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First Thoughts

Earlier today I read online that 20% of the Antarctic Island's snow melted during the course of a nine-day heat wave. Now that is some scary news if you ask me. It has been one pretty hot February and it looks as though the situation is not just restricted to Lagos and some states in Nigeria like some think. Climate change is truly upon us and the warnings of researchers and proponents of the conversation over the years are becoming more realistic every day. We can only hope it doesn't get worse as the days go by. On a lighter mood, memes have been flying all over the place and most are hilarious to say the least; well, it might not take the heat away but at least we get to laugh through the heat.

Lagosians were welcomed into February with the ban on motorcycle and tricycle operations across some local government areas and coupled with the heat, it has hardly been a comfortable month for most. However, the manner with which we adjust to unfavourable situations makes me salute the resilience of Nigerians. Our survival instinct remains unparalleled! The Finance Act also took effect this month and I must say the implementation and compliance has been quite impressive across board. Of course, we have had very interesting political occurrences too and our Supreme Court is still in the eye of the storm over a recent judgement and review. We continue to watch with fingers crossed or preferably chewing popcorn and sipping pet drinks as the movie continues.

The Personal Income Tax filing season is still very much on and approaching its third and final month. Individuals are expected to file their Annual Personal Income Tax returns for the preceding year with the Internal Revenue Service (IRS) in their respective States of Residence within the first 90 days of the year or face stiff penalties. Good News! We have been able to provide an automated solution PITApp to help you carry out this function seamlessly. We also recently had a Media Parley where we talked about Taxaide's strides in providing cutting edge solutions to ease compliance and improve efficiency and effectiveness.

In this issue:

- Paul Ogundipe, a Graduate Intern at Taxaide® takes a cursory look into the recent ban on motorcycle and tricycle operations and how the regulation of the operations could benefit the Lagos State Government.
- Still on the Personal Income Tax Returns filing conversation, we talk about PITApp, Taxaide's new platform to ease the compliance process. We also reproduce one of our recent TaxThursday publications by an Associate at Taxaide, Jennifer Ezediario: **How to Reduce Your Personal Income Tax (PIT) Liabilities: The Voluntary Pension Contribution (VPC) Option!**
- We have a detailed video highlighting the steps to take to ensure a seamless payroll processing on TaxITPayroll®. **Click here to watch the video.**
- The Minister for Finance, Budget and National Planning, Mrs. Zainab Ahmed disclosed that the Federal Government plans to introduce more tax incentives that will help boost investments in the Nigerian capital market. **Read more here.**
- The Federal Inland Revenue Service (FIRS) has set April 12, 2020 as the deadline for taxpayers to get Tax Identification Number (TIN). **Read more here.**

Thank you for sticking with us again this month. Here's wishing you a more climate-friendly March. Please don't forget to follow us on Social Media. You can find us on [Twitter](#), [Facebook](#), [Instagram](#) and [LinkedIn](#). We appreciate your feedbacks as usual. Please continue to send them. Feel free to read more of our publications on our [website](#). You can email us on intelandcomms@taxaide.com.ng or if you prefer, call us on **0700TAXAIDE**.

Till Next Time

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OkadaBan: Regulation and Financial benefits to the Lagos State Government

– Paul Ogundipe

It has been about three weeks now since the Lagos State Government imposed a ban on the movement of commercial motorcycles and tricycles in certain Local Government areas in Lagos state. This restriction has increased the average commuting time and transportation cost for most Lagosians due to the interplay between demand and supply. According to the state Commissioner for Information and Strategy, there were over 10,000 reported cases of motorcycle accidents between 2016 and 2019. Therefore, the major reasons for imposing the ban are to reduce road accidents and crimes committed using motorcycles. However, there has been a public outcry for the restoration of commercial motorcycle and tricycle operations under a properly regulated and duly controlled platform. This platform would involve the use of brands for operation, cyclists would be trained to ensure they abide by all traffic rules and regulations. The big question here though is, are the advantages of regulation limited to reduced accidents and crime rate only? What other mega-city features will cyclists' regulation foster?

Transportation is a large and lucrative industry that greatly affects the economy of Lagos state and with tens of millions of Naira being interchanged daily, it is a crucial part of any thriving economy. Most of the income generated is not subjected to tax partly because money moves through unmonitored channels and most transport stakeholders are not registered for tax purposes. Capturing income earned and taxable persons engaged in transport business under the tax net will increase the internally generated revenue of the Lagos State government.

Since the advent of MaxOkada in 2015, the motorcycle transportation sub-sector has witnessed massive investments, both locally and internationally. As of January 1, 2020, the number of digitalized motorcycle platforms utilizing technology to deliver intra-state movement had increased to three. These platforms not only register operators hereby capturing them for Personal Income Tax (PIT) purposes, but also captures payment for services rendered and ensure accuracy and transparency. Allowing this platform to regulate motorcycle transportation, amongst other benefits to the transportation condition of the State, will increase the State Government's revenue and open the State to more investments.

