



## AN APPRAISAL OF THE LEGAL CHALLENGES FOR THE TAXATION OF INCOME OF NON-GOVERNMENTAL ORGANISATIONS IN NIGERIA\*\*

### Abstract

Taxation is one of the veritable tools in the hands of countries of the world. The price of oil is going down every day and most countries that patronize Nigeria have started fashioning out ways of getting alternative to oil. The government of Nigeria has also started looking inwards in the area of taxation by enacting certain tax laws to increase the rate of tax payable on goods and services such as vatable goods and services. It is also perceived although wrongly that only corporate bodies and employees in formal or public sector pay taxes. There is an important corporate body which indirectly amasses wealth of every category without contributing to the common purse in the name of tax from the income it realized from its activities, business or non-business activities. These corporate bodies have corporate personality like a company, it can sue and can be sued like a company, it can acquire assets and liabilities in its corporate name, it has income like a company but the law exempted its income from payment of taxes only because the law has prescribed that it is registered for non-profit making objects. That corporate body is non-government organization. They comprise churches, town unions, civil liberties organization, trade unions, foundations and so forth. These non-governmental organizations engage in one economic activity or the other wherein they acquire income for the purpose of running the affairs of the organizations. The aim of this work is to appraise the legal challenges in the taxation of income of Non-Government Organization in Nigeria. The researchers adopted the doctrinal legal research methodology using analytical approach with the aid of statutes, case law, textbooks, journal articles, and Internet materials. The researchers concluded that absence of a clear -cut legal framework among other things poses a serious challenge to the taxation of income of non-governmental organisation in Nigeria. Consequent upon the above, the researchers recommended that there is urgent need for stakeholders in Nigeria to ensure a clear-cut legal framework for the taxation of non-governmental organisations in Nigeria.

**Keyword: Taxation. Income, Law, Non-Governmental Organisation, Nigeria**

### 1. Introduction

Taxation is a veritable source of revenue for any government particularly Nigeria. This is more so in the present dwindling of Nigeria Economy occasioned by the fall in prices of crude oil globally. Also, some countries which are markets for Nigeria's crude oil are resonating to alternative to crude oil thereby making it imperative for Nigeria to look in wards. While the above show the imperative for taxation of income of Ngo's in Nigeria, our focus in this paper shall be to identify and appraise the legal challenges taxation of NGOs are confronted with within the Nigerian tax system.

Indeed, there are ideally fundamental characteristic criteria inherent in any good tax system and they include: Simplicity, certainty and clarity, Flexibility, Low compliance cost, administrative efficiency, Transparency and accountability, Equitability and fairness, and Economic efficiency.

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## 2. Meaning of Taxation

Tax is defined as a monetary charge imposed by the government on persons, corporate bodies, transactions or property to yield public revenue<sup>1</sup>. It is obligatory fee payable by members of a state from his income, property and or business, to the government of the state for various state uses. It is mandatory, it is based on residency and not citizenship<sup>2</sup>. In *Mathews v Chicory Marketing Board*,<sup>3</sup> the Australian Supreme Court defined tax to be a compulsory exaction of money by a public authority for the public purposes or taxation is raising money for the purposes of government by means of contributions from individual persons. In *Michigan Employment Sec Commission v. Platt*,<sup>4</sup> defined tax as a compulsory contribution towards a country's expenses raised by the government from people's salaries, property and from the sale of goods and services. It is also a strain, burden or heavy demand.<sup>5</sup> It is the money that you have to pay to the government which they use for public services. People pay tax according to their income, and businessmen pay tax according to their profits.<sup>6</sup>

