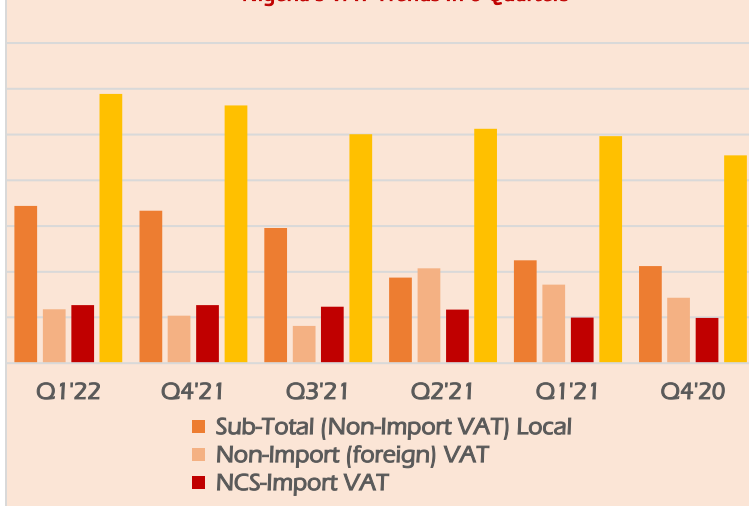
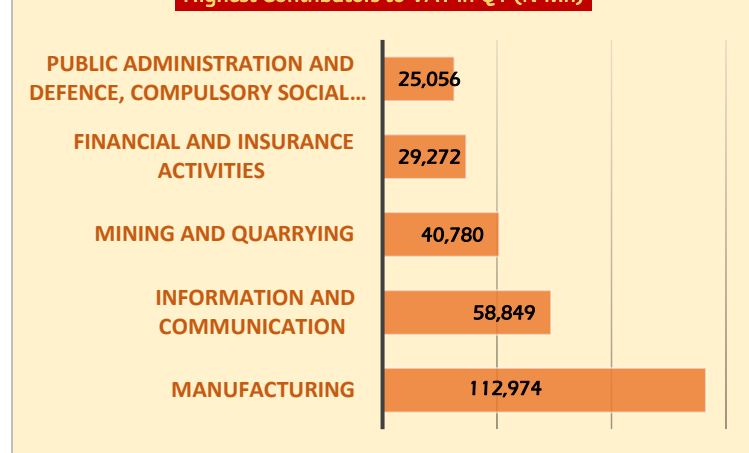


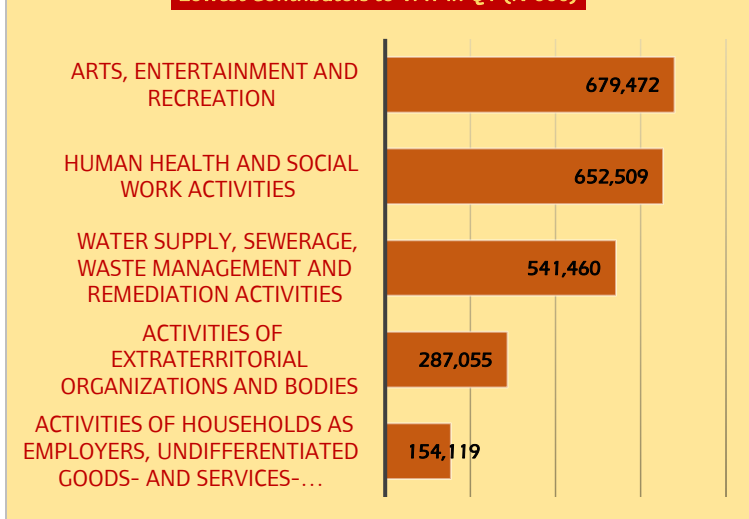
Nigeria's VAT Trends In 6 Quarters



Highest Contributors to VAT in Q1 (N'Mn)



Lowest Contributors to VAT in Q1 (N'000)



Source: National Bureau of Statistics, Cowry Research

A sustained increase in FG's VAT collection to N588.59bn in 3 months.....

According to the latest report from the National Bureau of Statistics (NBS), Nigeria reported a 4.41% quarter-on-quarter growth in the aggregate VAT collected to N588.59 billion in the first quarter of 2022 from N563.72 billion recorded in the final quarter of 2021. This also indicates an 18.58% year-on-year surge from N496.39 billion in the corresponding period of 2021.

The growth in the sectoral VAT during the review quarter was a result of the increased aggregate collection from the manufacturing sector which contributed 32.84% of the aggregate, Information and Communication at 17.10%, and then Mining and Quarrying sectors respectively. Similarly, there was an increase, during the quarter, in the total VAT from local payments which rose 3.23% quarter on quarter to N344.04 billion while total payments from the foreign non-import VAT contributed a total of N117.99 billion which is about 14% quarter on quarter growth and then import VAT was at N126.57 billion.

Quarter-on-quarter analysis shows that the activities of extraterritorial organizations and bodies recorded the highest growth rate with 469.32%, trailed by Water supply, sewerage, waste management, and remediation activities with 47.62%. On the flip side, the agriculture sector, forestry, and fishing sectors had the lowest growth rate and declined by 31.04%, followed by Real estate activities which also dipped by 18.74%.

We saw that the top 5 largest contributors to the aggregate VAT pool in Q1 2022 were the manufacturing sector with a total of N112.97 billion; trailed by Information and Communication (N58.85 billion), Mining and Quarrying (N40.78 billion), then finance and insurance activities and public administration and defense contributed N29.27 billion and N25.06 billion respectively. Conversely, the activities of households as employers, undifferentiated goods- and services-producing activities of households for own use recorded the least share of the contribution with N154.12 million, followed by the activities of extraterritorial organizations and bodies which printed N287.06 million, Water supply, sewerage, waste management, and remediation activities with N541.46 million while human health, social work services, and arts, entertainment, and recreations recorded N652.51 million and N679.47 million in that order.

We believe that Nigeria's move to raise VAT by 50% to 7.50% as defined in the 2019 Finance Act has witnessed immense compliance in recent times just like can be seen in the quarterly increase in aggregate VAT collection. Though, FG's revenues comprise more than 15% from value-added tax, the gun-blazing appetite to increase revenues from taxes will keep FG on track with a focus on a possible VAT rate hike. Thus, we see a further increase in the total VAT collection as economic activities accelerate while FG continues to widen its tax net, block revenue leakages and ensure utmost compliance by payers across all sectors.