant fall in oil prices have forced tax authorities in the country to change and modernize their Revenue Boards to meet the challenges of increasing their state's internally generated revenue (IGR) to cushion the shortfall in Federal Allocation.
- Taxpayer behaviors are changing, demanding less complexity in tax administration and more responsiveness by tax authorities in resolving issues.
- Technology advances used in the private sector such as e-banking, interactive telephone systems, capturing data by scanning or imaging of paper documents have improved service delivery. These have raised taxpayers' expectations about their interactions with governments and tax authorities.

# Background


- Tax authorities are faced with the need to improve their services to the public, upgrade their technology to enable a more responsive and productive operating environment.
- Consequently, tax authorities world-wide are redesigning their business processes, automating their assessment, collection, monitoring and accounting machineries and use of internet and communication equipment for prompt service delivery.

# Modernization Activities

In line with the vision of CRS Internal Revenue Service “to be a world-class Internal Revenue Agency, utilizing modern facilities and resources to generate in an effective, efficient, honest and transparent manner, in the interest of Cross River State” the following are some of our efforts in modernizing tax administration in Cross River State:

Implementation of:

1. Automated Revenue Collection and Monitoring System.
2. Automated Revenue Receipts and Tax Clearance Certificate.
3. Electronic Revenue Management System(RevManager).
4. Motor Vehicle Administration Solution(AutoTrans).
5. Capacity Building



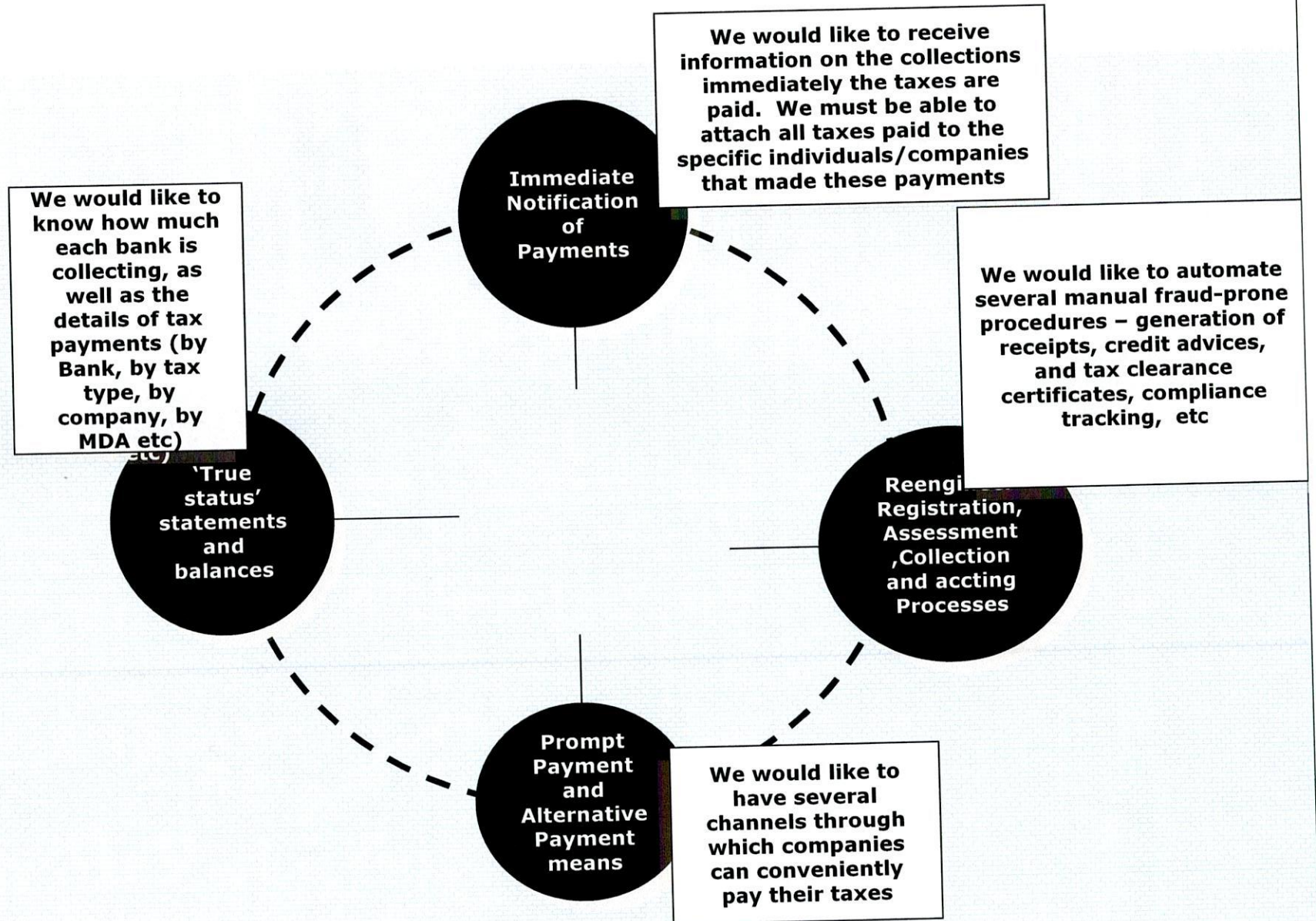
**CROSS RIVER STATE  
AUTOMATED REVENUE  
COLLECTION AND  
MONITORING SYSTEM**

# Reasons for Automation

We need a collection system that is:

- Clear to all \* Consistent
- \* Easy to Administer \* No Leakages
- \* Tax Payer Focused \* Accountable
- \* Inspires Strong Public Confidence
- \* Expands Tax Net \* Deepens Compliance Levels \* Supports Developmental Efforts
- \* Friendly & provides enabling Environment \* Ensures funds collected are not delayed, converted or diverted

# Objectives





# *Benefits*

- **Instant Tracking and Notification of Payments**
  - Online real-time reports of all tax payments
- **Introduction of new / alternative payment methods**
  - User-friendly, convenient, efficient and without encumbrances.
  - Automatic sweeping of funds from collecting banks to lead banks
- **Reduction in number of banks that CRSIRS relates with**
- **Online Self-Assessment by Taxpayer**
- **Elimination of Frauds that pertain to cheques**
- **Proof of Payment**
  - Generates proof of payment from a central location
  - Reports must be available within the system for details of all payments – by tax type, bank branch, by bank, date etc.
  - Generate receipts and credit advices .

# *Benefits*

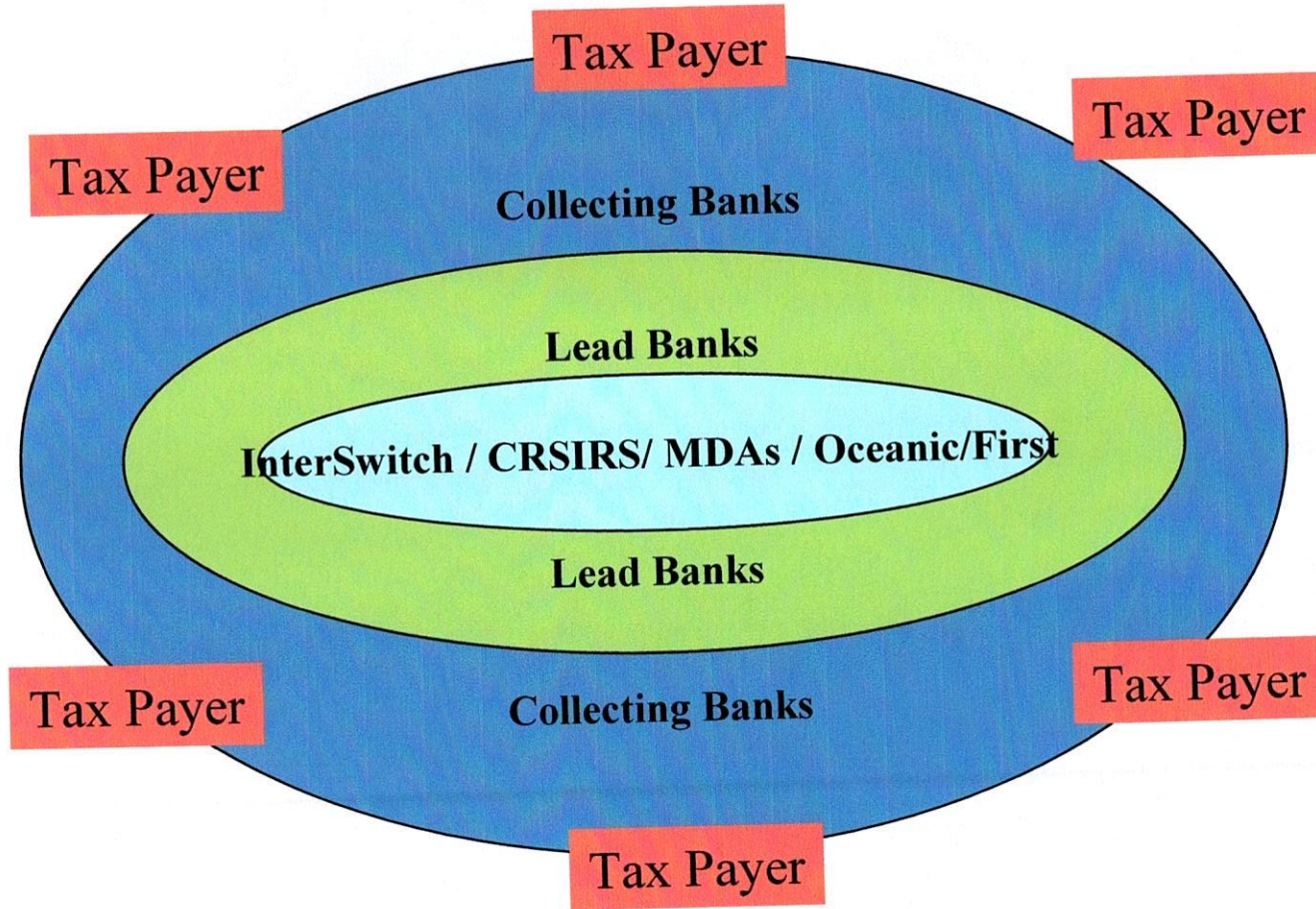
- **Single view of all Tax Payments made by a Taxpayer (WHT, PAYE, UDT etc)**
  - Linking of WHT taxes collected on behalf of a taxpayer to offset Personal Income Tax liability
  - Ability to track payments made by taxpayers from a single view – irrespective of tax being paid for, and mode of payment.
  - Consolidated view of tax payments
- **Generate Real-time Reports**
  - Containing details of payments – by taxpayer, tax type, bank/branch, date etc.
- **Online tracking of Taxpayer Self-Assessments**
- **Reduction in the number of bank books and reconciliation**
- **Remove burden / complexity of Manual Reconciliation**
- **Automate the generation of all CRSIRS Reports**