It is a compulsory contribution to support the government which is levied on persons, property, income, commodities, transaction and so on, now at a fixed rate most proportionate to the amount on which the contribution is levied.<sup>7</sup> Taxation is the process of collecting taxes within a particular location and in this regard, tax can be defined as a pecuniary burden laid upon individuals or property to support government expenditure. It is therefore not a voluntary payment or donation, but an enforced and compulsory contribution exacted with legislative authority<sup>8</sup>. Taxation is the means through which a government imposes or levies tax on its citizens and corporate entities as a way of raising revenue which is then used to meet their budgetary demands. Through payment of tax, governments finance their expenditure by levying charges on citizens and corporate bodies.<sup>9</sup> Taxes are imposed under the authority of the legislature, that they are levied by a public body and that they are intended for public purposes.<sup>10</sup>

Akanle<sup>11</sup> defines taxation as a compulsory levy imposed on a subject or upon his property by the government having authority over him. This definition also reflects a wider base of taxation, as tax maybe charged not only upon persons but also upon properties and transactions in order to raise money for public purposes.<sup>12</sup> Tax is not an optional payment or voluntary donation to the government, it is rather, an enforceable contribution exacted in accordance with the legislative provisions by constituted authorities.

<sup>1</sup> AM Sani, 'An Appraisal of the Legal Framework for Taxation in Nigeria in Nigeria' [2015] (34) *Journal of Law, Policy and Globalization* 82.

<sup>2</sup> IU Ibe, 'An Appraisal of the Legal and Institutional Framework for Tax Administration in Nigeria', Being a PhD thesis presented to the Faculty of Law, Nnamdi Azikiwe University, Awka on July 2021, 10.

<sup>3</sup> (1938)60 C.L.R.R. 263.

<sup>4</sup> 4 Mich App; 224; 14 N.W 2<sup>nd</sup> 663.

<sup>5</sup> M N Umenweke, *Tax Law and its implications for Foreign Investments in Nigeria*, (1<sup>st</sup> edn; Enugu: Nolix, Educational Publications, 2008), p. 19.

<sup>6</sup> *ibid*

<sup>7</sup> IA Ayua, *The Nigerian Tax Law*, (1<sup>st</sup> edn; Spectrum Law Publishing, 1996) p. 4.

<sup>8</sup> JAA Agbonika, *Topical Issues on Nigerian Tax Laws and Related Areas*, (1<sup>st</sup> end, Ibadan; Ababa Press Ltd, 2015) p. 365.

<sup>9</sup> UMJ Anushiem, 'Invention of Finance Act, 2019, As Amended on Taxation of Dividends in Nigeria: A legal Appraisal,' (2022) (9)(1) Nnamdi Azikiwe University Journal of Commercial and Property Law p. 19.

<sup>10</sup> MT Abdulrazaq, *Taxation System in Nigeria*, (1<sup>st</sup> edn, Ikeja-Lagos, Gravitas Legal & Business Resources Ltd, 2016) p. 342.

<sup>11</sup> O Akanle, *Tax law and Tax Administration in Nigeria*, (1<sup>st</sup> edn, Lagos: Nigeria Institute of Advanced Legal Studies, 1991) p. 1.

<sup>12</sup> AI Paye, *Nigeria Tax Law & Administration: A Critical Review* (1<sup>st</sup> edn, London: ASCO prime Publication Ltd, 2014) p. 2.



### 3. Meaning and Nature of Non-Governmental Organisations

Non-governmental Organization (NGO) on the other hand, is a voluntary group of individuals or organizations, usually not affiliated with any government that is formed to provide charitable, religious, cultural and other incidental services to the people.<sup>13</sup> They are independent from government and are typically non-profit entities, and many of them are active in humanitarian service.<sup>14</sup> Non-governmental Organization (NGO) also known as civil society organizations, is the collection of social organizations, formed voluntarily by citizens to advance shared goals or interest.

They include independent public policy research organizations, advocacy organizations, organizations that defend human rights and promote democracy, humanitarian organizations, private foundations, charitable organizations and religious organizations, excluding political parties.<sup>15</sup>

### 4. Taxation of Income of Non-governmental Organisations

Taxation of income of Non-governmental Organisations therefore, presupposes a compulsory levy imposed by government on the income of non-governmental organisation which said money will be used for provision of social amenities for the citizens of the country.

