

Nigeria suspends plan for 5% tax on telecoms despite revenue crunch

Nigeria has suspended plans to add a 5% excise duty on telecommunications services, saying the sector is already overburdened with taxes.



Nigeria's minister of communications and digital economy Isa Ali Pantami speaks during the auction of Nigeria 3.5 frequency spectrum for 5G telephone network in Abuja, Nigeria 13 December 2021. Reuters/Afolabi Sotunde

The move comes despite the need for new revenue streams in a country facing rising debt servicing costs, crushing fuel subsidies and a plunge in oil exports due to underinvestment and industrial-scale theft.

Isa Pantami, communications and digital economy minister, said in a statement that the potential tax could 'impact very negatively' on the digital economy and was on hold until a committee could review it.

The statement said the sector already faced 41 different categories of tax, some of them duplications from multiple tiers of government.

Experts say Nigeria is not generating enough revenue despite growing spending, which is forcing the nation to continue borrowing to repay debt.

Nigeria spent \$4.7bn in the first four months of the year to service its debt, a higher figure than public revenue, and expects to spend 6.31tn Naira (\$15.1bn) on servicing domestic and foreign debt next year.

ABOUT THE AUTHOR

Reporting By Felix Onuah; writing by Libby George; Editing by Jan Harvey

For more, visit: <https://www.bizcommunity.com>