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TABLE OF CONTENTS

Appraising the Regulatory Framework for E-commerce Transaction on Social Media in Nigeria..... By Edema, Oritsegbemi Patricia	1-17
Legal And Operational Challenges To Informed Consent in the Nigeria Health Sectors..... By Jariyat Ibrahim Ambali, Bosimo Ufuoma, Aclarb & Efenudu Iluezi, Mimac	18-34
Protection of Wages under the Nigerian Labour Law: A Jurisprudential Approach..... By Charles I. G. Agwor, Nancy Amadi-harry & Chluwebekwelewami	35-49
Effective Legislation, Partnership and Nation Building in Nigeria..... By Doris Aaron & Zainab Tolalope Akande	50-67
Corporate Rescue Regimes in England and Malaysia: A Call for Paradigm Shift in Corporate Rescue Practice in Nigeria..... By Aminu Bakori Mohammed & Abdulkareem Ademola Masheed	68-87
Arbitration and Arbitrability of Corruption Cases in Investor-States: Dissecting the Scale of Culpability..... By Ayodeji Akindele & Nasiru Mukhtar	88-100
An Overview of the Corporate Governance Compliance For Company Officers..... By Elendu, Chinenye Rachel, Marchle Michelle & Adeghe, Pamela	101-115
The Nigerian Copyright Laws and Skit Making: Navigating Between Creative Expression and Legal Protection..... By Kosemani Sulyma Muhammed-hassan, Adam Kayode Ibrahim & Abdurraheem Taofeeq Abolaji	116-127
A Critical Assessment of the Innovations in the Legal Framework for a Limited Liability Company in Nigeria..... By Abdulkareem Ademola Masheed & Sabita Balarabe Uaman	128-148
International Law Response to Health Insecurity in the Contract of Carriage by Air..... By Ismail Adua Mustapha, Ismaila Shehu Salaudeen & John Afolabi Ogedengbe	149-172
Adam Smith, Meade Committee's Canons of Tax and Effective Company Taxation in Nigeria..... By Afolabi Ayobola Bamidele & Olokooba Saka Muhammed	173-184
Dissecting the Alien Participation in the Nigerian Telecommunications Industry..... By Ariyoosu Dauda Adeyemi	185-204
Legal Regimes of the Nigerian Corporate Taxation and Digital Economy Appraised..... By Ariyoosu Dauda Adeyemi, Zakariyyah Lekun Muhammed, & Zakariyau Kabirat Teye	205-218



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EDITORIAL COMMENT

The University of Ilorin's administration is making a giant stride to take the university to a higher level of academic standard. The Department of Business law is availing itself of this opportunity in a number of ways which includes coming up with this Journal. Unilorin Journal of Business and Corporate Law .

The journal is designed to promote scholarship in the area of legal studies. This maiden edition of the journal contains well- researched articles on different areas of Business law. The edition explores articles that provides timely and timeless insights into the essential culture and values of business and corporate law research and reasoning. The 13 articles in this volume draw on several aspects of business and corporate legal jurisprudence and specialised frontiers of law.

The debut of this maiden edition is made possible by the untiring efforts of the editorial board (internal and external) and of course the unquantifiable valuable comments of the scholars who reviewed the various manuscripts submitted for consideration. We appreciate these sacrifices.

Finally, it is my hope that all the issues cum questions raised in various articles as well as the recommendations will inspire future article(s) and contribution(s) to the next edition of the Unilorin Journal of Business and Corporate Law.