The impact of taxation on economic growth of any country or society cannot be overemphasized. In most countries around the world, taxes have proven to be a major source of revenue generation. In Nigeria, oil has been a major source of its revenue over the past years. However, with the dwindling oil prices in the global oil market, this has truly led to a huge decrease in the funds available to the government for infrastructural development, distribution to states and use for national and economic activities. Base on this fact, there is need for a paradigm shift in the source of revenue generation from oil sources to non-oil sources through taxation. Hence, there is need for the Federal, State and Local Government to start generating adequate revenue through tax revenue. In Nigeria, although NGOs are seen as non-profit organizations, but in reality, a lot of them engage in trading and business activities thereby deviating from the object of the organization and also making a lot of profit from those business activities.

Section 7 of the Finance Act 2021 as amended<sup>16</sup> exempted from tax the profits of any company being a statutory or registered friendly society, profits of any company being a co-operative society registered under any enactment or law relating to co-operative societies and profit of any company engaged in ecclesiastical or charitable activities of a public character in so far as such profits are not derived from a trade or business carried on by such company. From the above provision of the law, it is clear that although the profits made by these non-government organizations (NGOs) are exempted from tax under the law, but however when these non-governmental organizations engage in any form of trade or

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<sup>13</sup> MP Karns, 'Non Governmental Organization,' available at [www.britannic.com/topic/non-governmental-organization](http://www.britannic.com/topic/non-governmental-organization) assessed on the 8<sup>th</sup> March 2022 at 10:28pm.

<sup>14</sup> A Blinken, 'Non Governmental Organization (NGOs) in the United States' available at <http://www.state.gov/non-governmental-organizations-ngos-in-the-united-state>, assessed on the 9<sup>th</sup> March, 2022 at 09:02am.

<sup>15</sup> *ibid.*

<sup>16</sup> Finance Act 2021 S.7; Companies Income Tax (Amendment) Act 2011 S.23.



business, any profit made from such trade or business will be subjected to tax. Most trustees, running these NGOs are unaware that they are not totally exempted from paying taxes.

A lot of them hide under the fact that they are non-profit making organizations and as such they are totally exempted from paying taxes. That is why they engage in all manner of trade and businesses and derive huge profits but do not remit that portion of profit made from the trading and business activities. These trustees buy expensive houses, landed properties, buying expensive cars and private jets. There is need for government to monitor the activities of these NGOs, in order to tax the profit or income that is taxable. For the purposes of payment of tax all NGOs are expected to register with the Federal Inland Revenue Service (FIRS) and obtain Taxpayers Identification Number (TIN). It is also mandatory that these NGOs file their annual returns to Federal Inland Revenue Service (FIRS) every year. They are required to file their annual returns at FIRS designated tax offices covering their locations. The essence is to enable the FIRS monitor the activities of these NGOs to know when they have engaged in any trade or business activities that will subject them to pay tax.

However, when an NGO engages in any trade or business or invests its assets in any institution, the profit or income derived is liable to tax appropriately. In other words, profits of these NGOs derived from trade or business carried on by the organization / institution such as proceeds from sell of goods or merchandise, provision of consultancy, professional or other services rendered for a fee are subject to company's income tax. These taxes when generated by government will boost its revenue and also enhance the provision of infrastructural developments like construction of good roads; building rail lines; provision of electricity; pipe borne waters; payment of workers' salaries; provision of basic education and subsidizing tertiary education and so many other responsibilities of government. Citizens of Nigeria have the obligation to 'declare their income honestly to appropriate and lawful agencies and to pay their taxes promptly.'<sup>17</sup>

## **5. Challenges of Taxation of Non-Governmental Organisation (Ngos) in Nigeria**

Taxation of Non-governmental organisations in Nigeria has many challenges identified and discussed in the preceding sub-heading which among other things include lack of clear-cut legislation for taxation of income of Non-Governmental Organisation. These challenges will be appraised hereunder.

