

Government Revenue

Comment on recent news – this page

Today's headlines – page two

Recommendations and valuations – page three

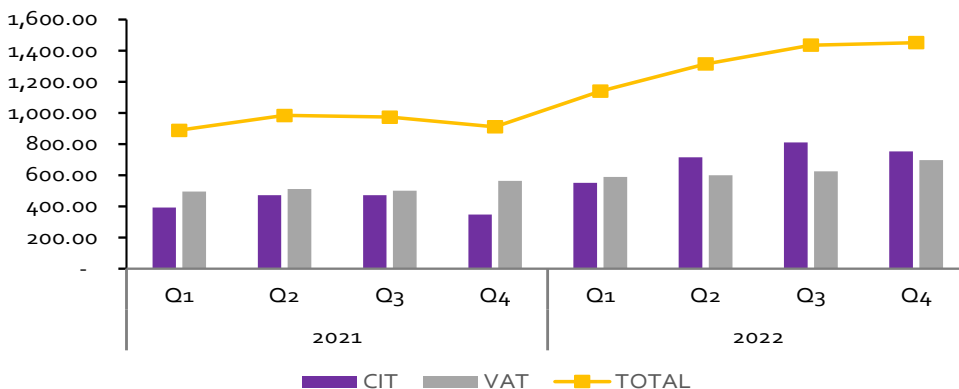
CIT and VAT grow by 42% in 2022

Based on data released by the National Bureau of Statistics (NBS), the Federal Inland Revenue generated a total of N5.34trn in Company Income Tax (CIT) and Value Added Tax (VAT) in 2022. This represents a 42.14% y/y increase on the N3.75trn recorded in 2021. Specifically, CIT rose 67.95 y/y to N2.83trn in 2022 from N1.69trn in 2021. Locally, this was driven by the manufacturing, information & communications and financial services sectors which contributed 16.56%, 12.80% and 7.38% to the total CIT collections in 2022. Also, Foreign CIT payments contributed 40.63%, having leaped by 117.92% y/y to N1.15trn in 2022 from N527.62bn in 2021. Quarter on quarter, CIT moderated by 6.95% to N754.88bn in Q4 2022 from N810.19bn in Q3 2022.

On the other hand, Value Added Tax (VAT) increased by 21.16% y/y to N2.51trn in 2022 from N2.07trn in 2021. This was also driven by the manufacturing, information & communications and mining & quarrying sectors which contributed 19.01%, 10.70% and 6.31% to the total VAT collections in 2022. Non-import (Foreign) VAT payments contributed 20.34% but declined by 9.45% y/y to N510.81trn in 2022 from N564.12bn in 2021. Quarter on quarter, VAT increased by 11.51% to N697.38bn in Q4 2022 from N625.29bn in Q3 2022.

Meanwhile, the Federal Inland Revenue Service (FIRS) had reported that it collected a total of N10.1trn in both oil (N4.09 trillion) and non-oil (N5.96 trillion) revenues compared with a target of N10.44trn. Aside CIT and VAT payments, Electronic Money Transfer Levy (EMTL) and Earmarked Taxes contributed N125.67bn and N353.69bn respectively. Overall, non-oil taxes dominated, contributing 59% of the total collections in the year, while oil tax collection made up 41% of total collection.

Company Income Tax (CIT) and Value Added Tax (VAT): (Nbn)



Source: CSL Research, NBS

MARKET UPDATE

	1 year	30-Dec-22	1 day
NSE - Index*	47,428.67	51,251.06	55,788.37
Naira / US\$	416.50	461.50	461.67
Brent, US\$/bbl	106.90	85.91	80.77
MPR %	11.50	16.50	17.50

Source: NGX Exchange, Central Bank of Nigeria, Bloomberg. *NGX Exchange All-Share Index.

CONTACT INFORMATION

Head of Research: Gloria Fadipe

+234 (1) 448 5436 ext.4516

gloria.fadipe@fcmf.com

Banks: Gloria Fadipe

+234 (1) 448 5436 ext.4516

gloria.fadipe@fcmf.com

FMCGs & Brewers: Edgar Ebinum

+234 (1) 448 5436 ext.4457

edgar.ebinum@fcmf.com

Industrials: Mustapha Umaru

+234 (1) 448 5436 ext.4512

mustaphaumar@fcmf.com

Research Team: cslresearch@fcmf.com

Retail Team: cslcsu@fcmf.com

Sales Team: cslrmt@fcmf.com



News headlines:

E-payment falls to N37tn as failed transaction mount: An increase in failed payment transactions in February caused a 4.83 per cent decrease in the value of cashless transactions to N37.67tn from the N39.58tn that was recorded in January 2023. This came as the usage of e-payment gateways recorded a 41.29 per cent month-on-month increase according to new data from Nigeria Inter-Bank Settlement System. In February, cashless gateways were used 901.46 million times, in January, they were used 638 million times. Despite an increase in usage, the total value of cashless transactions fell in February, indicating an increase in the number of failed transactions. The NIBSS has not updated its efficiency platform portal, which states the number of failed transitions and more, since 2020, making it hard to report the number of failed transactions... Source : Punchng.com

<https://punchng.com/e-payment-falls-to-n37tn-as-failed-transaction-mount/>

CBN Directs Commercial Banks to Accept, Pay Out Old N500, N1,000 Notes: The Central Bank of Nigeria (CBN), yesterday, directed commercial banks and other financial institutions in the country to continue to accept and pay out the old N200, N500, and N1,000 notes till December 31, 2023, in line with a recent Supreme Court ruling. In a statement signed by CBN's Acting Director, Corporate Communications, Dr. Isa Abdulmumin, the central bank disclosed that it had met with the Bankers' Committee and directed that the old banknotes remained legal tender alongside the redesigned notes. But in apparent reaction to public unease over the federal government's long silence and delayed response to the March 3 Supreme Court ruling on the currency redesign,.... Source: thisdaylive.com

<https://www.thisdaylive.com/index.php/2023/03/14/cbn-directs-commercial-banks-to-accept-pay-out-old-n500-n1000-notes/>

Cash chaos crushes farmers: Mohammed Abdulsalam, a 56-year-old farmer and father of five, is worried as he watches his source of livelihood gradually go down the drain. Abdulsalam's 10 hectares of tomato farm in Karu Local Government of Kano State has become a shadow of itself over the persistent naira scarcity in Africa's biggest economy. Ahead of the initial deadline (January 31) for the country's currency swap, he was stuck with about 200 baskets of fresh tomatoes he could not sell owing to the scarcity of naira and his inability to have a bank account. The cash shortage in the country has reduced the demand for goods and services as cost-conscious consumers are finding it difficult to meet their daily cash needs for transactions, forcing many to cut down on purchases as most of the businesses,.. Source: Businessday.ng

<https://businessday.ng/agriculture/article/cash-chaos-crushes-farmers/>

Disputed Poll Result: INEC grants LP access to inspect election materials: The Independent National Electoral Commission (INEC), on Monday, granted the Labour Party (LP) access to the election materials used for the February 25, 2023 Presidential and the National Assembly elections. This followed earlier threats by the party to embark on a nationwide protest and occupy INEC offices nationwide, if the commission remained adamant on the issue. Recall that the Court of Appeal in Abuja had on March 3, granted an order for the party and the Peoples Democratic Party (PDP) to have access to the materials. BusinessDay gathered that following the threats, the electoral umpire invited the party to meet with Mahmoud Yakubu, the INEC chairman, who later granted access to the party for the inspection of the materials..

Source: Businessday.ng

<https://businessday.ng/news/article/disputed-poll-resultinec-grants-lp-access-to-inspect-election-materials/>

Analyst Certification

Each research analyst principally responsible for the preparation and content of all or any identified portion of this research report hereby certifies that all the views expressed in this research report accurately reflect his/her personal views about those issuer(s) or securities that the research analyst covers in this research report. Each research analyst also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) expressed by that research analyst in this research report.

Important disclosures

Analysts' compensation is based upon activities and services intended to benefit the investor clients of CSL Stockbrokers Limited, Lagos and the affiliates of FCMB Group, Lagos, Nigeria ("the Group"). Analysts receive compensation that is impacted by overall profitability of the Group, which includes revenues from, among other business units, Institutional Sales and Trading and Capital Markets/Investment Banking.

CSL Research Ratings Distribution

	Buy	Hold	Sell	Not Rated	Total
Coverage universe	17	10	5	3	35
% distribution	49%	29%	14%	9%	
Investment banking clients	0	1	1	0	2
% distribution	0%	50%	50%	0%	

