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AN ASSESSMENT OF COVID 19 PANDEMIC TAX INCENTIVES AND ITS IMPACT IN NIGERIA

James Uchenna Okpe — Department of Accounting, Federal University Dutsema, Katsina, Katsina State

Dr. Luper Lorpev — Department of Accounting, Faculty of Management Science, Benue State University, Makurdi, Benue State

Abstract

This study has examined the Covid 19 Pandemic Tax Incentives and its Impact in Nigeria. The coronavirus disease of 2019 (COVID-19) pandemic has come with a number daunting challenges in Nigeria. It shocked Nigeria and even overwhelmed the health systems of both the low and high -income earners in Nigeria. Undoubtably and predictably, the pandemic has elicited economic, social and medical responses from the public and the Nigeria governments, respectively. The treatise adopted qualitative research, using content analysis and mainly secondary sources for interrogating the topic of research. Secondary sources provide good overviews of the subject of research, as well as provide vital background information, which adds value to the topic being investigated. The findings of this research shows that though, the Federal Government of Nigeria (FGN) and the states of the federation were proactive and swift in dishing out stimulus response packages to the citizenry, but it was not all encompassing as it did reach out evenly to the most vulnerable and less privileged of the country. The author concluded that that Covid 19 tax incentive is laudable, but however, it is a temporary effort to mitigate poverty among the citizenry but the actual upliftment of the citizenry lies mainly in addressing the root causes of poverty and its multiplier effects. The authors recommended that the government should endeavour to mitigate or even eradicate poverty through good and pragmatic programmes that would put smiles in the face of the citizenry.

Key words: Nigeria, Covid 19, Pandemic, Tax incentives, Economic activities, Palliatives

Introduction

The coronavirus disease of 2019 (COVID-19) pandemic has come with a number daunting challenges in Nigeria. It shocked Nigeria and even overwhelmed the health systems of both the low and high -income earners in Nigeria. Undoubtably and predictably, the pandemic has elicited economic, social and medical responses from the public and the Nigeria governments, respectively. The prevalence of COVID-19 grew progressively in Nigeria, moving from an imported case and elitist pattern to community transmission. The case fatality stood at 2.8%. The country recorded an upsurge (52% of total cases in the transmission of COVID-19 during the short period the lockdown was relaxed (Amzat, 2020).

There are four main economic agents, among others, that facilitate economic activities in any economy; they are the government, the apex institutions, the firm and the household, which is the central bank. The extent to which these agents can efficiently and effectively perform their roles has implication on the circular flow of income and hence the level of income in the economy. The circular flow of income describes the flows of money among the sectors of an economy. As individuals and firms buy and sell goods and services, money flows among the different sectors of an economy. The circular flow of income describes these flows of money for goods and services. On the one hand, firms require productive resources to facilitate the production of goods and services; they reward these productive resources for their contribution to the production of goods and services. This is consistent with the classical economic dictum that “supply creates its own demand” (Inegbedion, 2021) On the other hand, labour, having been rewarded in the form of wages and salaries, can demand and pay for the goods and services of the firm. Furthermore, firms and households pay taxes to the government; this revenue from taxes coupled with borrowing enables the government to fund capital projects to create an enabling environment for business to thrive.

Firms and government also export what they have to the rest of the world and import what they don't have from the rest of the world. Imports stimulate outflows while exports stimulate inflows. This completes the circular flow of income. Since the advent of the COVID-19 pandemic, major economic activities have been crippled worldwide, Nigeria inclusive, owing to the lockdown in major economies of the world. The implication is that the circular flow of income has been significantly constrained since a reasonable proportion of the productive factors are currently lying idle. Most firms are currently shut, thus constraining their capacity to pay tax to the government. There is also a significant reduction in international trade following the closure of seaports and airports to curtail the spread of the pandemic. Ironically, the government's transfer payments have increased considerably, owing to the expenditure on palliatives by various governments across the globe to cushion the effect of the lockdown on citizens.