Thanks

Prof. Saka Muhammed Olokooba
Editor -in-chief, H.O.D. Business law

TABLE OF CONTENTS

APPRAISING THE REGULATORY FRAMEWORK FOR E-COMMERCE TRANSACTIONS ON SOCIAL MEDIA IN NIGERIA EDEMA, Oritsegbemi Patricia	1-17
LEGAL AND OPERATIONAL CHALLENGES TO INFORMED CONSENT IN THE NIGERIAN HEALTH SECTORS..... JARIYAT Ibrahim Ambali, BOZIMO Ufuoma, ACIARh & EFENUDU Iluezi, MIMC	18-34
PROTECTION OF WAGES UNDER THE NIGERIAN LABOUR LAW: A JURISPRUDENTIAL APPROACH..... CHARLES I. G. Agwor, NANCY Amadi-Harry & CHINWEbekwelewami	35-49
EFFECTIVE LEGISLATION, PARTNERSHIP AND NATION BUILDING IN NIGERIA..... DORIS Aaron & ZAINAB Tolulope Akinde	50-67
CORPORATE RESCUE REGIMES IN ENGLAND MALAYSIA: A CALL FOR ARADIGM SHIFT IN CORPORATE RESCUE PRACTICE IN NIGERIA..... AMINU Bakori Mohammed & ABDULKAREEM Ademola Mashood	68-87
ARBITRATION AND ARBITRABILITY OF CURRUPTION CASES IN INVESTOR- STATES: DISSECTING THE SCALE OF CULPABILITY..... AYODEJI Akindeire & NASIRU Mukhtar	88-100
AN OVERVIEW OF THE CORPORATE GOVERNANCE COMPLIANCE FOR COMPANY OFFICERS..... ELENDU, Chinenye Rachel, MARCHIE Michelle & ADEGHE, Pamela	101-115
THE NIGERIAN COPYRIGHT LAWS AND SKIT MAKING NAVIGATING BETWEEN CREATIVE EXPRESSION AND LEGAL PROTECTION..... KOSEMANI Sulyman Muhammed-Hassan, ADAM Kayode Ibrahim & ABDULRAHEEM Taofeeq Abolaji	116-127 :
A CRITICAL ASSESSMENT OF THE INNOVATIONS IN THE LEGAL FRAMEWORK FOR A LIMITED LIABILITY COMPANY IN NIGERIA..... ABDULKAREEM Ademola Mashood & SABITU Balarabe Usman	128-148
INTERNATIONAL LAW RESPONSE TO HEALTH INSECURITY IN THE CONTRACT OF CARRIAGE BY AIR..... ISMAIL Adua Mustapha, ISMAILA Shehu Salaudeen & JOHN Afolabi Ogedengbe	149-172
ADAM SMITH, MEADE COMMITTEE'S CANONS OF TAX AND EFFECTIVE COMPANY TAXATION IN NIGERIA..... AFOLABI Ayobola Bamidele & OLOKOBA Saka Muhammed	173-184
DISSECTING THE ALIEN PARTICIPATION IN THE NIGERIAN TELECOMMUNICATIONS INDUSTRY..... ARIYOOSU Dauda Adeyemi	185-204
LEGAL REGIMES OF THE NIGERIAN CORPORATE TAXATION AND DIGITAL ECONOMY APPRAISED..... ARIYOOSU Dauda Adeyemi, ZAKARIYYAH Lekan Muhammed, & ZAKARIYAU Kabirat Taye	205-218

**LEGAL REGIMES OF THE NIGERIAN CORPORATE
TAXATION AND DIGITAL ECONOMY APPRAISED**
DAUDA, A. Ariyoosu, ZAKARIYYAH, L. M. & ZAKARIYAU K.T.

Abstract

This paper examines the legal regimes of the Nigerian corporate taxation vis-à-vis the digital economy. The potentiality of Electronic Commerce as the main driving force for digital economy globally was also discussed. Doctrinal method of research was employed by making reference to existing Tax Laws, Regulations, Articles and relevant Textbooks in drawing the conclusion that, considering the exponential growth of the global digital economy and its immense potentials, it is imperative for the tax authorities to explore a more creative approach to ensure effective taxation of digital services in Nigeria.

Keywords: Nigeria, Corporate Taxation, Digital Economy

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1.0 Introduction

Courtesy of information technology, Nigeria is now metamorphosing to a tech based economy. Unfortunately however, despite great lead in the global development, the Nigeria corporate tax laws are yet to meet up with the jet speed of digital economic development. The level of technology in Nigeria is yet to be at par with the best global tax practices that can guaranteed a monumental increase in revenue generation from tax. The resultant effect of this is acute low revenue generation from digital economy.

Tax which is a compulsory contribution to state revenue is normally imposed and levied on the income of the workers and on business profits by the government.¹ Tax is also levied on cost of goods and services and also on transactions.² Tax is also a form of charges which is imposed by government on both people as well as institutions in the society.³ Tax is a mandatory obligation, to the government, failure of which will attract sanction *Shell v. FBIR*.⁴ The imposition of taxes has been from time immemorial. Taxation has no boundary, religion or race. The primary objective of governmental existence rests on good taxing system.