Essentially, this means that Lagos State, though generating the highest Internal Generated Revenue (IGR) across the country over the years (latest IGR report released by the National Bureau of Statistics places Lagos States' IGR at N297.09bn as at Q3,

2019) can tap into the wealth of the informal transport sector and generate more revenue by shifting the activities of motorcycles and tricycles under recognized brands. With the increased drive of the State Government for more infrastructural development, this provides an opportunity to increase the number of taxpayers and tax paid, especially through PIT.

Will the financial incentives attached to restoration and regulation of motorcycle transportation under technology-driven brands and platform cause the State Government to reverse its decision on the ban? We can only hope that this would be the case and the Lagos State Government critically reviews the negative effects the ban could have on the Lagos State Government.



Taxaide Unveils PITApp® for the 2020 Personal Income Tax Filing Season



The 2020 personal income tax (PIT) filing season is upon Nigerians. Nigerian law requires every natural person that is liable to PIT in Nigeria, known as a taxable person, to file their tax returns (PIT Returns) with the designated revenue agency of the State where they are resident in Nigeria. The timeline for doing this in the leap year 2020 is Monday, March 30, 2020. The failure by a taxable person to file his or her PIT Returns is a punishable with fines, and imprisonment where the fines are not paid.

PIT Returns are currently fileable with the designated revenue agency of each of the 36 States in Nigeria and the Federal Capital Territory, Abuja. This reality may pose challenges to some taxpayers who are confused as to which revenue agency to file their PIT Returns with. This may be as a result of the fact that they may live in more than one State in Nigeria or work and live in different States or maintain residential real estate in more than one State. Nigerian law states that the PIT Returns filed with one revenue agency may be deemed to have been filed with the revenue agency where it should have appropriately been filed. This provision of the law may not be as cheering when faced with administrative onslaught by zealous revenue agency personnel.

At a media briefing held by Taxaide on Tuesday, 25 February 2020, the foremost tax and technology firm unveiled its latest product PITApp® to Nigeria tax residents. According to Onatoye Onakomaiya, the CTO of Taxtech, Taxaide's technology development subsidiary, PITApp® is an aggregator of all PIT obligations in Nigeria, It simplifies the PIT Returns filing and remittance process by aiding the taxpayer with his or her filing remittance obligation. PITApp® is both a web-based and mobile application service available at www.pitapp.taxit.com.ng and on TBook® (iOS and Google Play Store), Taxtech's flagship mobile application.



Media Parley with Taxaide.

According to Bidemi Olumide, Taxaide's CEO, the organisation believes that every taxable person or organisation should focus on its core commercial mandate while leaving the operational aspects of their tax compliance to accredited tax managers like Taxaide. He highlighted that there are about 900 revenue collecting agencies (Federal, State and Local) jostling for the attention of Nigerian taxpayers; a huge distraction from the core economic activities that should generate the tax in the first place. This is the essence of Taxaide; to take care of those distractions. From tax audits management, to payroll management, to PIT management, to corporate income taxes management, to the management of transaction taxes as Value Added Tax, Withholding Tax et.al, Taxaide which has been in business for about 6 years, handles them all. The Company emphasizes its people, processes and technologies as its clear advantage in the tax management business.



Media Parley with Taxaide.

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Personal Income Tax savings option Part 1: Voluntary Pension Contribution (VPC)

As a professional in the tax sector I've had quite a number of individuals share their concerns with me about the huge sum being deducted as tax from their monthly pay (Personal Income Tax). In order to address this issue, I thought to write this piece to address some of the issue and proffer solutions to the pressing complaints.

Introduction:

Its been observed that taxpayers over the years, have complained about how much is being deducted from their pay. The never-ending monthly squabble between employees and their employers over this issue has been scrutinized, and the bone of contention is the simple question from the employees "how can I be paying this much as tax?".

So, what if I told you that you don't have to pay that "ridiculous" amount as tax and still remain tax compliant? Allow me bring to your attention, Income tax savings options. Income tax savings options are expenses that are tax deductible according to the provisions of the Personal Income Tax, 2011, as Amended ("PITAM") and they include Voluntary Pension contributions, Interest on mortgage, National Housing Fund contributions etc.

Today, however, we will only consider the Voluntary Pension Contribution, in details.

Voluntary Pension Contribution (VPC) and its impact on tax obligation and net pay:

I believe we are aware of the statutory pension we are to remit to our respective Pension Fund Administrator (PFA) but a VPC is a non-obligatory remittance of not more than one-third of the contributor's salary for the month in question to his/her respective PFA. A taxpayer can make voluntary pension contributions by notifying his employer in writing of his intention to make a VPC. Also, the amount to be deducted and remitted should be included in the notice

Introducing VPC to the personal income tax computations of a taxpayer will bring about the following:

1. increase in the total reliefs;
2. decrease in taxable income;
3. decrease in personal income tax payable;
4. decrease the contributor's net pay.

I am sure that (4) above is beginning to deter you, but rest assured I will explain why this is a better option.

50% of VPC contributions is treated as contingent and available for withdrawal after two years of lodgment while the remaining 50% is treated as fixed for pension until retirement date. In simpler terms, you can access half of your total VPC contributions made every two years.

It is a win-win situation for you; you get to legally reduce your taxes and also, you get to access a good portion of your VPC contributions within a short period of time.

So, would you rather pay a high amount of tax or remit a high amount as pension to yourself in the long run?

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