

FAAC POST MORTEM SUB-COMMITTEE

REPORT TO THE FEDERATION ACCOUNT ALLOCATION COMMITTEE (FAAC) PLENARY MEETING HOLDING ON THURSDAY, 15TH DECEMBER, 2022

1.0 PREAMBLE:

- 1.1 The FAAC PMSC meeting for the month was held on 14th December, 2022 at the Commission's New Board Room. In attendance were representatives from RMAFC, the Chairman and Vice-Chairman of the Commissioners of Finance and Accounts-General Forums, the Commissioner of Finance and State's Accountant Generals from the six geo-political zones, Revenue Generating Agencies, Office of the Accountant General of the Federation, Central Bank of Nigeria (CBN), Debt management Office (DMO) and Nigeria Extractive Initiative Transparency International (NEITI).

2.0 UPDATE ON OUTSTANDING ISSUES REFERRED TO THE COMMITTEE BY FAAC PLENARY

a) Update on Waivers on Taxes and Penalties Granted to Some Taxpayers by FIRS.

The Sub-Committee was informed that the Tax Amnesty window granted to tax defaulters had elapsed and hence revoked by the management of FIRS. The Taxes have been reverted into the FIRS routine job of collecting all Tax liabilities from defaulting Tax payers.

b) Update on Government Priority Projects:

Members may wish to note that the Sub-Committee had earlier informed FAAC Plenary that NNPC Ltd was yet to disclose the locations of the Government Priority Projects to enable the Sub-Committee visit and assess the level of work done in view of the deductions from the Federation Account. Following the implementation of the Petroleum Industry Act, 2021 which transferred all JV assets in the Oil and Gas Sector to NNPC Ltd with the exception of Production Sharing Contract assets, all the Priority Projects are now owned by NNPC Ltd. The total deductions for Government Priority Projects from the January 1999 to July, 2022 amounted to **₦1,096,867,042,733.94**. The Sub-Committee is awaiting further directives from FAAC Plenary on the matter.

c) Update On \$599,813,170.02 NPDC Indebtedness to NUPRC/The Federation Account in respect of Forcados Assets OML 119, 60-63 Series:

Recall that the balance of **\$599,813,170.02** out of the \$2.2 Billion Nigeria Petroleum Development Company (NPDC) Legacy Debt owed to Nigeria Upstream Petroleum Regulatory Commission (NUPRC) was signed off by

Presidential waiver. Thereupon, NPDC agreed to a payment of nine (9) equal monthly installments of **\$66,645,907.78** starting from May, 2022 which has not yet commenced.

On the sum of **\$21,563,800.00** payment for Good and Valuable Consideration (GVC) which was wrongly credited to one of NUPRC Accounts managed by the OAGF in July, 2022, the Sub-Committee is still awaiting feedback from OAGF on the approval sought from the Honorable Minister of Finance to reverse the money back to the Federation Account.

d) Update on Exchange Rate Issues: Work in progress.

e) Update on Tax Refund

Recall that at the last FAAC Plenary meeting of 18th November, 2022, the issue of Tax refund was discussed extensively after which the FAAC Post Mortem Sub-Committee was assigned to examine the matter and report back.

Consequently, the Sub-Committee has written to FIRS requesting for relevant information to enable it carry out the assignment. The Service had submitted the needed documents to the Sub-Committee on Tuesday, 12th December, 2022 and they are being reviewed.

f) Update on Review of FGN/CBN Treasury Crude Account No: 20054141287

Recall that at the last FAAC Plenary meeting held on 18th November, 2022, a presentation was made by a Consultant engaged by Nigeria Governors Forum to ascertain whether all revenues generated by the Revenue Generating Agencies paid into a designated account with the Central Bank of Nigeria (CBN) between January 2006 to December 2021 have been fully moved to the Federation Account for distribution to the Federating Units in line with the Provisions of Section 162 of the Constitution of the Federal Republic of Nigeria (As Amended). After extensive deliberations, the matter was referred to FAAC Post Mortem Sub-Committee to review and report back.

Consequently, an Ad-Hoc Committee was constituted to examine the matter and had its inaugural meeting held on 8th December, 2022. The issue is also work in progress.

3.0 Assessing the Impact of FAAC Post Mortem Sub-Committee on Outstanding Arrears of Revenue Inflows Due to the Federation Account in October, 2022.

3.1 For the Month of October, 2022, the PMSC will like to inform the Plenary that the total sum of **\$93,216,099.65** equivalent to **₦33,591,383,493.68**, was recovered in favor of the Federation Account

as outstanding arrears from several revenue items of collection and paid to the rightly designated accounts.