Taxation is important for the development of any nation. Taxation also aids accountability of the government to the citizens. Government's expenditures globally get's its root from good taxing system. Globally, online tax system is now receiving attention via technological development. With the emergence of information technologies (IT), improved tax administration is now at ease. Electronic revenue generation especially in developing economy has gained tremendous prominence contemporarily via various online services. However, even though, online services contemporarily provide great convenience, accuracy and increase revenue generation, this is not without its own challenges.

Contemporarily, online transaction has changed the faces of trade and developments with various advantages. Goods and services are termly bought and sold online on a daily basis devoid of any physical or tangible presence. In short, cash-less economy policy was designed to promote financial intermediation, inclusion and to minimise revenue generation.

As was held in *Matthews v. Chicory Marketing Board* (1938) 60 C.L.R. 263 at 276. See also; *Michigan Employment Sec Commission v. Patt*, 4 Mich-App 224 14 N.W 2nd 663.
M.T. Abdulrazaq, *Revenue Law and Practice* (3rd Edition, Malthouse Publishing, 2015), p.9
See also similar definition of tax in *United States v. Butler* 279 U.S. 1(1963) at pp. 61.
Shell v. FBIR 2004 FWLR Pt 859 pp. 46 – 50.

Unfortunately due to various shortcomings in the level of IT in Nigeria, the success of online transaction as well as its taxation is still very low, while the level of associated online criminality is at alarming rate.

2.0 E-Commerce as the driver of the Global Digital Economy

Online service is information and services which are provided over the internet; this kind of services not only allows subscribers to communicate with each other online but also provides unlimited access to information. An online service is also an entity which provides access to various types of data for different uses via the internet. Examples of online services includes Online Banking, Educational, News, Shopping, Dating, Computer help Site, Social media networks, E-mail *etcetera*.⁵

An online service is therefore a service and information provided to users with the help of the Internet. The services allow the users to communicate and interact with each other unhindered through the use of data in various forms and ways. Amongst these ways are: audio and video interaction, documentation and buying and services online *etcetera*. Online services may be minimal/simple exercise/action like social media and email services and or it may be large and complex services such as banking services which may involve taking mortgages online.⁶ The online services can be paid service or free services to the users. These online services are given to subscribers through applications and websites. Some paid services include Netflix and Amazon Prime while free services include Wikipedia, Google Maps and Google Calendar.⁷

Some major categories of online services include the following⁸

- a. Communication Services
- b. Information retrieval Services
- c. E-Commerce
- d. Government Services

Online Transaction is one such activity that has generated new dimensions in economic growth and that has a potential to add a higher value to businesses and consumers. In view of the fact that the emergence of e-commerce is the most important development since the

⁵ Available at <www.proshareng.com/./singlenews.php> accessed on the 20th May, 2023

⁶ www.eurojournals.com> accessed on the 14th May, 2023.

⁷ See, <www.eurojournals.com> accessed on the 14th May, 2023.

⁸ Ibid

Industrial revolution. The Internet is the instrument of communication and the source of information that experienced the most important growth in the entire history of civilisation and it can be the instrument with the quickest spreading of all the times. Today's digital revolution involving the Internet and worldwide use of websites has set the stage for e-commerce.¹⁰

The convergence of the informational economy through ICT, Internet and electronic commerce becomes as important in transformations as the industrial revolution. Essentially, this "New Economy" is a digital economy, which valorises information acknowledge in a superior way, compared to the "Old Economy".¹¹

This continues to change the world economic environment and to recompose its organisational structures. The New Economy changes the conditions in which many people live and work; it makes the leap over the existing obstacles of the traditional economic development possible. In short, e-economy has at its basis the existence of the Internet and as its mean of representation and application, the Information and Communication Technology (ICT). The e-commerce distinguishes itself as the most dynamic and visible component of the New Economy, claiming a ruling position in future knowledge economy.¹²

