

FORGET TAX, DATA IS THE NEW OIL

By Joseph Udonsak

“Tax is the new oil”

I'm not exactly a fan of this phrase. Actually, I'm not a fan of it at all. I first heard it at a tax conference I attended in September 2017. I could understand the rationale behind the phrase – the glory years of 2011-2013 and triple digit oil prices were long gone and as a nation, we had no idea how else we could stay afloat. Deep introspection showed us how much we were bleeding ourselves by ignoring entities who made a killing and failed to give Caesar what was due to him.

We've gone after them with everything we have, and the best part is that we still have an informal sector that promises even more returns. For all intents and purposes, as a nation we may have found the biggest oil deposit yet. With the right structure and citizen coverage, we would have enough to fund our budgets, rebuild our reserves, and elevate this sleeping giant from a 'multi-dimensional poverty' stricken nation to the superpower she was always meant to be.

My problem with this is that I feel like we're repeating mistakes of the past. My dad had a phrase for this but it's too colourful. Let's just say that:

“half a dozen and 18 divided by 3 are inevitably the same thing”

- David Hundeyin

Once upon a time, we thought that agriculture was the silver bullet to our problems. That didn't work but surely the era of black gold was going to make up for every mistake we made in our failure to capitalize on agriculture. Surprise, surprise, that didn't work either but third time's the charm for sure. Hate to be the one to tell you so I'll let uncle Albert tell you:

“The definition of insanity is doing the same thing over and over and expecting different results.”

It's no secret that a significant chunk of IGR comes from penalties and fines. Taxable entities decide that it's more efficient to pay the fine than move the skeletons in the closet. But what happens when everyone complies? IGR goes down and we will once again find ourselves struggling to stay afloat. What comes next? Do I hear someone say data in the crowd?

The Nigerian tech scene is approaching warp speed. Mundane and time-consuming activities are being automated. Why go to a bank? Use your mobile app. Why worry about yellow cabs? Use your mobile app. Why bother about pension schedules and remittances? Go to taxitpay.com.ng. User trust in technology has been a problem for so long but it's changing. Can I tell you about when my dad started doing online transfers? He absolutely loved it! And he's still sceptical about it but we should all be – sadly there's a lot of nasty people out there, but that's for another day. It's not an isolated case I assure you.

Some people (who shall remain unnamed today) keep raving about how their mum is head over heels in love with the GTB USSD solution. And it doesn't stop there. Everyday there's some bold, novel attempt to make life easier using technology. We love them because they make life easier, but they probably love it more because we're taking them to the next big thing. Global big data and business analytics market was valued at 168.8 billion U.S. dollars in 2018 and is forecast to grow to 274.3 billion U.S. dollars by 2022.

The last census carried out in Nigeria pegged the population at 140 million. Experts have estimated based on this that we should be around the 200 million mark. Living in Lagos has made me feel like this number should be closer to half a billion. My Biology teacher joked that we passed 2 billion years ago. Whichever way you look at it, the amount of data generated by such a population is mind boggling. And here you are thinking tax is the way forward.

But let's take a step back. I gave you one reason why I didn't like the comparison of tax to oil, here's another one. We've been so reckless with our exploitation of oil it's almost inhuman. With no consideration of the livelihood of the residents, or their health and general wellbeing, we've laid waste to everything standing between us and another barrel of good ol' Bonny Light. It's not a sustainable way to live, and we risk doing the same thing with tax. A different mindset is needed.

Which is why I was quite impressed when we started hearing whispers of a data protection regulation. With the NDPR, the National Information Technology Development Authority (NITDA) has made it costly to ignore taking care of your users' data with a potential fine of up to 2% of annual revenue for breaching the terms of the NDPR.

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