Again, fall out from the COVID-19 pandemic precipitated a decline in demand for oil products as well as constrained economic activities following the enforcement of the physical distancing policies (Ozili, 2020b). The degree of economic crises caused by the COVID-19 pandemic is unprecedented; there is no doubt that it has left dramatic rippling effects across the Nigerian economy, significantly constraining the level of economic activities in every region of the world (Copenhagen Economics, 2020). The COVID-19 pandemic has so far had its toll on economic activities and there seems to be no end in sight for now. This has led to a significant impact on social policies as well as the social and economic well-being of citizens, especially the drastic reduction in economic activities (Ozili, 2020a). Barnett-Howell and Mobarak (2020) observe that in poor countries of the world, the costs of lockdowns may be higher because interrupting economic activities presents a large public health threat.

Against this background and adopting qualitative and content research analysis, this paper assesses Covid 19 Tax Incentives and its Impact on the Nigeria’s economy. Among other issues it examined the Effects of Covid 19 Taxes Incentives on Nigeria’s economy. The importance of this research lies in the fact that it will bring to the fore, the actual impact of Covid 19 tax incentives on Nigeria’s economy and the need to be proactive in economy planning. The author agues that Covid 19 tax incentives is a temporary effort to mitigate poverty among the citizenry but the actual upliftment lies mainly in addressing the root causes of poverty and its multiplier effects.

Conceptual Clarification

Tax Incentives : It is a government measure that is intended to encourage individuals and businesses (Corporate outfits) to spend money or to save money by reducing the amount of tax that they have to pay. A tax incentive is an aspect of a country's tax code designed to incentivize or encourage a particular economic activity by reducing tax payments for a company in the said country.

Assessing Covid 19 Tax Incentives in Nigeria

The outbreak of the corona virus in Wuhan, China in late November 2019 was a turning point in the international system in terms of its bilateral economic and political implications. The inability to curtail the movement of people, particularly, non-Chinese citizens, who had contracted the virus to other parts of the world, was a major factor in the internationalization of the deadly virus. Because of its rapid spread and massive fatality across the globe, the World Health Organization (WHO) declared the Corona Virus Disease (Covid-19) a global pandemic. Presently, about 135 of the 145 countries in the world have recorded cases of the corona virus with variations in the number of deaths (Chidume etal, 2021)

It is important to note that since the outbreak of the global pandemic, different countries have responded differently in the attempt to contain the spread of the virus. In China, containment efforts have involved quarantines and widespread restrictions on labour mobility and travel, resulting in unplanned delays in restarting factories after the Lunar New Year holiday and sharp cutbacks in many service sector activities (Interim Economic Ass, 2020a). Subsequent outbreaks in other countries, including South Korea, USA, Spain, UK, Nigeria, Egypt, Italy etc., have also prompted containment measures such as social distancing, self and family isolation, use of medical facilities, quarantines and border closures, albeit on a smaller scale. Western nations seem to be rapid, proactive and sympathetic in their response, promising stimulus funding for individuals and businesses and social intervention funds. Contrarily, African nations including Nigeria are trapped in a web of religious prevarications and State fragility which has impugned on the efforts of States in containing the virus. Nigerians and particularly the very religious ones see the outbreak of the virus from the perspective of the religious end time doctrine.

Consequently, the government of Nigeria has taken a cue from other countries in closing national borders, shutting airports to local and international flights, limiting internal movement of persons particularly in affected States and distributing relief items to indigent citizens in affected areas. Granted, supportive macroeconomic policies can help to restore confidence and aid the recovery of demand as virus outbreaks ease, but cannot offset the immediate disruptions that result from enforced shutdowns and travel restrictions (Interim Economic Ass, 2020b) in a fragile State.

In response to the Covid-19, the Federal Inland Revenue Service (FIRS) launched a business continuity plan and measures to ensure the safety and well being of taxpayers and other stakeholders. Currently, the FIRS offices are still open to the public. However, the Service has put some steps in place to reduce physical visits to the various tax offices. In addition, the FIRS have extended the filing deadline of some taxes (FIRS, 2020). The FIRS is encouraging taxpayers to use available electronic platforms for filing tax returns, paying taxes and applying for Tax Clearance Certificates (TCCs). Taxpayers are to file all returns, including withholding tax, Transfer Pricing, Company Income Tax returns, etc. Electronically, electronics mail (e-mail) may be used for correspondences with the Taxpayers who are registered on FIRS e-filing platform are at liberty to submit all returns via efiling.firs.gov.ng. Alternatively, based on taxpayers' industry and tax offices, returns can be submitted to the following email addresses, as given out.

