

President Muhammadu Buhari Presents 2020 Appropriation Bill

Valued Investor,

Finally, President Muhammadu Buhari presented Nigeria's 2020 appropriation bill to the joint National Assembly today, Tuesday, October 8, 2019, as he hopes to return the budget cycle back to January – December with the cooperation of the legislators.

The President presented a record N10.73 trillion 2020 budget which was predicated on an estimated crude oil production of 2.18 million barrels per day at USD57 per barrel as well as an exchange rate of N305/USD. Also, with the proposed increase in Value Added Tax (VAT) to 7.5% from 5.0% in the draft finance bill, the estimated revenue rose to N8.16 trillion as Oil sector was expected to contribute N2.64 trillion; Non-oil N1.81 trillion and others, N3.70 trillion. He mentioned that the increased revenue will be used to fund health, education and critical infrastructure. For the 2020 budget estimate, the President earmarked N2.45 trillion for debt service, N721.33 billion for capital outlay and N125 billion to the National Assembly, amongst other things.

Of the priorities of the fiscal authority in the year 2020, investment in critical infrastructure, stimulation of private sector investment to support public projects and enhancement of social investment projects were mentioned by the President. Also, he pointed out that Single customs window and Petroleum Industry Bill (PIB) remained his focus in 2020.

Our Opinion

While we note that Nigeria needs increased budget to fund critical infrastructural projects as a means to facilitate ease of doing business, the pressure that the increasing and proposed new taxes would create for companies amid low disposable income could further hamper the economic growth the administration is trying to boost.

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