

A LAW TO AMEND THE KATSINA STATE REVENUE ADMINISTRATION (CODIFICATION AND CONSOLIDATION) LAW, 2021 TO AMONG OTHER THINGS PROVIDE FOR THE MANAGEMENT STRUCTURE OF THE SERVICE, MAXIMUM PERIOD FOR PRESUMPTIVE TAX STATUS, COST OF COLLECTION REMITTANCE, CONSUMPTION AND OTHER TAX CATEGORIES, RATE REVIEW, TAX REINVESTMENT SCHEME AND FOR OTHER MATTERS RELATED THERETO, 2023.



Katsina State of Nigeria

Law No. *9* 2023

[*22nd* day of *December*, 2023] Commencement

Enacted by the Katsina State House of Assembly as Follows:

This Law may be cited as the Katsina State Revenue Administration (Codification and Consolidation) (Amendment) Law, 2023.

<p>PART I PRELIMINARY</p> <p>1. This Law shall come into operation on the 22nd day of December, 2023.</p> <p>2. In this Law:</p> <p>"Principal Law" means the Katsina State Revenue Administration (Codification and Consolidation) Law, 2021.</p> <p>3. Section 3 of The Principal Law is amended by inserting, in alphabetical order, the following definitions:</p> <p>"Book" includes any register, document or other record of information and any account or accounting record however compiled, recorded or stored, whether in written or printed form or micro-film, digital, magnetic or electronic form or otherwise and all types of information stored on computers and any other similar equipment used for the purpose of keeping accounting records;</p> <p>"Chargeable income" includes the total income of any person or body corporate on which tax is chargeable;</p> <p>"Consultants" includes tax practitioners, accountants, legal practitioners or any other recognized professionals that have been certified by their relevant professional bodies in Nigeria with the requisite competences required to provide consultancy services in the area of tax administration;</p>	<p>Citation</p> <p>Amendment of Section 3 of The Principal Law</p>
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“Demand Notice” means a demand made by the Taxing authority to a taxable person requesting for the payment of any tax collectible by the Katsina State Internal Revenue Service under any relevant law;

“Delegation” means the transfer of power and authority given to the Service by any organ or agency of Government in Katsina State for the purpose of administering any Tax Law;

“Document” includes any record of information supporting accounts and accounting records including reports or correspondence or memoranda or minutes of meeting, however compiled, recorded or stored, whether in written or printed form or microfilm, digital, magnetic, electronic or optical form or otherwise and all types of information stored in computer and any other similar equipment;

“Gazette” means the Katsina State Government Official Gazette;

“Land use charge” includes all property rates chargeable on Land use, tenement and other rates (other than ground rent) payable on land throughout the State;

“Person” includes a company or body corporate, partnership, firm and unincorporated body of person;

“Property Tax” means premium, taxes and rates levied on real property within designated areas in the State;

“Real Property” includes:

4. land including land covered by water;
5. land and any building or structure situated thereon, including machinery, installations, and equipment affixed to a building and contributing to the utility of the building and where a building is erected on land under lease, license or permit, that building may, for the purposes of this Law, be treated as real property separate from the land;
6. a mobile home;
7. a bulk storage tank, and any supply pipelines connected therewith;
and

8. any wire, cable, pipe, tower, installation, equipment, or thing, or structure other than building, forming part of a building; including Television broadcasting or radio broadcasting, transmission or rebroadcasting or retransmission equipment including a cable television system, telephone or other communication equipment, electric light, telegraph or telecommunications equipment or any electric power distribution equipment and or system attached to land

“Real Property” does not include:

- 9. crops growing in or on land;
- 10. all that part of a mine below the surface of the ground; or
- 11. land used as a public right-of-way;

“Regulation” means regulations issued by the Board pursuant to this Law;

“Residence” means any building or part of a building occupied as residential accommodation (including any garage shed and other building used in connection therewith);

“Special Purpose Tax Officer” refers to designated Tax Officers for the purpose of tax investigation and tax enforcement;

“Tangible Personal Property” means personal property that can be seen, weighed, measured, felt, or otherwise perceived by the senses, but does not include a document or other perceptible object that constitutes evidence of a valuable interest, claim, or right and has negligible or no intrinsic value;

“Year of Assessment” means a period between January and December of the year or such other period for which tax is computed.

