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New tax regime targets rich Nigerians

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The Federal Inland Revenue Service (FIRS) has said that the implementation of the Finance Act would ensure rich Nigerians pay more taxes in the country.

According to a statement released by the service, there would be more tax burden on them because they have more earning power.

The FIRS praised the finance act calling it a new, transparent, accountable and fair tax regime in which those making more from the system would pay a more equitable share of their income as tax. Also, included in the FIRS statement was a presentation titled ‘Strategies for implementing the new VAT regime’ by Tax expert, Taiwo Oyedele who said that unlike in the past, now the new 7.5% VAT would not impact negatively on poor Nigerians.

Speaking further, Oyedele stated that the key to building a fair, equitable tax system was through transparency, accountability, integrity, and objectivity. This, he said will help build confidence in taxpayers.

Recall that although the new 7.5% VAT is said not to be one to impact negatively on poor Nigerians, the FIRS recently declared plans to tax street traders, artisans and others in the informal sector. The informal sector is mostly filled with poor Nigerians and so taxing them may affect them negatively as it would increase their cost of living and expenses.

The Federal Government (FG) had also exempted about 20 basic food items and some other transactions/items from the VAT list because of the same reason; to not let the cost of living of poor Nigerians rise.

The list of exempted items includes additives (honey), bread, cereals, cooking oils, culinary herbs, fish, flour and starch, fruits (fresh or dried), live or raw meat and poultry, milk, nuts, pulses, and roots. Others are salt, vegetables, water (natural water and table water), locally manufactured sanitary towels, pads or tampons, services rendered by microfinance banks, and tuition fees relating to nursery-university.