In the context of the New Economy, where it is being performed with new concepts and theories, the development of e-commerce is a reality on the way to become a myth. The extraordinary impact of the information technology, everything that is or becomes puts its mark on the whole economic, social, cultural life of the mankind and virtually governs the whole modern world.¹³ In a world that doesn't stop talking about e-business (electronic business), e-commerce (electronic commerce) is a concept that underlines one of the most important facilities offered by the Internet network: the capacity to make transactions beyond the borders, time and space. Now, the e-commerce exists thus in many forms and different contexts. All the forecasts predict an extremely dynamic medium-term expansion of the incomes generated by it, based on the presumption that in future there will be a considerable increase of the

M.N. Umenweke, *Tax Law and its Implication for Foreign Investment in Nigeria*, (Nolix Educational Publications, Enugu, April 2008) p.206

Ibid

Ibid

Josephine A.A *Problems of Personal Income Tax in Nigeria* (Ababa Press, 2012), p1

Ibid

processing capacity of the computers and of the rate of data transfer through the communication networks, parallel with the development of a much improved payment system.¹⁴

The effect of the electronic commerce on the existence of companies and society is so enormous and great due to its intensity and effectiveness. For the companies, the electronic commerce offers unique opportunities of reorganising the businesses, of redefining the markets or of creation of new markets. The initiatives of electronic commerce can be cost effective for companies aiming at getting a vintage within the contemporary global market. Decrease in the cost of advertising, increase in sales, simplicity of the procedural effects are also benefit of informational and technological changes the world is witnessing in the contemporary times.¹⁵

E-commerce has a tremendous growth potential and also generates economic growth. In order to realise its full potential to bring about the structural changes needed for economic development, it is important to recognise that e-commerce provides an environment in which new activities can fruitfully be developed.¹⁶ Its interaction with various aspects of growth has to be self-reinforcing to yield the required rate of growth. It is important to recognise that e-commerce is and is going to be the driving force of economic development. Historically, e-commerce has existed for the last two decades in some form or the other but the spread of Internet has become a new force popularising it. Six main instruments of e-commerce have been recognized by WTO. These are telephone, fax, TV, electronic payment and money transfer system, electronic data interchange and Internet.¹⁷ The evolution of e-commerce during the past few years is a result of the transition from private or closed network system to an open, public network platform, such as the Internet.

The Internet provides access 24 hours a day, seven days a week, anytime, anywhere. Thus, time and place are no longer the constraint. E-commerce builds on the structures of traditional commerce by adding the flexibility offered by electronic networks. This facilitates improvement in operations leading to substantial cost savings as well as

¹⁴ Dike M.A., "An overview of the Nigerian Tax System & taxes payable by Individuals & Corporate Bodies", 2013, p.9

¹⁵ Ibid

¹⁶ Ibid

¹⁷ Okauru, I.O., *Federal Inland Revenue Service & Taxation Reform in Democratic Nigeria*. (Oxford: African Books Collective, 2012), p.169

increasing competitiveness and efficiency through the redesigning of traditional business. E-commerce is one such activity that has generated new dimensions in economic growth and has helped many countries to attain a higher level of development in recent years, thereby creating an investment climate conducive for further economic development.¹⁸ Economic development involves the creation of novel economic activities. New productive sectors emerge and change the structure and organisation of the old activities drastically.

The history of economic growth suggests that such a process of structural change is crucial for accelerating growth. Economic theorists have viewed this as a process of transformation, say from agriculture to manufacturing or as a process involving changes in productivity in the newly developing sectors, which in turn pushes up productivity in the traditional sectors.¹⁹ In analysing the effect of e-commerce on economic development, ICT seems to have different effects on productivity and growth. First, capital goods investment in ICT contributes to overall capital deepening and therefore, helps in increasing labour productivity. Second, rapid technological progress in the production of ICT goods and services may contribute to higher multi-factor productivity growth in the ICT-producing sector. And third, greater use of ICT may help firms to increase their overall efficiency, and thus raise multi-factor productivity.²⁰

E-commerce arguably has a potential to add a higher value to businesses and consumers in developing countries than in developed countries. Yet most developing country-based enterprises have failed to reap the benefits offered by modern information and communications technologies (ICTs).²¹ Some business models have emerged that overcome e-commerce barriers in developing countries. In a developing country, a company's success depends on its ability to simultaneously deploy and manage multiple e-business models. The lack of economies of scale in a developing country prohibits the ability of the country's businesses to concentrate in one or a few e-business activities. In relatively small markets of developing countries, firms can add value by bundling together various products and services. Very few