# TIN structure and Administration

The TIN is a 14-digit number with the following characteristics

- The unique part of the number which is 10 digits is reserved for the taxpayer
- The second part of the number which is 4 digits is reserved for the branch office(s) of the same taxpayer. A taxpayer could have several branch offices and only the last 4 digits would be changing for every branch
- The TIN is a sequential number, centrally and uniquely generated by the system with the 10<sup>th</sup> digit being the check digit
- The TIN is unique to every taxpayer, therefore, no duplicates
- The TIN ensures that a taxpayer is uniquely identified in all tax offices
- The TIN is assigned when an individual/coy registers for tax payments in any office
- The TIN is generated upon the capturing of the taxpayer's details into the Database by the registration officer. These details must include the taxpayer unique identifier which is Name, Sex, date of birth and address for individuals and Name of Company, RC no or Enterprise number, Date of incorporation and line of business for Companies.
- The first 2-digits "19" will be unique to Cross River State when the National U-TIN is roll-out.
- E.g the TIN for a taxpayer called Edem Okon Bassey is 1900651850 and the head office/CRSIRS branch is 1900651850-0001

# The Model



# The Model

## **1. The Tax Payer**

Taxpayers can effect payments online via the CRSIRS webportal, or at any branch of the 13 Collecting Banks via the PAYDirect System. Payments are made based on MDA and Revenue codes as assigned by Office of the Accountant General and Budget office

## **3. The Lead Bank**

The Lead banks receive funds automatically from the collecting banks through the switch. Funds are swept from the Lead Banks remittance accounts to Consolidated revenue accounts after 2 weeks .

## **5. InterSwitch**

The Tax Collection system is developed and managed by InterSwitch. InterSwitch also performs all sweeping, from the Collecting Banks to the Lead Banks (Oceanic/First Banks)

## **2. The Collecting Bank**

Taxpayers relates directly with the collecting banks for payment of taxes. Tax payments are automatically swept weekly (every Monday) from the Collecting Banks to the Lead Banks.

