



Communiqué

Issued at the end of the African Heritage Institution’s Big Ideas Podium on “Taxation and Accountability: Why Should Nigerians Pay (Income) Tax?”

24th March, 2022

1. The symposium underscored the critical significance of taxation in promoting economic growth, national development and transformative change in Nigeria. Income taxes paid by Nigerians are used by the local, state and the federal governments to provide public services; and for the running of the three tiers of government. These public services include the provisions of health care, education, water, electricity, roads, security and other infrastructures that enhance the well-being of citizens and others. The symposium recognizes (regrettably) that the inadequate provisions of these public services had a negative impact on how Nigerians perceive the payment of taxes. This was due largely to the breach of the social contract by all levels of governments. The symposium concluded, however, that despite the lack of respect for the social contract, it is in the best interest of Nigerians to pay their taxes because it will give them a voice to make demands on the government.
2. The symposium asserts that the specific reasons Nigerians fail to pay their income taxes borders on a number of factors: accountability and transparency in government; the ostentatious lifestyle of public office holders in the face of privations suffered by ordinary Nigerians; corruption; lack of knowledge and the complexity of the tax system; lack of trust of public officials; and inadequate or lack of income.
3. The symposium accepts that (in Nigeria) corruption has a negative impact on tax administration and reduces the credibility of the institutions. When people are forced to enter the underground or shadow economy because of corruption, the government loses a lot of revenue. Additionally, corruption lowers tax-to-GDP ratio and contributes to the long term damage of the economy by detracting investments, increasing the size of the informal sector, distorting the tax structures, and corroding the tax morality of the taxpayers. Sadly, Nigeria is among the countries with the lowest tax-to-GDP ratio in Africa, if not the world. The symposium also recognizes that higher tax rate can induce more corruption in an economy by incentivizing tax evasion.
4. The symposium also stressed concerns about the poor attitudes of public office-holders in Nigeria who often reject efforts by citizens to access their offices. It was observed that government officials act as if they are doing favors to the governed when they pay salaries or provide any type of public services. Regrettably, most government officials in Nigeria forget



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easily that the monies they expend is not theirs and that their accessions to the positions they occupy were facilitated by ordinary Nigerians who they owe responsibility while in office.

Recommendations:

- i. Nigerian leaders must revisit and begin to operationalize the social contract pact in earnest. This will give Nigerians a greater sense of belonging and ownership; and also a more positive understanding and commitment to their responsibility as tax payers.
- ii. Transparency and accountability in the utilization of taxes will increase tax payment morality and compliance, thereby reducing the frequencies of tax evasion. This can be achieved through the routine publication of full information on collected taxes and how the monies were spent. Nigerians will see and appreciate their impact, and will be encouraged to stay engaged.
- iii. Tax education must be prioritized. This will ensure that citizens are duly informed about their choices of candidates in future elections and the associated implications for the taxes they have to pay, why they should pay the taxes, and how the tax revenues would be spent.
- iv. Besides simplification and harmonization of taxes, organizations that collect taxes should help to eliminate the problems of multiple taxation, and work to ease tax payment processes for all.
- v. Adoption of Annual Finance Acts by state governments to address how income taxes are going to be collected and utilized will galvanize accountability and compliance at state level.
- vi. Finally, governments (at all levels) need to address corruption by institutionalizing accountability and transparency with the view to engender good governance and transformative change and development.

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