¹⁸ Ibid

¹⁹ Anyanwu, J.C., *Nigerian Public finance*, (Joanne Educational Publishers, Onitsha, 2012), p.18

²⁰ Ibid

²¹ Ibid

firms are willing to take risks. From the standpoint of a developing country-focused Internet provider, the lack of related support services inhibits the completion of e-commerce transactions.²²

Similarly, higher estimate and value delivery by firms in integration vertically and various services building is virtually guaranteed online. Developing countries now focused Internet to deliver efficient services. We must however notice that it is impossible for a developing country-based company to break all e-commerce related barriers.²³ The most effective way to overcome some of the common clogs to functional and fully industrialised world is through e-commerce. Once this is done, enhanced value delivery will be achieved.

Similarly, many of the new ICT applications are simply and easily adaptable. The economic relevance of e-commerce consists not only in the magnitude of the online transactions accordingly, but mostly in the changes which it induces in the functioning of the enterprises which assimilate it.²⁴ The Internet and e-commerce carries the potential of a substantial increase of the productivity in the service field, which is the biggest and the most dynamic sector of modern economies.²⁵

The activities that will have the most radical transformations under the combined action of increase of computer capacity, of decrease of processing costs and of increase of connectivity, will be the intensive.²⁶ The opportunities for new forms of commercial activities are not restricted to the big companies, the SMEs being also able to benefit by these opportunities. Internet facilitates the commerce in those areas which traditionally have been considered non-viable. Thus, the services, which not long time ago have been supplied almost exclusively by national suppliers, can be now performed anywhere in the world, on condition that the suppliers and buyers shall have access to modern communications, creating of new opportunities for participation of the small and medium-sized enterprises in the international commerce: facilitating the access to markets, information and other resources inaccessible in the past, the e-commerce offers the SMEs an instrument for overtaking some traditional obstacles

²² Ibid

²³ Bassey O U., *Companies Taxation in Nigeria*, (CIBN Press, 2013), p2

²⁴ Ibid

²⁵ Ibid

²⁶ Ibid

in the way of their participating in the international commerce.²⁷

For the SMEs, Internet can become a cheap and accessible source of information regarding the market demand, an efficient mechanism for contract progress for servicing the clients, for purchase of products, for increase of efficiency of sale and payment processes; at the same time it can open the way to radically new products which can be delivered online, stimulation of the process of fragmenting the economic activities under the circumstances of constant expansion of the system of international production controlled by transnational corporations (TNC), e-commerce becomes an essential means of integration of the host-countries in the global economy.²⁸

The e-commerce makes possible the fragmentation of the value chain in smaller functions, which can be subcontracted to independent suppliers. In this way, e-commerce facilitates the participation, as subcontractors, of the enterprises from the less developed countries in the networks of production and commercialisation of the great TNC. The process of production fragmentation offers the producers from these countries the unique opportunity to pass from local, small-sized markets to the purchase of the big companies from abroad and, indirectly, to their clients all over the world.²⁹ The market opening corroborated with providing Internet access can help the enterprises from these countries to be incorporated as subcontractors in the global production and commercialisation networks and thus to benefit by the synergy derived from their connections with the great TNC.³⁰ The benefit associated with the productiveness and efficiency generated through e-commerce on the global digital economy is so promising to the extent that any attempt to ignore this new business phenomenon would definitely be against a functional productivity.

3.0. Legal Regimes of the Nigerian Corporate Taxation and Digital Economy

Corporate taxation is one of the important aspects of Nigeria tax system, other aspect is the personal taxation. Corporate taxes are those taxes which are levied on companies or other legal entities that are doing

²⁷ Ibid

²⁸ Ibid

²⁹ Ibid

³⁰ Ibid

business in Nigeria.³¹ They are usually deducted from a company's profits. They are a great source of income for the government with which public services and infrastructural development projects are funded. Digital economy on the other hand is the new economic trend of business negotiation activities on the internet. Due to this, it is very germane to know and understand the rules and regulations regarding these very significant contemporary global concerns.