PART II KATSINA STATE INTERNAL REVENUE SERVICE

12. Section 6(2) of The Principal Law is amended by redrafting paragraph 6(2)(c) as follows:

13. one representative each not below the rank of a Director or equivalent in the Civil Service of the State from the following:

14. Section 6(2) of The Principal Law is amended by inserting after paragraph (e) new paragraphs (f) and (g):

Amendment of Section 6(2)(c)
of The Principal Law

Amendment of Section 6(2) of
The Principal Law and
insertion of new paragraphs (f)
and (g)

<p>15. The Heads of such Directorates as may be established by the Board from time to time, who shall be known as Executive Directors to be appointed by the Governor;</p> <p>16. Three persons, at least two of whom shall be women, representing such private sector interests as the Governor deems to be relevant stakeholders in the work of the Service.</p> <p>17. Section 6(3) of The Principal Law is amended by rephrasing subsection (3) as follows:</p> <p style="padding-left: 40px;">(3) (i) The Executive Chairman, the Executive Directors, Directors that are members of the directorate and the Secretary/Legal Adviser, shall function on a full time basis</p> <p style="padding-left: 80px;">(ii) other members of the Board, shall operate in a non-executive capacity and in a part-time capacity.</p>	<p>Amendment of Section 6(3) of The Principal Law</p>
<p>18. Section 6(7) of The Principal Law is amended by redrafting subsection (7) as follows:</p> <p style="padding-left: 40px;">(7) The Executive Chairman, Executive Directors and other members of the Board, other than ex-officio members, shall each hold office:</p>	<p>Amendment of Section 6(7) of The Principal Law</p>
<p>19. Section 8(1) of The Principal Law is amended by redrafting subsection (1) as follows:</p> <p>20. Notwithstanding the provisions of Section 7 of this Law, a member of the Board shall cease to hold office as a member of the Board if:</p>	<p>Amendment of Section 8(1) of The Principal Law</p>
<p>21. Section 8(1)(f) is amended by redrafting section 8 subsection 1(f) to read:</p> <p style="padding-left: 40px;">he has been found, upon facts available to the Board, to have committed acts of gross misconduct in the relation to the performance of his duties as a member of the Board, and such finding have been approved by the Governor</p>	<p>Amendment of Section 8(1)(f) of The Principal Law</p>
<p>22. Section 8(2) is amended by redrafting section 8 subsection (2) to read</p> <p style="padding-left: 40px;">(2) If any member of the Board ceases to hold office under this Law, before the expiration of the term for</p>	<p>Amendment of Section 8(2) of The Principal Law</p>

which he is appointed, another person shall be appointed to the Board in the place of such person.

PART III

POWERS OF THE BOARD AND THE SERVICE

23. Section 10(2)(e) is amended by substituting “person taxable” with “taxable person”

Amendment of Section 10(2)(e) of The Principal Law

24. Section 10(2)(h) is amended by substituting the current section with establish and maintain a system for monitoring the dynamics of taxation in order to identify suspicious transactions and the persons involved

Amendment of Section 10(2)(h) of The Principal Law

25.

PART IV

MANAGEMENT AND STAFF OF THE SERVICE

26. Section 11 of The Principal Law is amended by substituting paragraph (c) with a new paragraph (c):

Amendment of Section 11 of The Principal Law and substitution of a new paragraph (c)

(c) the Executive Directors of the Service as members;

27. Section 15 of The Principal Law is amended by correcting the numbering of the subsections appropriately by substituting subsection (3) with subsection (2) and inserting a new subsection (3):

28. The Service shall cause a notice of the staff regulations to be issued to all staff in such manner as the Service may determine.

Amendment of Section 15 of The Principal Law

29. Remuneration of all officers employed in the Service shall be subject to the provisions of the pension law for the time being in force in the State and accordingly officers and employees of the Service shall be entitled to pension and other retirement benefits as are prescribed under the relevant law.