### **5.1 Lack of Clear-Cut Legislation for Taxation of Income of Non-Governmental Organisation in Nigeria**

Nigeria as at today, unlike most of other jurisdictions has no dedicated statute providing exclusively and comprehensively for supervision and control of the operation of NGOs in Nigeria. What we find are piecemeal provisions on NGOs littered in very many legislations which do not satisfactorily attend to the nature of NGOs and sundry matters that would make the taxation of NGOs and the extent of these taxes certain and less ambiguous.

The most important legislation in Nigeria on NGOs, their status and control, is the Companies and Allied Matters Act as amended in 2020 (CAMA). This piece of legislation, though made provisions for the establishment and control of NGOs, made no express

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<sup>17</sup> Constitution of the Federal Republic of Nigeria 1999 (As Amended), section 24.



mention of NGO nor did it explicitly recognize or define its scope. The best that was done by the CAMA was to make blanket provisions, lumping all Non-Profit Organizations together in one category under Part F of the CAMA.

Part F of the CAMA which comprises of 27 sections<sup>18</sup> provides in *S.823 of CAMA* as follows:

- (1) Where two or more trustees are appointed by any community of persons bound together by custom, religion, kinship or nationality or by anybody or association of persons established for any religious, educational, literary, scientific, social, development, cultural, sporting or charitable purpose, they may, if so authorised by the community, body or association (in this Act referred to as “the association”) apply to the Commission in the manner provided for registration under this Act as a corporate body.
- (2) Upon being so registered by the Commission, the trustees shall become a corporate body in accordance with the provisions of section 830 of this Part.

With no mention of NGO made in the most important piece of legislation that ought to provide for its formation, one wonders if it does not raise ambiguity when FRIS Guidelines on the Tax Treatment of Non-Governmental Organisations (Ngos), 2021 mentions NGO for the first time in the entire Nigerian legal system for the purposes of tax defining NGO as:

not-for-profit association of persons incorporated as a company limited by guarantee under PART A of the Companies and Allied Matters Act (CAMA) 2004<sup>19</sup> or registered under PART C of the Act<sup>20</sup>, or under any other law in force in Nigeria, or registered under the laws of a foreign jurisdiction and approved as such in Nigeria.

The consequence is that it becomes impracticable for anyone to set out and register an NGO with full knowledge of its statutory scope and control in Nigeria. This is because there is no law expressly providing for its formation or scope of its operation. There is no category of organizations, strictly speaking, known as NGOs under the Nigerian Law. This, most definitely, breeds confusion and uncertainty in the treatment of NGOs for tax purposes.

In 2016, an attempt was made to enact a dedicated statute for NGOs in Nigeria. The Bill was titled “Non-Governmental Organizations Regulatory Commission of Nigeria (Establishment) Bill, 2016”<sup>21</sup>. The bill was met with stiff resistance from civil societies in

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<sup>18</sup> The Sections are: CAMA Ss. 823 to 850.

<sup>19</sup> Now Part B of the CAMA, 2020.

<sup>20</sup> Now Part F of the CAMA, 2020.

<sup>21</sup> The objective of the Bill was to establish a body (The Commission) responsible for the supervision, coordination and monitoring of Non-Governmental Organizations and Civil Society Organizations in Nigeria, with the aim of enabling them accomplish their various missions in a transparent manner and be accountable for their operations.



Nigeria who believed the bill was aimed at gagging civil movements in Nigeria<sup>22</sup> because of the failed and corrupt leadership that is rife in the polity and which was not to be trusted.