3.1. Nigerian Corporate Taxation

Companies income tax are taxes which are chargeable on the income of all companies operating in the country except those specifically exempted by law. There are some emphases in the Act on the distinction between Nigerian and Non-Nigerian companies. A Nigerian company is defined as one which is incorporated under the Companies and Allied Matters Act, or any enactment in place to regulate company's activities in Nigeria. The total profit of such company are assessable to tax irrespective of whether or not all the profits have been derived from, brought into or received in Nigeria.

A foreign company (non-Nigerian company) on the other hand is defined as any company or corporation which is established by or under any law in force in any other territory or country outside Nigeria for example, a company that is not incorporated under the Companies and Allied Matters Act. The profits of a non-Nigerian company shall be subject to Nigerian tax only to the extent to which such profits are attributable to the company's operations in Nigeria subject to the provisions in the respective double taxation agreements if any is available with the country where the foreign company is registered.³²

The Component of Company Taxation in Nigeria

a. Companies Income Tax (CIT)

Companies are subjected to tax under the provisions of the Companies Income Tax Act of 1990 as amended. The taxation of companies will arise on the preceding year basis at 30% of taxable profits arrived at. The term company is defined to mean a business entity (other than corporation sole or partnership) put in place or established in Nigeria

³¹ James, A.A. *Companies Taxation in Nigeria*, pp. 72-78

³² Ibid

or elsewhere and incorporated for the purpose of making profits in the operation of company, its gains are taxed and its losses are allowed subject to relieved against profits on annual basis with four years carried forward time limitation. The administration of company tax is vested in the Federal Board of Inland Revenue through its operational section known as the Federal Inland Revenue Service.

The board, according to the Act,³

...may do all such things as may be deemed necessary and expedient for the assessment and collection of the tax and shall account for all amounts so collected in a manner to be prescribed by the minister.

In Nigeria, there are two stages of payment of tax for companies and they are; income tax at graduated rates which is payable on all profits of a company from whatever source and irrespective of whether such profits are distributed to the shareholders or not. The second way is when dividends are payable and tax has to be deducted at 10% of the amount of dividends from the gross amount before the net is paid to shareholders.

Tax is imposed on the profit of any company accruing in, derived from, brought into or received in Nigeria, in respect of the following

'Any trade or business for whatever period of time such trade or business may have been carried on. The company's rent or any premium arising from a right granted to any other persons for the use or occupation of any property. Dividends, interest, discounts, royalties, charges or annuities. Any sources of annual profits or gains not falling within the preceding categories. Any amount deemed to be income under a provision of the Act, or, with respect to any benefit arising from a pension or provident fund of the Personal Income Tax Act. Fees, dues and allowances (whatever paid) for services rendered.

Any amount of profits or gains arising from acquisition and disposal of short term money instruments like federal

³Section 3 (1) CITA, LFN, 2004 (as amended), 2007.

government securities, treasury bills, treasury or savings certificates, documents, debenture certificates or treasury bonds'.³⁴

Section 8 of CITA, 1990, as amended 'charges to tax at the rate of 30% in each year of assessment the profits of any company accruing in, derived from, brought into or received in Nigeria'. This charging provision combines the source concept (in the choice of the terms accruing in "and" derived from) and the remittance concept (in the choice of the terms "brought into" and "received in") apparently to be certain that no income escapes taxation since the structure of the company can become a tax avoidance device.

However, where income is derived from more than one logical source, which is from two or more tax jurisdictions, especially where there is no single dominant "originating cause" it does seem that an apportionment can be made to catch the profits attributable to operations within Nigeria. This is particularly true given the distinction made by CITA between a Nigerian company and a foreign company.

Section 84 of CITA, 1990, as amended, distinguishes a Nigerian company and a foreign company in its definition of the term "company". Thus a Nigerian company is one registered and incorporated under the Companies and Allied Matters Act, 1990, whereas a foreign company is 'the company that is one formed in line with any law in force in any territory or country outside Nigeria'.

The importance of this distinction lies in the separate treatment, for tax purposes, of the profits of the two types of companies. Thus for a Nigerian company, by section 11(1) of CITA 1990, 'the tax is on its global income whether or not they have been brought into or received in Nigeria'. But by section 11(2) of CITA 1990, for a foreign company, 'only profits attributable to its operations within Nigeria are taxable'. Thus the profits of a foreign company are taxed to the extent that they are derived from sources within Nigeria.