PART V

FINANCIAL PROVISIONS

30. Section 17 of The Principal Law is amended by redrafting subsection (1) and inserting a new subsection (2) after subsection (1), as well as renumbering of the subsections as follows:

17(1) The Service shall establish and maintain an account to be known as the ‘Cost of Collection Account (CCA)’ into which shall be paid:

31. the 10% of collection of the revenue collected by the Service as payment due to the Service provided that such payment shall

be recorded as part of the entire State IGR for the period as envisaged by section 16(e) of this Law

- 32.** all other moneys which may from time to time, accrue to the Board from other services;
- 33.** any subvention or other budgetary allocation from the State; and
- 34.** all monies accruing to the Service by way of gifts, grants-in-aid, testamentary dispositions, endowments and contributions from any source.

- 35.** The proceeds in the account in subsection (1) above shall be used to defray the expenditure occurring to the Service as follows:
- 36.** the cost of administration of the Service;
- 37.** payment of the emoluments, allowances and benefits of members of the Board and for reimbursing members of the Board or of any committee of the Board for such expenses as may be expressly authorized by the Board;
- 38.** the payment of the salaries, fees or other remuneration or allowances, and legacy gratuities, pensions and other benefits that may have accrued before the commencement of this Law, and payable to the officers and other employees of the Service;
- 39.** the acquisition and development of any property vested in or owned by the Service; and
- 40.** Such other expenditure which may be incurred by the Service from time to time that may be deemed necessary and expedient for the discharge of its functions as provided by this Law.
- 41.** Subject to any agreement between the State and the Local Government for the purpose of collection and remittance of taxes collected on behalf of Local Governments in the State, there shall be a single revenue account in the State for the payment of all IGR referred at section 16 paragraphs (a)-(e) of this Law.
- 42.** There shall be a technology driven Central Billing platform in the State in which all MDAs on the IGR stream shall be hosted.
- 43.** Notwithstanding the provisions of section 79 of this Law, for the purpose of collection, the Service shall issue a Joint Demand Notice containing Taxes, Levies, Fees, Charges or Rates payable under this Law to both the State and the Local Government Areas
- 44.** The Accountant General of the State shall have the power to deduct at source from the budgetary allocation, unremitted taxes due from any Ministry, Department or Agency and transfer such deduction to the Service upon request.

Amendment of Section 17 of
The Principal Law

45. Where a Local Government is in default of remittance of taxes due to the Service, the Service may authorize the Commissioner for Local Government and Chieftaincy Affairs of the State in writing to deduct such amount of tax deductible plus interest at the prevailing monetary policy rate of the Central Bank of Nigeria from the revenue due to the Local Government from the State.

46. Section 18 of The Principal Law is amended by redrafting it as follows:

18. The Service shall not later than 30th day of November in each year submit to the Governor for appropriation by the State House of Assembly an estimate of its income and expenditure for the next succeeding years and for approval by the Governor.

Provided that pending appropriation, the Governor may permit the Service to spend outside of their annual expenditure framework.

47. Section 20 of The Principal Law is amended thus

The Service shall prepare and submit to the Governor, not later than four months after the end of each financial year, a report, in such form as may be directed, on the activities of the Service during the period immediately preceding the year of presenting the report, and shall include, in such report, a copy of the duly executed audited accounts of the Service for the said financial year and the auditor's report on the said account.

Amendment of Section 18 of
The Principal Law

TAX ADMINISTRATION AND ENFORCEMENT

48. Section 24(1) of The Principal Law is amended by prefacing the section with the following: "Subject to the provisions of the Constitution"

Amendment of Section 20 of
The Principal Law

49. Section 26(1) of The Principal Law is amended by redrafting the section thus

a taxable person shall, during each year of assessment, prepare and submit to the Service, in such form as the Service may from time to time prescribe, a true statement of his

taxable income and tax status in writing and without prejudice to the generality of the following:

50. Section 26(4) of The Principal Law is amended by redrafting the section thus:

Amendment of Section 24 of The Principal Law

The form for the return of taxable statement shall contain a declaration which shall be signed by or on behalf of any taxable person to whom a notice has been given under subsection (2) of this section, stating that the form contains a true statement of his income computed in accordance with the provision of this Law and any other relevant law, and that any particulars given in the return is in accordance with all other requirements of such notice, are true and complete

Amendment of Section 26(1) of The Principal Law

51. Section 28(1) of The Principal Law is amended by deleting “chargeable with income tax” so that the section will read thus

Amendment of Section 26(1) of The Principal Law

After the expiration of the time allowed to any person under Section 27 of this Law and the person has not submitted the statement or returns, the Service may assess such taxable person in such manner as the Service may determine.