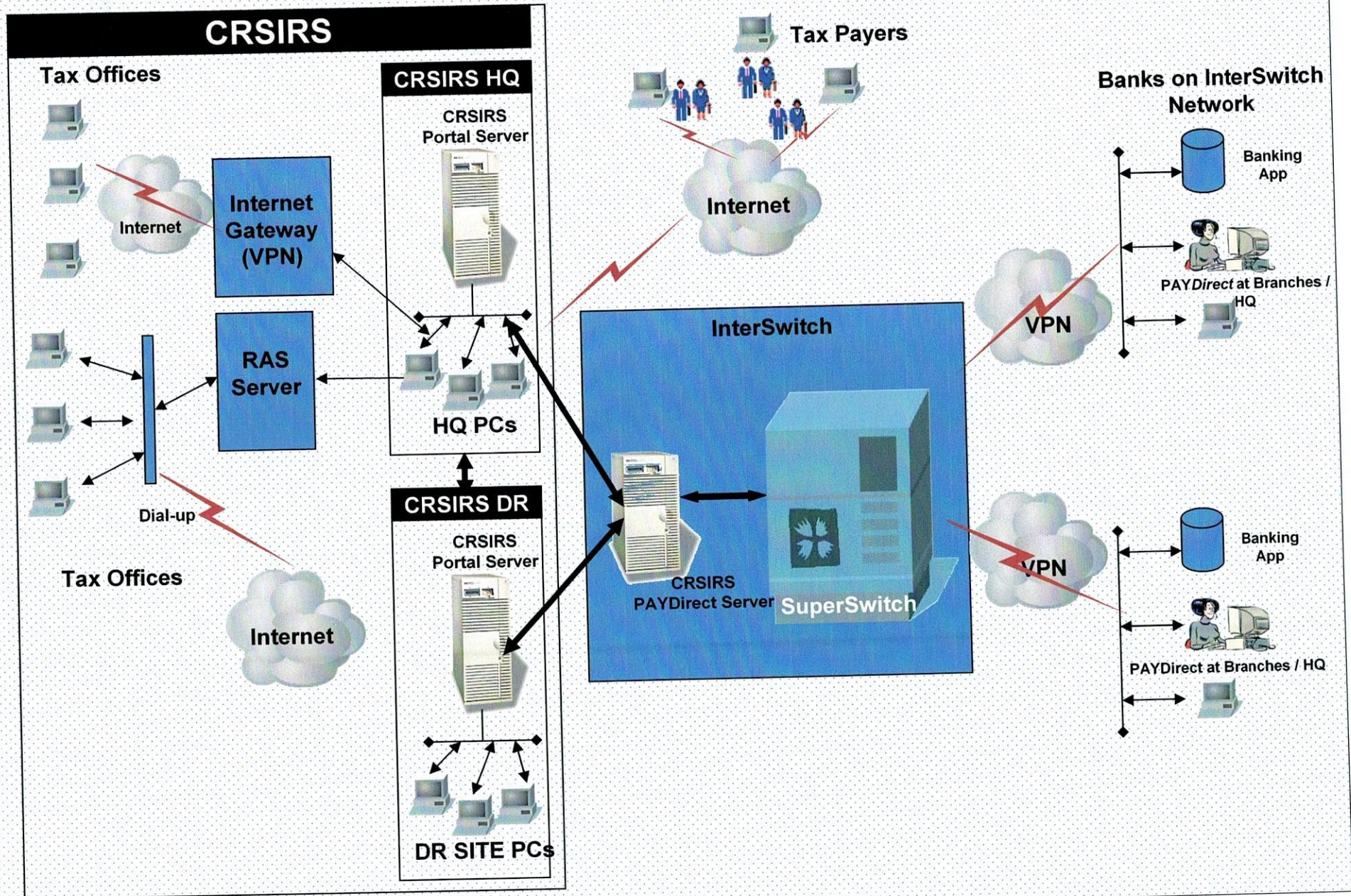
## **4. CRSIRS**

CRSIRS performs reconciliation. CRSIRS can generate online reports and TIN from the PAYDirect system at every point in time.

## **6. Other MDAs**

Other MDAs can view and perform reconciliation of their Collections only. The MDAs can also generate online reports.

# CRSIRS SOLUTION ARCHITECTURE MODEL



# Solution Flow

**1** At various times, taxpayers identify various taxes to be paid.

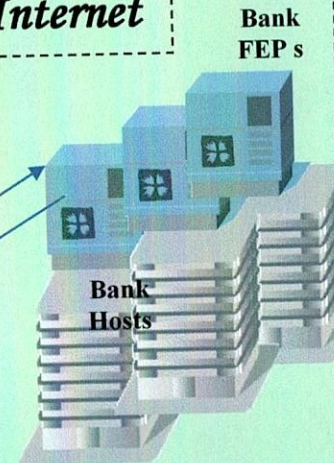
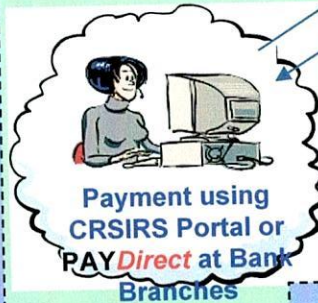
**2** The taxpayer can either go to the bank or log-on to CRSIRS portal on the internet.

*CRSIRS PAYDirect: Bank - teller logs on to CRSIRS PAYDirect.  
CRSIRS WEBPORTAL – taxpayer logs on to the CRSIRS portal.*

**3** The taxpayer completes the requisite tax form or prepares the beneficiary schedule for WHT tax payments.

*This can be a physical form, or completed online on the portal.  
If payment is being made at the bank, the teller collects the cash or the draft from the taxpayer and counts it (if necessary)*

*Collecting Banks or Internet*



**5** Weekly, InterSwitch sweeps funds from the collecting banks to the lead banks.

*This amount is total collection minus the 0.1% comm to the collecting banks and 0.07% as trans fee to Interswitch.*

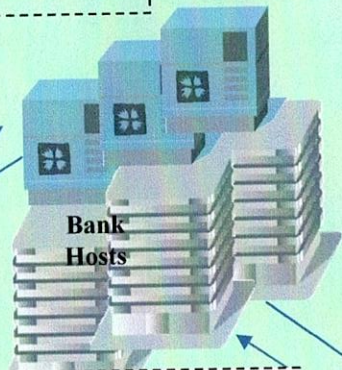
**4** The Taxpayer's TIN, tax being paid and amount is entered into the system.