## 5.2 Lack of Accurate Data

Lack of accurate data of these non- governmental organizations is one of the major challenges facing the Federal Inland Revenue Service in Nigeria. The Companies and Allied Matters Act (CAMA) 2020 makes it mandatory for every company having the intention of carrying on business in Nigeria to take all steps necessary to obtain incorporation as a separate entity in Nigeria, but until so incorporated, the company shall not carry on business in Nigeria or exercise any of the powers of a registered company and shall not have a place of business or address for service or documents or processes in Nigeria. If a company fails to comply with the requirements of registration, the company has committed an offence and liable to prosecution<sup>23</sup>.

Moreso, for purposes of payment of tax, non-governmental organizations are required to register with the Federal Inland Revenue Service (FIRS). They are also mandated to file its annual returns with its audited account showing the profits of the company and also to obtain a Tax Identification Number (TIN) for purposes of paying tax.

In practice a lot of most non- governmental organizations in Nigeria are yet to register with the Federal Inland Revenue Service (FIRS) and a lot of them do not file annual returns with the Federal Inland Revenue Service (FIRS). The Act makes it mandatory for NGOs to obtain a Tax Identification Number (TIN) but in reality, a lot of this non-governmental organizations are yet to obtain a Tax Identification Number (TIN) for purpose of payment of tax in Nigeria.

However, when these statutory obligations of registration, filing of annual returns and obtaining a Tax Identification Number (TIN) are not done by these organizations, it will be difficult for the Federal Inland Revenue Services to get the accurate data of these digital non-resident companies.

## 5.3 Tax Evasion/ Corruption

Nigeria is one of the few countries in the world where it is fashionable to evade tax. The various structures which are required to work together to make tax evasion difficult are not properly coordinated. For instance, it is possible for a company to register with the Corporate Affairs Commission (CAC) without registering with the FIRS when it could have been one of the conditions in the company registration process. Enforcement of tax compliance is not given adequate attention and various government agencies (land registry, Corporate Affairs Commission, vehicle registration department, immigration etc do not collaborate and share information to reduce tax evasion as it should.

The Chairman, HEDA Resource Centre, Olanrewaju Suraju, was reported to have shared a view in June, 2021 that corruption remains a big problem in Nigeria which cannot be fought effectively unless Nigeria deals with tax fraud; that many individuals and

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<sup>22</sup> [Bakare Majeed](https://www.premiumtimesng.com/news/top-news/545337-controversial-ngo-regulations-bill-back-in-house-of-reps.html), "Controversial NGO regulations bill back in House of Reps", Premium Times (July 27, 2022), online at <https://www.premiumtimesng.com/news/top-news/545337-controversial-ngo-regulations-bill-back-in-house-of-reps.html>, (Accessed on 14 September, 2022).

<sup>23</sup> Companies and Allied Matters Act 2020 s. 79.



corporate organisations evade or manipulate tax with active collaboration with professionals like accountants and lawyers not minding that tax remains the only state's steady source of income and that unless there is a transparent tax regime, more than N100 billion will be lost by Nigeria every year to tax-related fraud<sup>24</sup> Incontrovertibly, there are civil society groups that venture into businesses with a lot of investment portfolios. Many of the NGOs in the category are still not willing to discharge their tax obligations to the government. Without doubts, many Non-governmental organizations do conceal information to public on their financial profile. In terms of buoyancy, some are better poisoned to pay tax than even corporate establishment.

The recent pronouncement by the Federal Inland Revenue service (FIRS) that Non-governmental organizations in Nigeria are required by law to discharge tax obligations to the government came as a surprise to many NGO operators. Their reactions go to show that many of the NGOs may never have paid tax in Nigeria. People evade tax with impunity in Nigeria despite the numerous extant tax regulations in operation.<sup>25</sup>

#### **5.4 Tax Dispute Resolution and Due Process**

Despite the fact the tax laws made clear provisions as to resolution of tax disputes, one finds that in practice, an aggrieved taxpayer, in this instance NGOs, in most cases, does not have access to an effective and expeditious tax forum for these resolutions. This is because most states do not have a body of appeal commissioners in place and the tax appeal tribunal at the federal level is yet to be fully operational.

