

Is there a disconnect between tax policy and tax administration? The Ministry of Finance view – Ms. Margaret Olowu, Ministry of Finance, Government of Nigeria.

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- Conclusions

Introduction

- Policy and administration are two legs of a tripod (ie our tax system)
- Policy can be defined as the general intention of government or guides to action. (This the responsibility of Government and on tax issues the Ministry of Finance).
- Administration will normally embrace operational and setting general guidelines, staff welfare, allocation of materials & human capital. (This comes under the purview of the Revenue Authority, with some level of support from Government).

The issue at hand: is there a disconnect between tax policy and tax administration?

From my participation at this conference there should be no disconnect. Both are interdependent, and must function together to achieve meaningful outcomes, e.g. introduction of presumptive tax or self-assessment tax regime for the purpose of achieving voluntary tax compliance.

Nigeria’s Experience / observations

- For many decades tax policy functions seemed to be domiciled at the Revenue Agency.
- Institutional arrangements within the Finance Ministry makes it difficult for FIRS to understand what Department to liaise with on matters of policy.
- The FMF and the budget office are located in the same building and are meant to be integrated, but have different administrative heads who are of equal status.
- Subtle rivalry between the finance / budget office and FIRS are largely due to wrong impressions by the Budget officers that the revenue officials are unwilling to yield on tax policy.

Developments in Recent Times

- As a fall out from on-going reform in the governance structure, the FMF has recognized the need to strengthen the Fiscal Policy Department situated in the Budget Office to make it more effective and efficient.
- The process has yet to obtain optimal efficiency.
- The need to develop technical capacity in policy areas is recognized.
- Willingness to partner with the Revenue Agency.
- Gradual improvement in working relationships between finance and FIRS.

Conclusions

Relationships can be better improved by:

- regular interaction
- joint participation in conferences, workshops, etc
- assistance from FAD of the IMF to help strengthen policy support functions
- exchange programs between Revenue officials and finance/budget staff

THANK YOU