Explanation of CSL Research's equity research rating system

Buy:	The analyst expects the stock to outperform the Benchmark over the next 12 months or the stated investment horizon.
Hold:	The analyst expects the stock to perform in line with the Benchmark over the next 12 months or the stated investment horizon.
Sell:	The analyst expects the stock to underperform the Benchmark over the next 12 months or the stated investment horizon.
Not Rated:	The rating and price target have been suspended temporarily to comply with applicable regulations and/or firm policies in certain circumstances including when CSL Capital UK or the Group is acting in an advisory capacity in a merger or strategic transaction involving the company or due to factors which limits the analysts ability to provide forecasts for the company in question.
Benchmark:	The benchmark is the trailing three-year average yield of the 12-month T-Bill plus one standard deviation rounded to the nearest percent.
Price targets:	Price targets, if discussed, reflect in part the analyst's estimates for the company's earnings. The achievement of any price target may be impeded by general market and macroeconomic trends, and by other risks related to the company or the market, and may not occur if the company's earnings fall short of estimates.
Asset allocation:	Asset allocation is the responsibility of the strategy team. The recommended weight (Buy, Hold and Sell) for equities, cash and fixed income instruments is based on a number of metrics and does not relate to a particular size change in one variable.

Important Risk Warnings and Disclaimers

CSL Stockbrokers Limited ("CSLS") is regulated by the Securities and Exchange Commission, Nigeria. CSLS is a member of the NGX Exchange. CSL Capital (UK) Ltd (Firm Reference Number: 913994, Registered Number: 11818051), trading in the name of 'CSL Stockbrokers' for its activities, is authorised by the Financial Conduct Authority (FCA).

Both CSLS and CSL Capital (UK) Ltd are members of the FCMB Group ("the Group") of Nigeria, a group of companies which also includes First City Monument Bank Ltd.

RELIANCE ON THIS PUBLICATION FOR THE PURPOSE OF ENGAGING IN ANY INVESTMENT ACTIVITY MAY EXPOSE YOU TO A SIGNIFICANT RISK OF LOSS. By receiving this document, you will not be deemed a client or provided with the protections afforded to clients of CSLS and CSL Capital (UK) Ltd. When distributing this document, CSLS, or any member of the Group is not acting for any recipient of this document and will not be responsible for providing advice to any recipient in relation to this document. Accordingly, CSLS or any member of the Group will not be responsible to any recipient for providing the protections afforded to its clients.

If you are in the UK, you are a person to whom either Articles 19 or 49 of the Financial Services and Markets 2000 (Financial Promotion) Order 2005 apply or a person to whom this communication may otherwise be lawfully made.

In the United Kingdom, this document is available only to such persons described above and persons of any other description should not rely on this document. Transmission of this document to any other person in the United Kingdom is unauthorized and may contravene the Financial Services and Markets Act 2000 (FSMA). If you are not such a person or if the distribution of this document is otherwise unlawful where you are, you are required to return the document immediately to CSLS. This document is not intended for Retail Clients in the UK.

This document is not an offer to buy or sell or to solicit an offer to buy or sell any securities. This document does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The appropriateness of a particular investment will depend on an investor's individual circumstances and objectives. The investments and shares referred to in this document may not be suitable for all investors.

CSLS or any other member of the Group may effect transactions in shares mentioned herein and may take proprietary trading positions in those shares and may receive remuneration for the publication of its research and for other services. Accordingly, this document may not be considered as objective or impartial. Additionally, information may be available to CSLS, or the Group, which is not reflected in this material. Further information on CSLS' policy regarding potential conflicts of interest in the context of investment research and CSLS' policy on disclosure and conflicts in general are available on request.

This document is based on publicly available information obtained from sources which CSLS believes are reliable, but which it has not independently verified. Neither CSLS, or their advisors, directors or employees make any guarantee, representation, or warranty as to the accuracy, reasonableness or completeness of this information and neither CSLS or their advisors, directors or employees accepts any responsibility or liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document. The opinions contained in this document are subject to change without notice and are not to be relied upon and should not be used in substitution for the exercise of independent judgment.

Past performance is not a guarantee of future performance. Investments may go down in value as well as up and you may not get back the full amount invested. Where an investment is denominated in a currency other than the local currency of the recipient of the research report, changes in the exchange rates may have an adverse effect on the value, price or income of that investment. In case of an investment for which there is no recognised market it may be difficult for investors to sell their investment or to obtain reliable information about their value or the extent of the risk to which they are exposed.



The information contained in this document is confidential and is solely for use of those persons to whom it is addressed and may not be reproduced, further distributed to any other person, or published, in whole or in part, for any purpose.

@Copyright CSL Stockbrokers Limited, 2022. All rights reserved.

CSL Stockbrokers Limited
Member of the NGX Exchange
PO Box 9117
Lagos State, NIGERIA

CSL Stockbrokers
A trading name of CSL Capital (UK) Ltd
43-44 New Bond Street
London
W1s 2SA
United Kingdom