*The taxpayers information is supplied to the screen, and the taxpayer verifies.  
For payments on the portal, the taxpayer is required to enter the ATM or Tax Card Number and PIN.  
When Pay is selected, the CRSIRS transit Account in the bank is credited, and the payment information is stored at the central database – CRSIRS and MDAs can then view these tax payments. CRSIRS and MDAs can then commence internal processing.  
If the payment is being made at the bank, the taxpayer submits the assessment form / schedule to the bank.*

# Solution flow contd

## Collecting Banks or Internet

Bank  
FEPs



8 CRSIRS can generate reports, monitor payments, issue receipts and perform other activities via the portal.

## CRSIRS



CRSIRS Portal

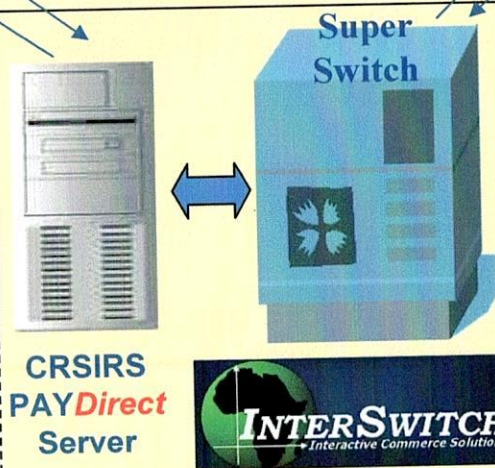
6 Funds are credited by the lead banks (Oceanic/First Bank) to the Revenue account after 2 wks

7 On Mondays, the collecting bank submit documents collected from the taxpayers to the lead bank/IRS.

*For taxpayers that pay via the portal, the collecting banks print the information from PAYDirect, confirm the payments, stamp the forms and submit to the lead bank/IRS.*

*The Lead Banks submits evidence of the last week's Banks payments to CRSIRS, as well as the supporting documents if any from the collecting banks for filing*

## InterSwitch



9 CRSIRS returns tax receipts through the banks (or tax consultants).

10 Daily / Weekly, CRSIRS obtains statements from Oceanic/First Banks to perform



# E-TICKETS

There are two types of e-tickets issued to taxpayers:

- Payment Acknowledgement for all payments based on Cash, Internal transfer and own bank cheques
- Pro-forma Payment Acknowledgement based on other banks' cheques with the cheque value date clearly stated

# E-Ticket Content

- Payment Reference
- Bank Branch
- Name of taxpayer/Company
- Tax Office
- Tax Type
- Total Amount Paid
- Payment Method
- Deposit Slip No.
- Payment Date
- Cheque Value Date

# Automation of Revenue Receipt and Tax Clearance

## Certificate

### Rationale:

- Issuance of revenue receipts from various MDAs gives room for faking of revenue receipts.
- Revenue leakages arising from faking of revenue receipts.
- Excessive revenue leakages arising from fake manual Tax Clearance Certificates.

## Automation of Revenue Receipt and Tax Clearance Certificate

**Therefore we have implemented:**

- **A phased migration from the use of manual Treasury Receipts to centralised secured system generated receipts with enhanced security features to minimize error, fraud and forgery.**
- **A secured online Receipt Validation procedure at point of obtaining government services in all MDAs.**
- **A migration from use of manual Tax Clearance Certificate to electronic Tax Clearance Certificate to block revenue leakages through forgery and fraudulent activities of touts.**


## Automation of Revenue Receipt and Tax Clearance Certificate

- **Biometrics and personal data of taxpayers to ensure unique Taxpayers' identification.**
- **An online Tax Clearance verification/ validation at points of presentation such as Due Process office, Schools, Lands Department, etc.**
- **A fraud-proof payment system for all government transactions.**



# Electronic Tax Clearance Certificate

Chip for storing Payer Payment History and Biometric Information

STATE GOVERNMENT CROSS RIVER STATE



**CROSS RIVER STATE GOVERNMENT**  
**Electronic Tax Clearance Card**



*Miracle Bassey Effiom*

**BASSEY EFFIOM, MIRACLE**

**CRIRS/CAL1/1900381492-0001**

Payers Name and Tax Identification Number

# Benefits of e-TCC

- **Proper identification of taxpayers**
- **Elimination of fake TCC in circulation**
- **Allows for consistency and accuracy of Taxpayers' data.**
- **Easy review and reconciliation of taxpayer's payment history.**
- **Increase in revenue accruable to government.**
- **May be used as Personal Identity card in transactions with the State Government.**

# Benefits of eTCC

- **Information provided on the e-TCC card is secured with cryptography hence data integrity**
- **Provide the taxpayer with the assurance that all remittances made to the State are in the Government's coffers**
- **Card is durable and portable**
- **Taxpayer experiences no delay in obtaining certificate (e-TCC)**
- **On-line verification of card status.**



# Automated Revenue Receipt

UNIQUE RECEIPT ID

43808-MSDQ1UOI

10 February 2019

CROSS RIVER STATE GOVERNMENT

## PAYMENT DETAIL

Payer

UNICEM, UNICEM UNICEM << 1900344408-0001 >>

Address

Amount

28877399.90 Twenty Eight Million Eight Hundred And Seventy Seven Thousand Three Hundred And Ninety Nine Naira, Ninety Kobo