Value Added Tax

The idea of introducing VAT in Nigeria came from the Report of the Study Group set up by the Federal Government in 1991 to review the entire Tax System. VAT was proposed and a Committee was set up to carry out feasibility studies on its implementations. In January, 1993, Government agreed to introduce VAT by the middle of time the relevant legislation would have been made and proper groundwork done.

³⁴ See S. 9(a-g) CITA, Cap. C21, LFN, 2004 (as amended), 2007.

VAT is a replacement of the existing Sales Tax that has been in operation in the Federal Government's legislated Decree No.7 of 1986 which operates and limited on the basis of residence.

The reasons for replacement of the Sales Tax with the Value Added Tax mainly were for the narrow base of operation of sale tax in Nigeria under Decree No.7 of 1986. The decree covers only nine categories of goods plus sales and services in registered hotels, motels and similar establishments. The narrow base of the tax negates the fundamental principle of consumption tax which by nature is expected to cut across all consumable goods and services. VAT base is broader and includes most professional services and banking transactions which are high profit-generating sectors.

Additionally, only locally manufactured goods were targeted by the Sales Tax Decree of 1986, although this might not have been the intention of the law. VAT is neutral in this regard. Under VAT, a consideration part of the tax to be realized is from imported goods. This means that under the new VAT, locally manufactured goods will not be placed at a disadvantage relative to imports.

Similarly, since VAT is based on the general consumption behavior of the people, the expected high yield from it will boost fortunes of the state government with minimum resistance from the payers of the tax. Value Added Tax is a service and consumption tax that has achieved global recognition and embracement in many countries of the world because it is relatively easy to administer and difficult to evade.

The yield from VAT is a fairly accurate measurement of the growth of an economy since purchasing power (which determines yield) increase with economic growth. VAT is a self-assessment tax that is paid when returns are being rendered. In-built in the new tax is the refund or credit mechanism which eliminates the cascading effect that is feature of the retail sales tax. The input-output tax mechanism in VAT also makes it self-policing.

In essence, it is the Out Tax less Input Tax that constitutes the VAT payable. It is the equivalent of the VAT paid by the final consumer of the product that will be collected by the government. Although VAT is a multiple stage tax, it has a single effect and does not add more than the specified rate to the consumer price no matter the number of stage at which the tax is paid.

Tax Treatment of Companies in Nigeria

Company Income Tax in Nigeria is assessed in the following ways:
Self-Assessment of Tax Payable

Self assessment is a process by which the taxpayer assessed themselves personally in compliance with the law and files the return form with the tax authority. Every company filing a return shall compute the amount of tax payable by the company for the assessment year and they must forward evidence of return to the tax authority. Filing of self-assessment return was made compulsory with effect from 1996 for every company with turnover of one million naira and above. Failure of this and after several written demand, the federal Inland Revenue service can use best of judgment to assess and calculate the tax payable by the company.

Best of Judgment (BOJ)

This method is a method in which, the FIRS assesses the company's tax, this method is resulted into in a situation where a company did not or is yet to submit its financial record as required to the tax authority and it is also resulted into when it is discovered that the financial record which is submitted by the company is not reliable

3.2. Digital Economy

Globally, tax laws assume that you need a certain level of physical presence (an office, a factory, a workshop etc.) in a foreign country before you can be assumed to have earned taxable revenue from that country.³² There is a consensus that existing tax frameworks were not designed with the digital economy in mind, and there are challenges with applying the general tax rules to taxing digital transactions. Accordingly, while these transactions generate significant revenue for companies and individuals that transact within the digital space, the huge inflow and outflow in most cases have not resulted in a corresponding increase in tax revenue for the jurisdictions where these transactions occur, due primarily to the fact that the service providers do not have an identifiable physical presence in these jurisdictions.³⁶

An economy which is based on digital technologies is known as a digital economy. Unlike businesses in the traditional economy, companies that are part of the digital economy can generate significant revenue in foreign countries without the need to have a physical presence or employees there. Under existing tax framework, no significant physical presence usually means no, or very little, tax for the host governments.³⁷

The OECD has taken steps to address the tax challenges in the digital economy, particularly, through the Task Force on Digital Economy