52. Section 28(3) of The Principal Law is amended by substituting “son” with “on so that the section will read thus:

where a taxable person has not delivered a statement or returns within the time allowed under this Law or pursuant to a notice given by the Service and the Service is of the opinion that tax is chargeable upon such person, it may determine the amount of tax assessable on such person and make such assessment,

Amendment of Section 28(1) of The Principal Law

53. Section 33 (1) of The Principal Law is amended by the insertion of the word “to between Certificate and Anyone so that the section will read thus:

The Service may issue Tax Clearance Certificate **to** anyone within two weeks of receipt of an application if

Amendment of Section 28(3) of The Principal Law

54. Section 33(4) is amended by substituting the word “denial” with the word “refusal” so that the section shall read:

The Service may decline to issue tax clearance certificate but it shall within two weeks of receipts of the application give reason for the **refusal**.

<p>55. Section 34 (3) of The Principal Law is amended by substituting the word “obtained” with the word “obtain”</p>	<p>Amendment of Section 33(1) of The Principal Law</p>
<p>56. Section 36(3)(c) of The Principal Law is amended by redrafting the subsection to read: Any addition imposed under this Section shall not be part of the demand of the tax payable for the purpose of claiming any relief under any of the provisions of this Law</p>	<p>Amendment of Section 33(4) of The Principal Law</p>
<p>57. Section 37(1) is amended by renumbering the subsections to read (a) and (b) respectively</p>	<p>Amendment of Section 34(3) of The Principal Law</p>
<p>58. Section 37(6) is amended by redrafting it to read: From the proceeds of a sale under this Section, the cost of charges of and incidental to the sale and keeping of the distraint and disposal thereunder, shall be paid, thereafter offset the amount of revenue due and the balance (if any) shall be paid to the defaulter on demand being made by him or on his behalf within one year of the date of the sale. Where no demand is made, the balance shall be forfeited.</p>	<p>Amendment of Section 36(3) of The Principal Law</p>
<p>59. Section 38(2) of The Principal Law is amended by redrafting it to read: Where any tax has been short-levied or erroneously repaid, the person to whom the repayment was erroneously made shall, on demand by the proper officer, pay the amount short-levied or erroneously repaid, as the case may be, and any amount may be recovered, as the case may be, and any such amount may be recovered as if it were tax to which a person to whom the amount was so short-levied or erroneously repaid were liable.</p>	<p>Amendment of Section 37(1) of The Principal Law</p> <p>Amendment of Section 37(6) of The Principal Law</p>
<p>60. Section 44(2) is amended by addition of the words “not less than” immediately preceding the amount of N200,000.00 and the addition of the words “a period not less than” immediately preceding 3 years so that the section will read: Except otherwise provided under this Law or as otherwise authorised by the Governor or Executive Chairman of the Service, any member or former member of the Board or any employee or former employee of the Service or of the State who communicates or attempts to communicate any</p>	<p>Amendment of Section 38(2) of The Principal Law</p>

confidential information or the content of any such document to any person, commits an offence and is liable on conviction of a fine of not less than N200,000.00 or imprisonment for a period not less than 3 years or both.

Amendment of Section 44(2)
of The Principal Law

61. Section 48(b) of The Principal Law is amended by redrafting the subsection to read

deal with revenue matters within the State and Local Government Councils

62. Section 55 of The Principal Law be amended by deleting the existing section and replacing it with the following section

1. Subject to the provisions of the PITA, the categories of persons to be administered under section 54-59 of this Law shall include persons, where for all practical purposes their income cannot be ascertained or financial records are not kept in such manner as would enable proper assessment of income, and according to the following bands; Micro Scale Businesses (Turnover - Less than N500,000 (Five Hundred Thousand Naira), Small Scale Businesses (Turnover - Above 500,000 (Five Hundred Thousand but not more than Five Million) and Medium Scale Businesses (Turnover - Above Five Million Naira but not more than Twenty Five Million) Large Scale Businesses (Turnover - More than N25,000,000 (Twenty Five Million Naira), or threshold stated in section 15(1) of the VAT Act 1993, as amended

Amendment of Section 48(b)
of The Principal Law

2. The presumptive tax regime shall be administered by the Service using Tax Registration Reform in the Ninth Schedule of this Law on respective persons on annual basis.