Payment Details

Trans. Ref. FBN|CRSPD|10-02-2019|295260 Payment at First Bank Nigeria Plc

Agency / Rev Code

4190009 (INTERNAL REVENUE SERVICE) / 401004 (Pay As You Earn)

Account Officer

Your TIN which is << 1900344408-0001 >> must be quoted when making payment to CRSG

2008

Payers Information

Hologram for Validation

# ELECTRONIC REVENUE MANAGEMENT SYSTEM



## Deployment of RevManager Application Software

### **Definition:**

- **This is a specialised software application that assist in management of IGR information.**
- **It is compatible with Oracle Application.**

### **Rationale:**

- Lack of payment information software to generate specific reports for user departments
- Delay in accounting, reconciliation and reporting process.
- Fraud prone manual assessment process in MDAs.
- Lack of coordinated/ integrated information on taxpayers for proper monitoring of payments.

## Deployment of RevManager Application Software

### **Benefits of RevManager:**

- **It is a simplified and user-friendly tracking and reporting system that assist in decision making.**
- **It provides an easy communication channel between the taxpayers and the Government and also serves as a platform for control and standardisation of processes.**
- **it automates the assessment process and produce customised assessment notices in MDAs. This eliminate under assessment and enhance collection of fines, levies and fees due to CRSG.**

## Deployment of RevManager Application Software

- **It generates trend analysis for prompt tracking and collection of all revenue due to the State government**
- **It provides seamless Information flow and interconnectivity among all the ministries, parastatals and agencies of the government including tax stations.**
- **It supports e-payment (Scratch and ATM cards) for all transactions with the State Government to reduce leakages, touting and loopholes as well as prompt lodgment and reporting from remote collection points.**

## Deployment of RevManager Application Software

- **It generates sundry reports to boost prompt reporting, monitoring, reconciliation and accounting for daily revenue i.e daily collection by banks, Ministries , Departments and Agencies.**
- **It enhances comprehensive enumeration, registration and grouping of individual and corporate taxpayers operating in the State for effective coverage and close monitoring for collections**

# Implementation of AutoTrans Solution

Auto

Automated Motor Vehicle Administration Solution  
(AMV-AS)

## Autotrans



# Implementation of AutoTrans Solution

## Autotrans Solution:

- Is a secured online Motor Vehicle administration for Cross River State government.
- Is a web based online payment services system for vehicle registration and other MVA services that allows vehicle owners to register their vehicles online and make payment directly to government .
- Is designed to replace the cumbersome and fraud prone manual method of vehicle administration.
- Provides a platform for control and standardisation of registration process.



## Implementation of AutoTrans Solution

### Rationale:

- Revenue leakages arising from touting activities in the vehicle/ road taxes administration.
- Cumbersome and fraud prone manual motor vehicle administration.
- Expired vehicle licences being used by many motorists in the state.
- Increasing traffic growth in the state capital without corresponding increase in road taxes revenue to the state government.

## Benefits of AutoTrans

- Ensure direct payment to the government without going through the **TOUTS** thereby **blocking revenue leakages**.
- Provides easy communication channel between the client and the Government.
- Elimination of fraudulent and sharp practices arising from manual payment system.
- Provides information on taxpayers for proper assessment and master register update.

# AutoTrans Business Flow

- ❑ **Vehicle owners approach banks and accredited agent to obtain motor vehicle voucher card.**

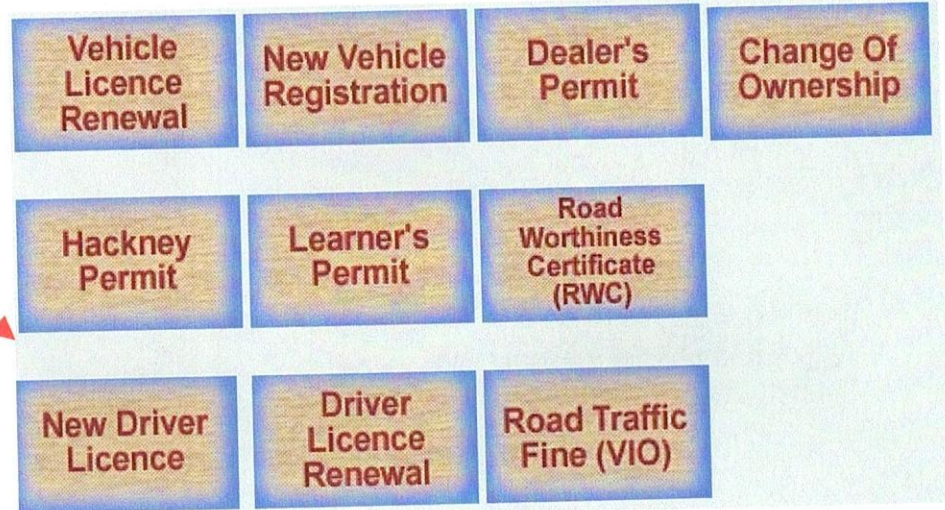
**Or**

- ❑ **Visit Cross River State Internal Revenue Service website to obtain individual services.**
- ❑ **Receipt will be printed online by customers and taken to any Motor Licensing office for collection of security documents.**
- ❑ **Motor Licensing Authority logs on to the system to confirm the authenticity of the transaction and issue security document to the client if transaction is authentic.**