This situation of inefficient tax dispute resolution forum constrains the tax payer to the unattractive option of directly approaching the High Court which in Nigeria is bugged with a lot of procedures and bottlenecks that occasion delays.

Also, notwithstanding the due process clearly laid down in the tax legislations, many tax authorities especially at the state and local government levels rarely follow due process in their activities. They often harass and intimidate taxpayers without regard to the provisions of the law.

#### **5.5 Compulsory Tax Identification Number (Tin) Registration by Residents**

The procedure for withholding tax remittance put in place by the FIRS makes it mandatory for all beneficiaries of withholding tax remittance to have tax identification numbers without which the customer will not be able to remit the withholding tax. This means for instance that a non-resident NGO who is a passive investor and only earns dividend income from share investment in Nigeria will also be forced to register for income tax. This procedure is untidy and could lead to tax evasion and loss of tax revenue

From the foregoing, there is no doubt that most of the identified challenges of taxation of NGOs in Nigeria also apply to such other taxable entities other than the NGOs and that these challenges so detract from the Nigerian tax system the fundamental characteristics of any good tax system namely: Simplicity, certainty and clarity, Flexibility, Low compliance cost, Administrative efficiency, Transparency and accountability,

<sup>24</sup> Ngozi Egenuka, "Nigeria loses over N100b yearly to tax related corruption", The Guardian, (15 June, 2021) online at <<https://guardian.ng/news/nigeria-loses-over-n100b-yearly-to-tax-related-corruption/>>, (Accessed on 15 September, 2022).

<sup>25</sup> Onike Rahaman, "NGOs and Tax Evasion In Nigeria", HOWNG, online at <https://howng.com/ngos-and-tax-evasion/>, (accessed 15 September, 2022).



Equitability and fairness, and Economic efficiency hence making taxation of NGOs in Nigeria problematic and uncertain; discouraging the establishment of such entities and denying Nigeria the many benefits of NGOs as are enjoyed in other climes..

## 6. Conclusion

Taxation of NGOs in Nigeria is indeed surrounded with uncertainties ranging from non direct recognition of NGOs by the relevant corporate and Tax laws to a plethora of other tax challenges discussed in this work. Much as these uncertainties and challenges abound, there seems to be an obvious contemplation of the existence and taxation of NGOs by the relevant provisions of the Nigerian laws namely, the CAMA<sup>26</sup>, the CITA<sup>27</sup> and the PITA<sup>28</sup>.

From our discussions so far, it would appear that NGOs do not operate in Nigeria strictly as charity organizations as are found in other jurisdictions and accordingly, no specific place is given to it in the tax laws. This is especially true when one considers the relevant provisions of Part F of the Companies and Allied Matters Act<sup>29</sup>, the Personal Income Tax Act<sup>30</sup> and Companies Income Tax Act<sup>31</sup> on non-profit organizations. By the definitions given by the relevant provisions of these laws, NGOs would comprise any organization incorporated for religious, educational, literary, scientific, social, development, cultural, sporting or charitable purpose.

As a result of the above circumstance, ascertaining the position of the law on taxation of NGOs in Nigeria is largely fraught with a lot of legal assumptions and interpretations. We find the tax authority, the FIRS, ceaselessly developing circulars<sup>32</sup> and guidelines<sup>33</sup> after guidelines to clarify the tax position of NGOs. Constant amendments are also made in the tax laws<sup>34</sup> to ameliorate the effect of this gap in legislation. From the legal assumptions, interpretation and guidelines, what is decipherable is that the existence of NGOs in Nigeria is contemplated in the relevant corporate and tax laws in Nigeria and NGOs in Nigeria are exempted from taxes to a certain extent and liable for taxes in certain other cases. Despite all the frantic efforts to bridge the legislative gap on the taxation of NGOs in Nigeria, taxation of NGOs in Nigeria has remained problematic with very many challenges identified and discussed in the paper ranging from lack of awareness to multiplicity of taxation, lack of proper legislation, tax evasion, untidy procedure of remitting withholding taxes by Non-resident NGOs in appropriate cases, tardy tax dispute resolution options and a whole lot of others.