3. Persons operating under the Presumptive Tax Regime are to file returns on or before 90 (ninety) days for the commencement of every year

Amendment of Section 55 of
The Principal Law

(1) The tax payable shall be in accordance with the category of Businesses and at the corresponding rate as contained in Twelfth Schedule (the twelfth schedule)

(a) Trading

(b) Manufacturing

(c) Services

4. (1) Pursuant to the outcome of subsection 1 above, the Service shall determine the applicable turnover of the taxable person

(2) Taxable persons shall be encouraged by the Service to keep records of their transactions

5. Any Taxable person that contends the turnover or assessment arrived at may file an objection to the Service stating clearly the grounds within 15 days of the receipt of the assessment.

63.Section 56 of The Principal Law be amended by the insertion of the word “financial” immediately before the word year in the section.

64.Section 57(2) of The Principal Law is amended by the substitution of the word “on” immediately preceding the words “the manner” with the word “in”

65.Section 62 of The Principal Law is amended by redrafting subsection (2) and inserting a new subsection (3) after subsection (2), as well as renumbering of the subsections as follows:

(2) A taxable person under sections 54-59 of this Law shall only be eligible for presumptive tax status for a maximum period of three (3) consecutive years after which he shall be under an obligation to transit to direct assessment. Provided that within the three (3) years’ period, a taxable person may voluntarily exit from the presumptive tax status and file the requisite tax returns and be assessed accordingly.

(3) Where the Service deems a tax payer as not being eligible for presumptive tax, the Service shall apply the direct assessment regime as the default mode of assessing and calculating the tax due from such tax payer.

(4) Where the Service discovers, based on available record(s) or any other valid record or information that the taxable person ought to be assessed under this Law, such taxable person shall be assessed as appropriate.

PART IX

HARMINISATION OF TAXES, RATES AND LEVIES

66.Section **93** immediately succeeding section 81 be renumbered to read section **81A**

67.Section 87(4) is amended by the insertion of the words “a sum not less than” immediately before the word “Five Hundred Thousand Naira” and the insertion of the words “a sum not less than” immediately before the words “Fifty Thousand Naira” so that the section reads:

Any person who, having been engaged in banking in Nigeria, contravenes the provision of this Section,

Amendment of Section 56 of The Principal Law

Amendment of Section 57(2) of The Principal Law

Amendment of Section 62 of The Principal Law

Correction of the numbering of the section immediately after section 81 by changing the section from section 93 to section 81A of The Principal Law
Amendment of Section 87(4) of The Principal Law

commits an offence and shall, in respect of each contravention be liable to a fine of a sum not less than Five Hundred Thousand Naira (N500,000.00) in the case of body corporate and in the case of an individual a fine of a sum not less than Fifty Thousand Naira (N50,000.00) or imprisonment for a term of five years or both

PART X

OFFENCES AND PENALTIES

68. Section 90(1)(b) be amended by the insertion of the words “a sum not less than” immediately before the figure N200,000.000”

69. Section 98(1) of The Principal Law is amended by the substitution of the word “of” and the insertion of the words “not less than” immediately before the word “five” so that the section will read:

A person who, in commission of any offence against this Law is armed with an offensive weapon, commits an offence and shall be liable on conviction to imprisonment for a term not less than five(5) years

Amendment of Section 90(1)
of The Principal Law

Amendment of Section 98(1)
of The Principal Law

70. Section 98(2) of The Principal Law is amended by the deletion of the word “of” and substituting it with the word “not less than” and the deletion of the figure 5 immediately after the word “ten” so that the section will read thus:

A person who, while armed with an offensive weapon causes injury to any officer or authorised officer of the Service in the performance of his functions under this Law, commits an offence and shall be liable on conviction to imprisonment for a term not less than ten(10) years.