# AutoTrans Business Flow



[www.  
autotrans.gov.ng](http://www.autotrans.gov.ng)



Analysis of Collection by Agency – (Head)

Analysis of Collection by Agency – (Sub)

Global Collection Analysis – (Head)

Sum All Collection by Agency – (Agency)

Sum All Collection by Agency – (Sub)

Sum Group Collection by Agency – (Head)

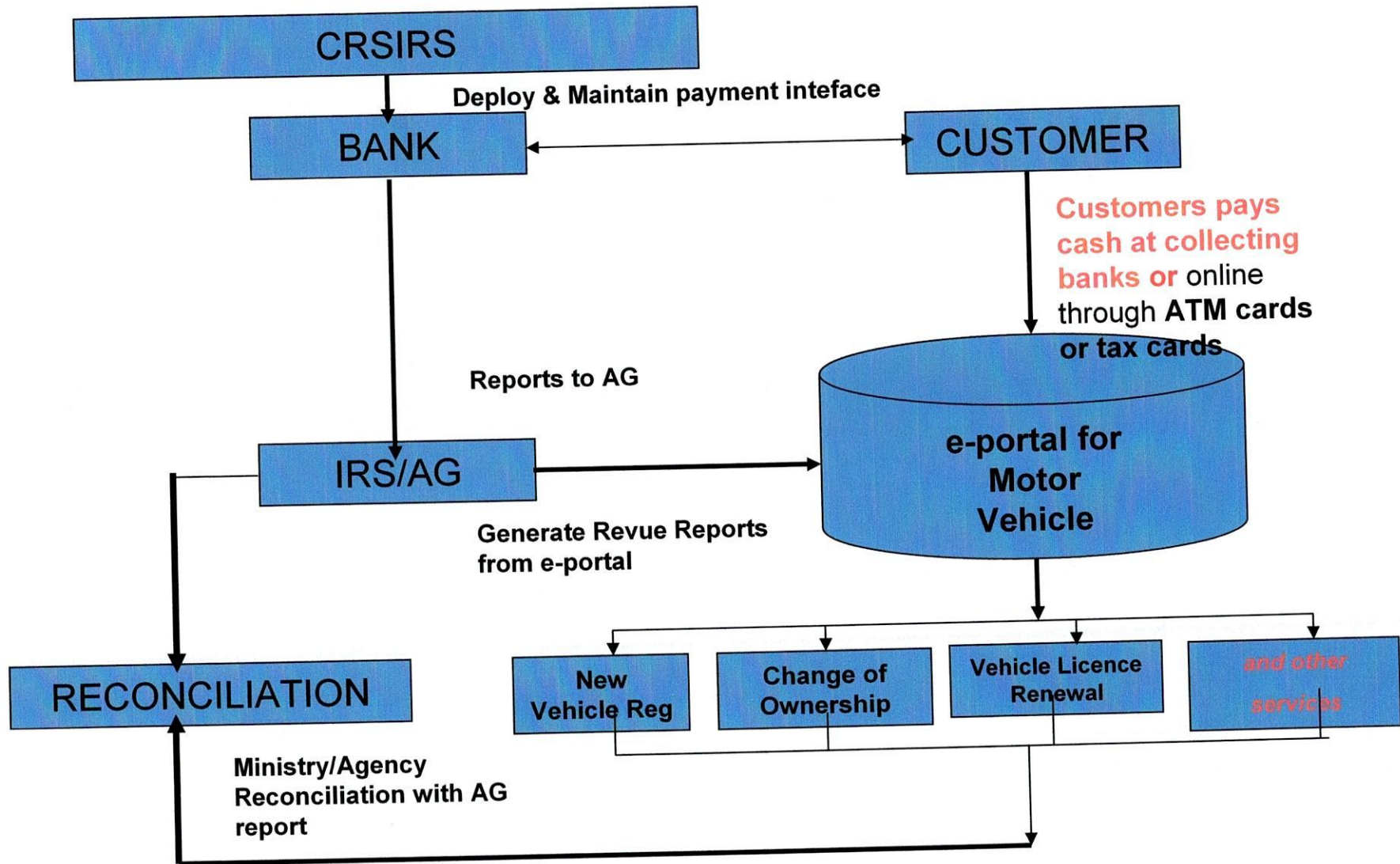
Sum Group Collection by Agency – (Sub) etc..