Table A: Impact of FAAC PMSC On Revenue Inflows into Federation Account From Outstanding Arrears For the Month Of October, 2022

| S/N | Details | Amount of Receipt in USD (\$) | CBN Exchange Rate/\$ (N/\$) | Amount in Naira for October, 2022 |
|------|--|-------------------------------|-----------------------------|-----------------------------------|
| i. | NNPC Ltd. LPG (MPN) JV Gas | 16,039,200 | 409.50 | 1,987,442,268.00 |
| ii. | NNPC Ltd. NLNG Feedstock Sales Arrears | 75,032,272.54 | 409.50 | 30,725,715,605.13 |
| iii. | N-Gas Limited Arrears | 2,144,629.11 | 409.50 | 878,225,620.35 |
| iv. | Sub-Total | 93,216,099.65 | | 33,591,383,493.68 |

Source: FAAC PMSC Analysis, October, 2022

- 3.2 The Sub-Committee would like to inform Members that from January to October, 2022 the recoveries made stood at **₦1,347,420,428,627.11**. Details in Table B below:

Table B: Impact of FAAC PMSC from January to October, 2022

| S/N | Month | Monthly Amount | Cumulative Total |
|-------|-----------------|--------------------|-----------------------------|
| i. | January, 2022 | 26,720,058,058.89 | 26,720,058,058.89 |
| ii. | February, 2022 | 88,969,689,985.09 | 115,689,748,043.98 |
| iii. | March, 2022 | 182,256,194,980.37 | 297,945,943,024.35 |
| iv. | April, 2022 | 30,131,578,321.69 | 328,077,521,346.04 |
| v. | May, 2022 | 27,998,770,961.08 | 356,076,292,307.12 |
| vi. | June, 2022 | 153,433,931,821.85 | 509,510,224,128.97 |
| v. | July, 2022 | 313,233,771,334.12 | 822,743,995,463.09 |
| vi. | August, 2022 | 136,837,479,617.20 | 959,581,475,080.29 |
| vii. | September, 2022 | 345,247,570,053.14 | 1,313,829,045,133.43 |
| viii. | October, 2022 | 33,591,383,493.68 | 1,347,420,428,627.11 |

Source: FAAC PMSC Analysis, October, 2022

4.0 SUMMARY OF GROSS FEDERATION ACCOUNT REVENUE INFLOWS AND AGENCIES PERFORMANCE FOR OCTOBER, 2022

- 4.1 For the month of October, 2022, a total of **₦628,905,296,593.34** remitted into the Federation Account as shown in the Central Bank Component Statement and Ministry of Mines and Steel Development (MMSD) Ledger. Details of each agencies' contribution to the Federation Account for the period under reference are as indicated in Table C hereunder:

Table C: Summary of Gross Federation Account Revenue Collection's Contribution as Indicated on CBN Component Statement for the Month of October, 2022

| S/N | Details | Actual Collection (₦) | Percentage Contribution (%) |
|------|--------------|---------------------------|-----------------------------|
| i. | NNPC | 0 | 0 |
| ii. | NUPRC | 112,653,566,770.13 | 17.91 |
| iii. | FIRS | 357,034,991,525.03 | 56.77 |
| iv. | NCS | 158,366,435,922.53 | 25.18 |
| v. | MMSD | 850,302,375.65 | 0.14 |
| | Total | 628,905,296,593.34 | 100.00 |

Source: CBN Component Statement, MMSD Report October, 2022

4.2 Analysis of performance of the Revenue Generating Agencies with respect to their budgetary targets for October, 2022 is presented in Table D below:

Table D: Agencies Federation Account Revenue Inflows Performance in October, 2022

| S/N | AGENCY | APPROVED MONTHLY TARGET | ACTUAL REMITTANCE | VARIANCE | REVENUE PERFORMANCE (%) |
|-----|-----------|-------------------------|--------------------|---------------------|-------------------------|
| | | (₦) | (₦) | (₦) | |
| I | NNPC | N/A | 0 | 0 | 0 |
| ii | NUPRC/MPR | 226,718,665,561.59 | 112,653,566,770.13 | -114,065,098,791.46 | 49.69 |
| iii | FIRS | 828,395,909,305.54 | 357,034,991,525.03 | -471,360,917,780.51 | 43.10 |
| iv | NCS | 168,244,961,980.83 | 158,366,435,922.53 | -9,878,526,058.30 | 94.13 |
| v | MM&SD | 578,679,091.00 | 850,302,375.65 | 271,623,284.65 | 146.94 |
| vii | TOTAL | 1,223,938,215,938.96 | 628,905,296,593.34 | -595,032,919,345.62 | 51.38 |

Source: FAAC PMSC Analysis, October, 2022

5.0 VALUE ADDED TAX COLLECTION FOR THE MONTH OF OCTOBER, 2022

5.1 The FIRS VAT collection and remittance into the VAT Pool Account for the month of October, 2022 stood at **₦229,040,868,333.47**. When compared with the monthly budgetary target of **₦203,482,920,586** it gave a positive performance of 100.24% with a positive variance of **₦25,557,947,747.47**. The cumulative total collection for the year stood at **₦2,043,179,720,026.42** as indicated in the Table E below:

Table E: Value Added Tax Collection As At October, 2022

| S/N | Month | Monthly Vat Collection Paid to Vat Pool Account (₦) | Cumulative Total (₦) |
|-------|-----------------|---|-----------------------------|
| i. | January, 2022 | 191,221,765,349.04 | 191,221,765,349.04 |
| ii. | February, 2022 | 177,872,738,753.04 | 369,094,504,102.08 |
| iii. | March, 2022 | 219,504,327,729.96 | 588,598,831,832.04 |
| iv. | April, 2022 | 178,825,094,248.50 | 767,423,926,080.54 |
| v. | May, 2022 | 213,178,969,522.69 | 980,602,895,603.23 |
| vi. | June, 2022 | 208,147,551,561.10 | 1,188,750,447,164.33 |
| vii. | July, 2022 | 190,256,219,766.09 | 1,379,006,696,930.42 |
| viii. | August, 2022 | 231,171,362,639.23 | 1,610,178,059,569.65 |
| ix | September, 2022 | 203,960,792,123.30 | 1,814,138,851,692.95 |
| xi | October, 2022 | 229,040,868,333.47 | 2,043,179,720,026.42 |

Source: FAAC PMSC Analysis, October, 2022

6.0 EMTL COLLECTION AND BALANCE AS AT OCTOBER, 2022

6.1 Members may recall at the last FAAC plenary meeting, the Sub-Committee reported that the amounts reported by FIRS, CBN and OAGF as the total Balance in the EMTL Account differs. The Sub-Committee also reported that there was an on-going reconciliation between CBN and FIRS on the shortfalls in respect of the duplicate payments erroneously made to the tune of **₦3,403,573,888.22** by Ecobank Plc. At the last Sub-Committee's meeting CBN explained that the reconciliation on the balances in the EMTL account is still on-going. Therefore, the assignment is still work in progress.

7.0 NNPC VALUE SHORTFALL RECOVERY FROM FEDERATION ACCOUNT FOR THE MONTH OF OCTOBER, 2022

- 7.1 The NNPC Ltd deducted the sum of **₦239,411,566,949.40** as PMS value shortfall recovery for the month of October, 2022. This brings the cumulative deduction between January and October, 2022 to a total sum of **₦3,149,613,458,399.28**. Details are in Table below:

Table G: Summary of NNPC Ltd. Value Shortfall Recovery From Federation Account From January to October, 2022

| S/N | Month | Monthly Shortfall Recovery from FA (₦) | Cumulative Total (₦) |
|-------|-----------------|--|-----------------------------|
| i. | January, 2022 | 210,381,727,053.04 | 210,381,727,053.04 |
| ii. | February, 2022 | 219,783,148,011.13 | 430,164,875,064.17 |
| iii. | March, 2022 | 245,772,559,462.62 | 675,937,434,526.79 |
| iv. | April, 2022 | 271,588,672,761.88 | 947,526,107,288.67 |
| v. | May, 2022 | 327,065,907,048.06 | 1,274,592,014,336.73 |
| vi. | June, 2022 | 319,176,182,836.31 | 1,593,768,197,173.04 |
| vii. | July, 2022 | 448,782,119,154.91 | 2,042,550,316,327.95 |
| viii. | August, 2022 | 525,714,373,874.60 | 2,568,264,690,202.55 |
| ix. | September, 2022 | 341,937,201,245.33 | 2,910,201,891,447.88 |
| xi. | October, 2022 | 239,411,566,949.40 | 3,149,613,458,399.28 |

Source: FAAC PMSC Analysis October, 2022

8.0 BALANCES IN SPECIAL RESERVE ACCOUNTS FOR THE MONTH OF OCTOBER, 2022.

- 8.1 The balance in Special Reserve Accounts are given in Table H below:

Table H: Balances of Special Reserve Accounts As At 31st October, 2022

| S/N | ITEM | AMOUNT |
|-----|----------------------------------|----------------------|
| 1 | Stabilization Fund Account | ₦ 16,908,667,584.86 |
| 2 | Development of Natural Resources | ₦ 62,570,134,084.76 |
| 3 | Domestic Excess Crude Proceed | ₦ 4,531,650,329.07 |
| 4 | Solid Mineral Account | ₦ 13,519,955,523.04 |
| 5 | Oil Excess Revenue Account | ₦ 67,990,026.62 |
| 6 | Police Trust Fund Account | ₦ 27,389,773,732.82 |
| 7 | Non-oil Excess Revenue Account | ₦ 490,000,000,000.00 |
| 8 | Forex Equalization Account | ₦ 140,133,662,247.26 |
| 9 | Excess Crude/PPT Account | \$ 472,513.64 |

Source: FAAC And MMSD Report for October, 2022

9.0 Conclusion

- 9.1 The Chairman and Members of FAAC, thank you for your attention.


Kabir M. Mashi

Kaigaman Katsina

Chairman, FAAC Post Mortem Sub-Committee