MICRO-CREDIT INTERVENTION TAX FUND BILL, 2020

Clause:

A BILL

FOR

AN ACT TO ESTABLISH DEDICATED TAX CHANNELS TO FUND VARIOUS KINDS OF INTERVENTIONS FOR THE PURPOSE OF JOB-CREATION THROUGH PROVISION OF MICRO-CREDIT INTERVENTION TAX, MEANT BASICALLY FOR THE GROWTH OF SMALL ENTERPRISES IN NIGERIA, THE BILL FURTHER EMPOWERS RELEVANT AGENCIES OF GOVERNMENT AND PRIVATE SECTORS PLAYERS TO MAKE CERTAIN PRESCRIBED DEDUCTIONS FROM SOME VIABLE SOURCES TOWARDS RAISING A FUND FOR THE FINANCING OF SMALL ENTERPRISES AND FOR RELATED MATTERS

Sponsored by Hon. Bamidele Salam

Co-sponsors:

Hon. Saidu Musa Abdullahi

Hon. Olaifa Jimoh Aremu

Hon. Mansur Manu Soro

Hon. Benjamin BemMzondu

Hon. Abubakar Umaru Yabo

Hon. Solomon Bob

[ ] Commencement

ENACTED by the National Assembly of the Federal Republic of Nigeria:

Objectives of the Fund

1. The objective of this Bill is to create:

(a) a platform that stimulates the establishment of small enterprises through the creation of a programme that offers accessible, easy and growth-friendly micro-credit to young Nigerians with Business ideas that have good growth potentials; and

(b) jobs for the teeming population of unemployed Nigerians.

Sources of funds

2.-(1) There is imposed mobile telecommunication tax on individual customers, to be deducted by the service providers of the mobile telecommunication companies, from the accounts of the affected customers.

(2) The tax referred to under sub-clause (1) of this clause, shall comprises of:

(a) 2.5% of the total cost of voice calls through mobile telecommunication payable by persons whose daily cost of the calls is N3000 and above;

(b) 0.1 % of the total turnover businesses with annual turnover of up to N25,000,000,000 (Twenty-Five Billion Naira); and

(c) 0.5% on procurement contracts whose total cost of the contract is up to N100, 000,000 (One Hundred Million Naira) and above.

Management of the Fund

3.-(1) The fund shall be managed through Special Management Board which shall comprise of persons who are experienced in Micro-credit finance and enterprise management.

(2) There is established a Management Board, which shall comprises of:

(a) an Executive Chairman who shall be appointed by the President and has a proven track record in micro-credit and enterprise management;

(b) a nominee of the Governor of the Central Bank of Nigeria, who shall serve as Secretary of the Board;

(c) three nominees from the Private sector, two of whom must be women; and (d) representative of the:

(i) Small and Medium Enterprise Development Agency,

(ii) Bank of Industry,

(iii) Bank of Agriculture,

(iv) National Directorate for Employment,

(vi) Nigeria Incentive-based Risk Sharing System for Agricultural Lending,

(vii) Nigeria Labor Congress,

(viii) Trade Union Congress,

(ix) Nigeria Employers' Consultative Association,

(x) Chambers of Commerce and Industries, and

(xi) Nigeria Economic Summit Group.

Tenure of the Board

4.-(1) The Executive Chairman of the Board shall serve a single tenure of five (5) years, renewable for another term of five (5) years and no more.

(2) Other Members of the Board shall serve a minimum term of two years and may continue to serve for as long their nominations from their respective Agencies and Organizations remain validated.

Mandate of the Board

5. The Board shall be responsible for:

(a) setting guidelines for the management of the funds and putting together a functional framework for the sustenance of the Fund;

(b) accrediting financial institutions who will appraise business ideas, disburse funds to beneficiaries and recover loans from enterprises who benefit from the fund;

(c) Partnering with relevant organs of government, the private sector and Non-Governmental Organisations to develop the capacity of young Nigerians to start, manage and grow small business enterprise

(d) Ensuring that in the management of the funds, priority shall be given to applicants below the age of 40 years and those whose assessed funds requirements are below one million Naira;

(e) Receiving grants and donations from individuals and corporate organisations subject to such terms and conditions that are not in conflict with the objects of the fund; and formulating short and long term policies that will affect size of disbursement, mode of repayment, nature of appraisal and other such policies that may guide the successful management of the funds.

Duration of the tax regime

6. The Tax regime shall terminate upon the stability of the Fund at a minimum of N10,000,000,000,000 (Ten Trillion Naira), however, the Management Board shall continue to manage the Funds and ensure sustainability.

Regulation

7. The Board may issue regulation for the purpose of giving effect to the provision of this Bill.

Citation

8. This Bill may be cited as the Micro-Credit Intervention Fund Bill, 2020.

EXPLANATORY MEMORANDUM

This Bill seeks to establish dedicated tax channels to fund various kinds of interventions for the purpose of job-creation through provision of micro-credit intervention tax, meant basically for the growth of small enterprises in Nigeria, the Bill further empowers relevant agencies of government and private sectors players to make certain prescribed deductions from some viable sources towards raising a fund for the financing of small enterprises.