

FROM THE PUBLISHER

NEW TAX REGIME REVENUE GENERATION OR VALUE ADDITION?

The implementation of these new tax laws starting in this January 2026; under President Bola Ahmed Tinubu administration, in the midst of insecurity, endemic corruption and high inflation, an unsteady economy, and an unstable Naira, has sparked a debate regarding the negative effects the laws would have on the Nigerian economy, despite the intended goals of increasing revenue and improving the business environment. The proponents of the new Tax regimes; argue that the reforms aim to simplify tax collection in order to streamline tax processes and reduce bureaucracy. It is alleged that it would relieve low-income earners, and exempt individuals earning below FRN=N=800,000.00K; annually from income tax. It would support small businesses by exempting small businesses from income tax, thereby promoting economic growth. Ultimately, the impact of PBAT's tax laws depends on effective implementation and addressing corruption concerns. However, others question the timing, citing pressing issues like security concerns, corruption, economic instability, food scarcity, and high inflation. They argue that these challenges should take priority, as increasing taxes could further burden citizens, small/medium businesses and exacerbate economic hardship. Enacting tax laws in Nigeria at this time is a touching issue with differing opinions. Some argue that tax reforms are necessary to boost revenue generation, improve economic stability, and enhance the business environment. The newly signed tax laws aim to simplify the tax system, reduce multiple-taxation, and increase transparency. President Tinubu's administration has emphasized that the reforms will promote economic growth, attract investments, and support development. The laws include measures to exempt small businesses, reduce corporate tax rates, and introduce VAT exemptions for essential goods. All been said, one is tempted to ask; Are the new tax Laws a written script by the Tax Inspectors without Borders; (TIWB) being implemented by the PBAT administration? The TIWB, is a joint initiative of the Organization for Economic Co-operation and Development [OECD], and the United Nations Development Programmed [UNDP], launched in July 2015. Its primary goal is allegedly to support developing countries in building their tax audit capacity and addressing critical taxation challenges. TIWB aims to enhance domestic resource mobilization and tackle illicit flows, thereby contributing to the financing of the Sustainable Developing Goals; (SDG). Again one is tempted to ask, is it contributing to or is it financing the SDG formulated by the western world for their benefit and in their interest? Governments rarely introduce new tax laws just for the sake of it; they usually do so to solve a specific problem or problems that the old laws can no longer handle. Generally, these laws usually fall into four main categories as follows; funding public needs, steering human behavior, fixing economic gaps, and modernizing outdated systems. There will certainly be issues relating to lack of transparency in the implementation of these new Tax regimes. The tax reforms might not address underlying issues of corruption and mismanagement of funds. It may even give room for mega fraudulent schemes. The Tax landscape will be a fertile ground for corruption. There would be issues of misappropriation and misallocation of funds unaccounted for. With existing corruption among politicians, and government officials, there is a risk that tax revenues will not be used for public good, such as infrastructure or social services, but instead line the pockets of corrupt officials. This will certainly erode trust and citizens may become disillusioned with the tax system if they perceive that their contributions are being misappropriated, leading to tax evasion and a lack of compliance. The new tax laws can inadvertently create opportunities for corruption in several ways: Complex Regulations will definitely create the opportunities for corruption. Complex tax codes can lead to confusion and misinterpretation, creating loopholes that corrupt officials might exploit for personal gain. The impact of these new Tax regimes on Businesses and individuals may resort to bribery to navigate these complexities or avoid penalties. Discretionary Power of Tax officials will open up corrupt opportunities. If tax officials have significant discretion in enforcement or the granting of exemptions, it can lead to abuse, favoritism and corruption. Officials may demand bribes in exchange for favorable treatment or to overlook tax evasion. Revenue Generation Pressure will also create avenues for corruption. High pressure to meet revenue targets can lead officials to engage in corrupt practices to boost collections. This could include aggressive enforcement tactics or coercion of businesses to pay more than their fair share Also inadequate oversight and enforcement can lead to increased opportunities for corrupt practices. Government should guide against weak Enforcement Mechanisms which are a recipe for corruption. Without robust accountability measures, officials may engage in corrupt activities without fear of repercussions. Political Interference is the main highway for corruption in Nigeria. Political influence over tax administration can lead to corruption, especially if tax laws are used as tools for political gain. Favoritism in tax assessments or exemptions can undermine public trust and encourage further corruption. It is hoped that the Tinubu s administration will take some of these facts into consideration if the new tax regime must work. It is only then that Nigerians and the diaspora will have every cause to believe that the whole exercise is not only about revenue generation but also value addition to the lives of the already impoverished population.

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