## 7. Recommendations

It has been argued in some quarters that the relevance of NGOs in the proper functioning of every state in terms of relieving the government of certain cardinal citizens' welfare responsibilities is indeed enormous and cannot be over-emphasized. This obviates the need

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<sup>26</sup> CAMA ss 823, 830 and 838

<sup>27</sup> Companies Income Tax Act (Amended), 2007 s. 23 (1)(a & c).

<sup>28</sup> Third Schedule, Paragraph 13

<sup>29</sup> 2020 Sections 823, 830 and 838.

<sup>30</sup> Third Schedule, Paragraph 13.

<sup>31</sup> S. 23 (1)(a & c) of Companies Income Tax Act (Amended), 2007.

<sup>32</sup> Federal Inland Revenue Service Circular Of 2021.

<sup>33</sup> General Guidelines on the Tax Treatment of Non Governmental Organisations (NGOS), 2021;

<sup>34</sup> Finance Act, 2019; Finance Act, 2020 and Finance Act, 2021.



to create a conducive environment that would attract and encourage the continued existence of NGOs in every state, and for the purposes of this work, Nigeria. To create the much needed enabling environment for the thriving of NGOs, taxation of the NGOs forms one of the many paramount factors to be considered. It is our recommendation that in view of the many challenges identified in this work as militating against having an adequate tax arrangement for NGOs in Nigeria, the following suggestions would be invaluable:

### **7.1 Need for a Clear-Cut Legislation for Provision of Taxes Payable by Non-Governmental Organizations**

A statute should be enacted by the legislature to provide for the formation, operation and regulation of NGOs in Nigeria. The statute when enacted will define in clear terms what organizations qualify as NGOs, the scope of their operations and the kind of incentives available to such NGOs as well as the extent of the incentives. With this sort of legislation in place, the very many tax laws could then be amended to reflect and achieve the intendment of the NGO Act. This we believe would introduce certainty in the Nigerian taxing system as it relates to NGOs; eschewing the system of all manner of ambiguity.

### **7.2 Proper Identification of Income and Resources of these Non- Governmental Organizations**

There is need to identify the income and resources of these taxable non – governmental organizations in Nigeria. In order to achieve an effective tax administration and enforcement, proper identification of these taxpayers' income and resources must be done by the Federal Inland Revenue Service. The Tax Identification Number of these non – governmental organizations should be made to reveal the income and financial status of these non – governmental organizations. This will help in achieving effective taxation of these non – governmental organizations in Nigeria.

### **7.3 Discouragement of Tax Evasion/ Corruption**

There is need for a more transparent tax regime that would bring clarity to the Nigerian tax system as it relates to NGOs; reviewing the loopholes in the nation's tax framework to reduce the rates of tax evasion and avoidance practices by the NGOs and incorporating steps that would encourage strict compliance and enforcement in the polity. Additionally, looking at the current performance of the tax authorities in Nigeria, it would appear that the Agency lacks reliable and comprehensive data base of finances and operations of the NGOs to be able to capture all the taxable incomes of the civil society groups in the country. Effort should equally be intensified for progress in this regard.

### **7.4 Tax Awareness and Communication:**

Tax awareness is key to tax compliance because it is only when these NGOs are aware of their tax responsibilities that they are more likely to remit their tax liabilities as and at when due to the relevant tax authorities. It is recommended that apart from having a dedicated statute for taxation of NGOs and creating clarity as to the tax responsibilities of NGOs, there should be concerted efforts from tax authorities as well as all relevant government agencies to embark on periodic but constant orientation of the civil populace on the social significance of taxations.