Govt Officer, validates transaction and give necessary security document if receipt are valid



The client logon to [www.crsirs.autotrans.gov.ng](http://www.crsirs.autotrans.gov.ng),

**Note: The system is robust with full flexible reports.**



## CAPACITY BUILDING/PROFESSIONALISM IN TAX ADMINISTRATION

1. As one of the pilot states for World Bank/ FIAS-DFID-Investment Climate Programme in the country, CRS Internal Revenue Service has benefitted immensely from the underlisted World Bank support programs; aimed at improving professionalism of tax administrators in the 4 pilot states by enhancing knowledge, skills and attitudes of staff:
  - a) World Bank workshop on Business Process re-engineering and computerization in Abuja on August 21-25, 2008 (6 officers participated).
  - b) Train-of- Trainers (TOT) workshop organised by the World Bank in Lagos from November 17-21, 2008.  
(8 officers participated)
  - c) Tax Foundation Course organised by World Bank in Calabar from December 5-9, 2008 and May 18-29, 2009.  
(200 staff participated)
2. Training of about 75 staff of CRSIRS on computer appreciation/ applications.

# ANNUAL BUDGET PERFORMANCE-2004 TO 2009 (JAN. - SEPT.)

Year	Budget	Actual	% Performance
2004	2,271,397,536.00	1,784,494,236.00	78.56%
2005	6,703,788,720.00	2,236,726,255.00	33.36%
2006	2,616,199,992.00	2,716,635,921.00	103.8%
2007	2,975,532,670.00	3,341,876,034.00	112.3%
2008	7,845,428,570.00	6,447,975,865.96	82.19%
2009(JAN.-SEPT.)	7,103,024,580.02	4,922,527,558.46	69.30%

# INTERNALLY GENERATED REVENUE FROM 2004 - 2008

S/N	DETAILS OF REVENUE	2004	2005	2006	2007	2008	2009 (Jan - Sept)
1	<b>PAY AS YOU Earn</b>	786,478,493	850,541,352	1,243,490,670	1,366,371,305	1,866,810,127.79	2,186,492,452.23
2	<b>Direct Assessment</b>	50,712,085	37,815,124	62,538,848	63,868,378	55,841,913.42	63,184,678
3	<b>Tax Arrears</b>	4,478,426	6,023,712	11,901,462	44,187,462	141,129,573.18	167,017,842.00
4	<b>Withholding Tax</b>	59,501,962	82,169,529	133,108,717	186,688,031	329,695,653.67	386,589,487.83
5	<b>Motor Vehicle Licence</b>	8,759,235	10,534,530	8,185,095		10,664,900	13,447,053
6	<b>Identification of Motor Vehicle fee</b>	6,605,500	13,337,820	10,596,925	10,132,520	8,221,665	24,841,825.00
7	<b>Drivers License</b>	11,790,900	12,304,800	15,631,775	11,629,235	7,914,150	6,301,850.00
8	<b>Pools Betting Tax</b>	795,205	922,000	1,073,000	1,142,500	1,996,739	2,021,000.00
9	<b>Pools Betting Licence</b>	12,500	124,500	2,004,200	1,034,500	660,500	564,000.00
10	<b>Urban Development Tax</b>	4,540,140	52,105,050	53,646,873	25,513,800	41,651,965.51	36,268,891.80
11	<b>Tourism Development Levy</b>	Nil	Nil	Nil	Nil	17,069,340.88	75,575,936.50
12	<b>Development Levy</b>	1,791,200	Nil	Nil	Nil	Nil	Nil
13	<b>Sales of Badges</b>	13,720	21,410	2,970	5,610	1,461,097	12,750.01
14	<b>Penalties</b>	20,633	16,370	62,550	137,048	5,857,728.40	52,251,366.28
15	<b>Other Unspecified Revenue</b>	2,719,528	5,283,754	7,187,722	11,063,080	11,621,488.67	115,737,527.28
16	<b>Registration Booklet</b>	Nil	Nil	Nil	Nil	468,125.00	781,575
	<b>Sub Total (IRS)</b>	<b>938,219,527</b>	<b>1,071,199,951</b>	<b>1,549,430,807</b>	<b>1,721,773,469</b>	<b>2,501,064,967.42</b>	<b>3,131,088,234.46</b>
	<b>Ministerial Revenue</b>	<b>846,274,709</b>	<b>1,165,526,304</b>	<b>1,167,205,114</b>	<b>1,620,102,565</b>	<b>3,946,910,898.54</b>	<b>1,791,439,324</b>
	<b>Grand Total</b>	<b>1,784,494,236</b>	<b>2,236,726,255</b>	<b>2,716,635,921</b>	<b>3,341,876,034</b>	<b>6,447,975,865.96</b>	<b>4,922,527,558.46</b>



# Conclusion

- IT infrastructure is a critical factor in the ability to provide for cost effective delivery of services. As with many other large organizations, tax administrations access to information is critically dependent on the reliability and performance of the network and system infrastructure.
- The rapid pace of change and continuous technical innovation will continue. With each new innovation, technical complexity increases.
- Emphasis should therefore be placed on ensuring the infrastructure be scalable and open to adopt new technologies to meet short and long term needs of the tax/revenue related business function.



**Thank You**