

Government Revenue

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Company Income Tax up by 226.4% in Q2.

Based on the latest Company Income Tax report by the National Bureau of Statistics (NBS), Company Income Tax (CIT) for Q2 2023 was reported at N1.53 trillion, up 226.40% q/q from N469.01 billion in Q1 2023. On a year-on-year basis, CIT in Q2 2023 increased by 114.28% when compared with Q2 2022. The report noted that Local payments received were N1.02 trillion, while foreign CIT Payments contributed N505.91bn in Q2 2023. According to the Federal Inland Revenue Service, CIT is a 30% tax on company's profits. We attribute the significant increase in CIT to an increase in profits by companies in Q2 as the naira cash crunch and the general elections constrained profits in Q1.

In terms of sectoral contribution to CIT, the top three largest shares in Q2 2023 were manufacturing with 25.63%; financial and insurance activities with 24.47%; and information and communication with 20.30%. The activities of households as employers, undifferentiated goods and services, producing activities of households for own use recorded the least share with 0.01%. We note that this is the first time CIT has crossed the N1tn mark in a single quarter. The amount collected in Q2 2023 is higher than the total amount collected in 2015 (N1.38tn), 2016 (N1.02tn), 2017 (N1.25tn), and 2018 (N1.41tn) respectively.

Though we expect revenue from Company Income Tax (CIT) to decline in the second half of the year as the profitability of businesses take a hit amidst increasing cost pressure, we believe taxes from new sources introduced in the new finance act such as the N10 per litre tax placed on carbonated drinks, tax on phone calls, etc. should support accretion to non-oil revenue if they kick-start before year end. The President through a number of executive orders has postponed the commencement date of many of these taxes. To boost CIT revenues, the Federal Government recently announced plans to review and reduce tax waivers given to companies operating in Nigeria. According to the Chairman of the Presidential Tax Reform Committee, Mr Taiwo Oyedele, Nigeria's total tax incentive to companies is about N6tn annually.

Company Income Tax (Nbn)



Source: NBS, CSL Research

MARKET UPDATE

	1 year	30-Dec-22	1 day
NSE - Index*	49,991.41	51,251.06	68,279.14
Naira / US\$	434.44	461.50	747.87
Brent, US\$/bbl	95.74	85.91	89.00
MPR %	14.00	16.50	18.75

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

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News headlines:

Foreign investors repatriate \$5bn dividend – CBN: Foreign firms repatriated \$5.86bn from the Nigerian economy between October 2022 and March 2023, the Central Bank of Nigeria has disclosed. About \$5.13bn was repatriated as dividends by foreign investors. In its 'Economic Report, First Quarter 2023,' the apex bank disclosed that higher dividend payments to non-residents further widened the deficit in its primary income account. It stated that this deficit widened to \$2.69bn in Q1, 2023 from \$2.26bn in Q4 2022. According to the CBN, the primary income account covers the compensation of employees and investment income. In its Quarterly Statistical Bulletin (Volume 11, Number 3, September 2022), it said, "The investment income component refers to accrued income on existing foreign financial assets and liabilities. Source:Punchng.com

<https://punchng.com/foreign-investors-repatriate-5bn-dividend-cbn/>

Oando Set to Take Over Agip's Oil, Gas, Power Assets in Nigeria: Nigerian energy company, Oando, is set to acquire the Nigerian Agip Oil Company (NAOC), a subsidiary of Italian energy group, Eni, after a deal was signed to that effect, both companies confirmed yesterday. NAOC has interests in four onshore blocks and two onshore exploration leases as well as two power plants in Nigeria, Eni said in a statement, but did not disclose the financial details of the accord. The agreement is, however, still subject to regulatory approval. Apart from Oil Mining Leases (OML) 60, 61, 62, 63, NAOC also has interests in the Okpai 1 and 2 power plants with a total nameplate capacity of 960 megawatts as well as in two Onshore Exploration Leases (OPL) 282 and 135, for which it also holds operatorship. Source: thisdaylive.com

<https://www.thisdaylive.com/index.php/2023/09/05/oando-set-to-take-over-agips-oil-gas-power-assets-in-nigeria>

Solid minerals earnings hit N814bn in 15 years – NEITI: The Nigeria Extractive Industries Transparency Initiative, on Monday, announced that Nigeria's earnings from the solid minerals sector between 2007 and 2021, a period of 15 years, was N814.6bn. NEITI made this public in its latest 2021 industry report of the solid minerals sector, which was unveiled to stakeholders and lawmakers in Abuja. In the report, the agency also stated that Nigeria N193.6bn from the solid minerals sector in 2021. The figure shows an increase of N60.32bn or 51.89 per cent growth, when compared to the 2020 revenue flows of N116.82bn. "This positive trend reflects a continuation of the upward positive trajectory observed in the sector over the past five years. Source:Punchng.com

<https://punchng.com/solid-minerals-earnings-hit-n814bn-in-15-years-neiti/>

NLC begins warning strike over fuel subsidy removal: The Nigeria Labour Congress (NLC) has vowed to ground the economy as it begins a two-day warning strike on Tuesday, September 5, in protest against the government's removal of fuel subsidy. The NLC, the country's largest trade union federation, said the strike would affect all sectors of the economy, including banking, transportation, and manufacturing. The union said the strike was necessary to protest the government's decision to remove fuel subsidies, which it said would devastate ordinary Nigerians. "The removal of fuel subsidies is a direct attack on the poor and working people of Nigeria," said NLC President Joe Ajaero. "It is an attempt to impoverish our people further and make life more difficult for them."The government has defended removing fuel subsidies, saying saving money and attracting investment is necessary. Source: businessday.ng

<https://businessday.ng/news/article/nlc-begins-warning-strike-over-fuel-subsidy-removal/>

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% distribution	0%	50%	50%	0%	

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