

NEWSLETTER:

DIALOGUE ON FINANCE BILL: COVID-19 AND ITS IMPLICATIONS FOR SMES

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On 4th December, 2020, the International Trade Centre's SheTrades Initiative in partnership with Udo Udoma & Belo Osagie (UUBO), Pedabo and the Association of Nigerian Women Business Network (ANWBN) hosted a virtual event themed 'Dialogue on the Finance Bill: Covid-19 and its Implications for SMEs'.

The dialogue, which aimed to educate women-owned SMEs about recent tax changes, proper financial planning and financial projections for 2021, had over 60 SMEs in attendance.

With its commencement in February 2020, the Finance Act 2019 ("FA 2019") introduced newly differentiated tax regimes for small, medium and large companies. A small business is defined as a company having gross turnover of less than NGN25m, a medium business is one with gross turnover between NGN25m and NGN100m, and a large business is one with gross turnover over NGN100m. The FA 2019 reduced tax rates and introduced tax holidays for medium and large businesses while it exempted small businesses from paying Value-Added Tax (VAT), Company Income Tax (CIT) and minimum tax.

One of the objectives of the FA 2019 is to support micro, small and medium businesses by reducing the burden of compliance and introducing a tiered rate system.

Presentations by partners at the dialogue emphasised the importance of tax compliance and proper financial record-keeping for businesses, including small businesses that are currently exempt from certain taxes as introduced by the FA 2019.

Lolade Ososami, a Partner at UUBO, provided an overview of the reliefs that impact micro and small businesses under the FA 2019 and the provisions of the proposed Finance Bill 2020, and stressed the need for micro, small and medium business owners to register for tax purposes, keep up-to-date accounts, and make the relevant filings within the prescribed period, so as to take advantage of available tax reliefs.

Furthermore, Lolade Ososami highlighted the disparity in the defining thresholds for



“small” businesses and enterprises among various government institutions and stated that this disparity needs to be addressed by the government in order to ensure uniformity in the application of the available incentives to small business owners.

On a final note, Lolade Ososami emphasised the need for SMEs to engage with regulators and express their concerns regarding policies that are not favourable to their businesses.

In conclusion, SMEs left the dialogue with a better understanding of the Finance Bill, practical steps to influence policy changes and a guide towards planning for the coming financial year.