Amendment of Section 98(2)
of The Principal Law

71. Section 99 is amended by the deletion of the word “of” and the insertion of the words “not less than” immediately before the figure “1” so that the section reads

A person who connives with one or more persons for the purpose of contravening any of the provisions of this Law, commits an offence and is liable on conviction to imprisonment for a term of One (1) year

Amendment of Section 99 of
The Principal Law

72. Section 100(1) of The Principal Law is amended by the substitution of the word “of” with the words “not less than the sum” immediately after the word “fine” and the insertion of the words “a period of not less than” immediately before the figure three “3”

73. Section 100(2) of The Principal Law is amended by the substitution of the word “of” with the words “not less than the sum” immediately after the word “fine” and the insertion of the words “a period of not less than” immediately before the figure two “2”

**Amendment of Section 100(1)
of The Principal Law**

**PART XI
GENERAL PROVISIONS**

**Amendment of Section 100(2)
of The Principal Law**

74. Section 104(1) of The Principal Law is amended by the deletion of the words “so much” and substituting them with the word “such”

75. Section 105(2) of The Principal Law is amended by the insertion of the word “to” immediately before the word “either”

**Amendment of Section 104(1)
of The Principal Law**

76. Section 106(2)(b) of The Principal Law by the substitution of the word “of” with the words “not less than the sum” immediately after the word “fine” and the insertion of the words “a period of not less than” immediately before the figure “2”

**Amendment of Section 105(1)
of The Principal Law**

77. Section 110(2) of The Principal Law is amended by the deletion of the word “ay” which appears immediately before the word “alleged” with the word “any”

**Amendment of Section 106(2)
of The Principal Law**

78. Section 125(1) of The Principal Law is amended by substituting the word “procedure” with “procedural”

**Amendment of Section 110(2)
of The Principal Law**

**Amendment of Section 125(1)
of The Principal Law**

MADE at Katsina this 22nd day of Dec.....2023.



.....
MALAM UMARU DIKKO RADDA Ph.D

*Governor;
Katsina State of Nigeria.*

SCHEDULE

FORM A

(Section 6)

This printed impression has been carefully compared by me with the Bill which has passed the Katsina State House of Assembly and found by me to be a true and correctly printed copy of the said Bill.

.....
Clerk to the House

FORM B

Section 7 (1)

I assent this 22nd day of December, 2023.

.....
Governor

FORM C

Section 7 (2)

I withhold my assent thisday of....., 2023.

.....
Governor

FORM D

Section 7 (3)

Passed again by the Katsina State House of Assembly by a two thirds majority this day of....., 2023.

.....
Speaker

AMENDED PRESUMPTIVE TURNOVER TAX RATES

Table 1: proposed rates by new schedule12- As submitted by Katsina State

	MANUFACTURING	TRADING	SERVICES
MICRO (< NGN500,000)	2%	2%	3%
SMALL (500,001-5,000,000)	3%	5%	6%
MEDIUM (5,000,001-25,000,000)	5%	6%	7%
LARGE (>25,000,000)	7%	8%	9%

Feedback below:

Illustrative and suggested rates in SABER DLI 7 Verification Protocol:

- **MANUFACTURING** - 2%
- **TRADING** - 3%
- **SERVICES** - 4%

Rationale -Adopting a percentage of annual turnover allows the tax payable to be reflective of reality and reduces avenues for income suppression as is the case in the overly fragmented presumptive tax categorisation in twelfth schedule of the Kasina State Revenue 2021 law.

Table 2: COMPARING PROPOSED PRESUMPTIVE TAX RATES WITH THE STATE'S 2021 PRESUMPTIVE TAX RATES:

SECTOR CATEGORY	MANUFACTURING		TRADING		SERVICES	
	% Turnover as proposed in amendment	Fixed Sum as per 12 th Schedule 2021	% Turnover as proposed in amendment	Fixed Sum as per 12 th Schedule 2021	% Turnover as proposed in amendment	Fixed Sum as per 12 th Schedule 2021
MICRO (<NGN500,000)	2% * NGN500,000 = NGN10,000	NGN2,500	2% * NGN500,000 = NGN10,000	NGN2,500	3% * NGN500,000 = NGN15,000	NGN2,500 – NGN10,000
SMALL (500,001-5,000,000)	3% * (NGN500,001 to NGN5,000,000) = NGN15,000 - NGN150,000	NGN15,000 - NGN30,000	5% * (NGN500,001 to NGN5,000,000) = NGN25,000 - NGN250,000	NGN25,000 - NGN30,000	6% * (NGN500,001 to NGN5,000,000) = NGN30,000 - NGN300,000	NGN15,000 – NGN50,000
MEDIUM (5,000,001-25,000,000)	5% * (NGN5000,001 to NGN25,000,000) = NGN250,000 - NGN1,250,000	NGN30,000 - NGN100,000	6% * (NGN5,000,001 to NGN25,000,000) = Between NGN300,000 and NGN1,500,000	NGN50,000 - NGN85,000	7% * (NGN5,000,001 to NGN25,000,000) = NGN350,000 - NGN1,750,000	NGN50,000 - NGN 100,000
LARGE (>25,000,000)	7% * above NGN25,000,000 = Above NGN1,750,000	No rate assigned	8% * above NGN25,000,000 = Above NGN2,000,000	No rate assigned	9% * above NGN25,000,000 = Above NGN2,250,000	No rate assigned

Looking at table above there are quite large increases in the potential tax payable using the proposed percentages across categories and sectors. While the proposed rates will increase potential revenues from presumptive tax, the degree of increase may result in public outcry, hence endangering compliance. Perhaps, the State should consider a lesser percentage around the region proposed by the SABER DLI 7 VP (Manufacturing- 2%, Trading 3% and Services – 4%) depending on which sectors are

thriving best. The large category can be left as is because ideally, they should have graduated out of presumptive tax. Below is an illustration for comparison using the suggested DLI rates.

Table 3: COMPARING SUGGESTED DLI 7 PRESUMPTIVE TAX RATES WITH THE STATE'S 2021 PRESUMPTIVE TAX RATES:

SECTOR	MANUFACTURING		TRADING		SERVICES	
CATEGORY	% Turnover as proposed in amendment	Fixed Sum as per 12 th Schedule 2021	% Turnover as proposed in amendment	Fixed Sum as per 12 th Schedule 2021	% Turnover as proposed in amendment	Fixed Sum as per 12 th Schedule 2021
MICRO (<NGN500,000)	2% * NGN500,000 = NGN10,000	NGN2,500	3% * NGN500,000 = NGN15,000	NGN2,500	4% * NGN500,000 = NGN20,000	NGN2,500 – NGN10,000
SMALL (500,001- 5,000,000)	2% * (NGN500,001 to NGN5,000,000) = NGN10,000 - NGN100,000	NGN15,000 - NGN30,000	3% * (NGN500,001 to NGN5,000,000) = NGN15,000 - NGN150,000	NGN25,000 - NGN30,000	4% * (NGN500,001 to NGN5,000,000) = NGN20,000 – NGN200,000	NGN15,000 – NGN50,000
MEDIUM (5,000,001- 25,000,000)	2% * (NGN5,000,001 to NGN25,000,000) = NGN100,000 – NGN500,000	NGN30,000 - NGN100,000	3% * (NGN5,000,001 to NGN25,000,000) = Between NGN150,000 and NGN750,000	NGN50,000 - NGN85,000	4% * (NGN5,000,001 to NGN25,000,000) = NGN200,000 - NGN1,000,000	NGN50,000 - NGN 100,000
LARGE (>25,000,000)	7% * above NGN25,000,000 = Above NGN1,750,000	No rate assigned	8% * above NGN25,000,000 = Above NGN2,000,000	No rate assigned	9% * above NGN25,000,000 = Above NGN2,250,000	No rate assigned

Recommendations:

- a) Reduce/amend the proposed percentages charged in Table 1. (You can repeat the analysis in Table 2 using various rates you desire to ascertain which would be most practicable in terms of tax payable across sectors and categories.
- b) Or you can consider starting with the rates suggested by the DLI and graduate overtime - See **Table 3**.
- c) Whatever rates you settle for, ensure you have assumed good justification for the rates.