³² GIZ, Addressing Tax Evasion and Tax Avoidance in Developing Countries available at <<http://www.taxcompact.net>> accessed on 16/05/2023

³⁶ Everest-Phillips, M. 'Business Tax as State-building in Developing Countries: Applying Governance Principles in Private Sector Development' *International Journal of Regulation and Governance* (2008), vol. 8(2), pp. 123-154

³⁷ Abiola, J. & Asiweh, M. 'Impact of Tax Administration on Government Revenue in a Development Economy-A case Study of Nigeria' *International Journal of Business and Social Science*, 2012, Vol. 3 NO. 8. p. 101

(TFDE).³⁸ In doing this, the OECD has considered three new and interrelated ideas. First, is the establishment of new bases for determining when a digital company was liable to tax in a foreign country? For this purpose, some of the bases considered were revenue, number of active users and extent of digital presence. Once this exceeded a certain threshold, the company would be required to pay tax.³⁹ The second idea was to subject digital businesses to a withholding tax (WHT) the same way you would apply WHT to dividends and interest earned by a foreign company.⁴⁰ And the third just like the second is applying an equalization levy, that is, a direct tax which is withheld at the time of payment by the service recipient⁴¹ on digital transactions.

While none of these options or any other alternatives have been adopted as the applicable global standard, members of the TFDE have however, expressed a commitment to continue working together towards building a consensus based long term solution.

4.0. Conclusion

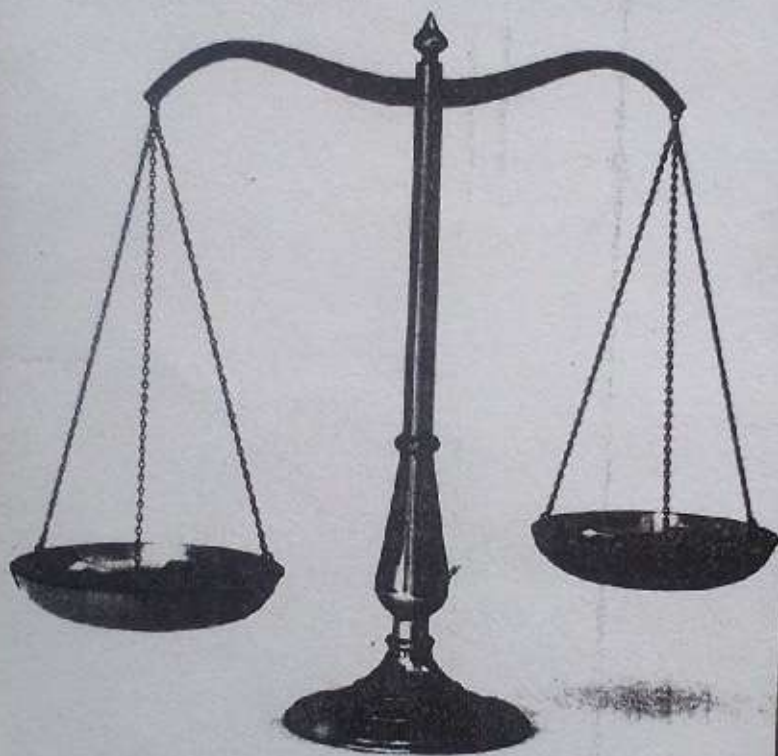
From the foregoing, it is very certain that with effective legal regimes, the revenue generation from digital services in Nigeria could be a monumental one. This is because, due to the effectiveness of e-commerce, the world is fast moving from physical business transaction to digital/online transactions. Conclusively therefore, considering the exponential growth of the global digital economy and its immense potentials, it is imperative for the tax authorities to explore a more creative approach to ensure effective taxation of the digital services in Nigeria.

5.0. Recommendations

• **Expansion of the scope of section 13 of CITA.** With the rapid growth in the Nigerian digital economy, it has become necessary to expand the scope of "fixed base" under Section 13 of the CITA to effectively capture the digital economy for income tax purposes.

• **Adequate use of modern technology.** Adequate use of modern technology to trace and track the global money 'accruing in, derived from, brought into or received in Nigeria' will also aid the effectiveness of the Nigerian tax regimes with regard digital service transactions.

³⁸ Ibid
³⁹ Ibid
⁴⁰ Ibid
⁴¹ Ibid



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