The Service plans to publish information requests for desk reviews and tax audits on its website and create a portal where such information can be uploaded by taxpayers for online review by the FIRS. To limit the impact of Covid-19 pandemic on taxpayers, FIRS has also offered the following palliatives: 1. Extension of time for filing VAT and withholding tax from 21st to the last working day of the month, following the month of deduction. 2. The due date for filing Companies Income Tax returns has been extended by one month. 3. Taxpayers may file returns using unaudited accounts but must subsequently submit audited accounts within two months after the revised due date of filing (FIRS).

The Federal Inland Service (FIRS) announced a waiver of penalty and interest due on all tax arrears from self-assessment and government assessment as a result of an audit, field audit or tax investigation, provided the principal sums of the tax arrears were remitted to the FIRS on or before 31 December 2020. The penalties and interest waived are 10% and 19% per annum respectively (FIRS, 2020). The FIRS also announced that the monthly extension granted earlier for the filing of WHT and VAT at the end of the following month, as against the 21st day of the following month, is still in force. Due to the difficulty in sourcing foreign exchange (FOREX) in Nigeria, the FIRS also announced that taxpayers have the option of paying in Naira (NGN), taxes that are hitherto due for remittance in foreign currency at the prevailing Investors & Exporters (I & E) FOREX window rate on the day of payment. The Finance Bill 2021 proposes amendments to Capital Gains Tax, Companies Income Tax, the Industrial Development (Income Tax) Relief Act, Personal Income Tax, the Tertiary Education Tax and the Federal Inland Revenue Service Act, amongst other measures proposed in the 2021 Budget (FIRS, 2020).

Perhaps the most far-reaching palliative is the taking away of about 60% of the tax base by the Finance Act, 2019. The Act excludes companies with less than N25 million turnovers in a year from tax (Osagie-Jacobs, 2020). The implication is that about 60% of those who should pay tax will not do so. Also, about 60% of people who are supposed to act as agents for the remittance of Value Added Tax (VAT) monthly are relived of this duty. Companies in this bracket include a large number of Small and Macro enterprises. We must commend the government for this concession because from my over thirty years experience in audit assurance this is a palliative overdose. The truth is that only few of Nigerian businesses preparing accounts for tax purpose disclose a turnover of above N25 million. Many of these companies don't prepare accounts for auditing. Those who prepare accounts do so because they intend to participate in the bidding for government contracts. This Act has excluded from tax payment about 90% of the traders in Alaba market in Lagos, Onitsha market, Ariaria market, Aba and the big merchants in Kano. They will only be liable to rates and levies. The Finance Act, 2019 reduced Company Income Tax rate to 20% for companies with a gross turnover of above N25 million but below N100 million. This is a big relief to companies covered by this provision (Osagie-Jacobs, 2020).

The Service has eased the burden of the payment of Stamp Duty on rent as such payments are now graduated with minimal rates. For example, if the tenure of a rent is between 1to7 years, the rate applicable is 0.78%. It means for a rent of N100,000 per annum the tenant will be liable to pay N780 only (Osagie-Jacobs, 2020). You are not going to pay Stamp Duty on your own house if you live there. The payment is to legalize the Agreement between you and your landlord. Furthermore, the service has announced plan to give relief to individuals who should pay Stamp Duties on rent to corporate organizations and promised to extend this to the jurisdiction of states' Internal Revenue Service.

Following the foot-steps of the Federal Government under FIRS, some states in Nigeria granted tax incentives and concessions to their clients. For example, the tax authorities of the Nigerian states of Bayelsa, Kebbi, and Ogun announced various tax relief provisions and tax incentives in response to the economic consequences of the coronavirus (COVID-19) pandemic. As a result, the tax authority of Bayelsa state announced an extension of the deadline for taxpayers filing Form A returns to 30 September 2020; waiver of interest and penalties for "pay-as-you-earn" (PAYE) remittances to 31 August 2020; and a 50% "discount" on individual income tax assessments for 2020

In the same vein, the tax authority of Kebbi state in July 2020 announced a suspension of implementation of new tax rates, penalties, and levies for one year; an extension of the deadline for filing individuals and businesses tax returns to 30 July 2020; and a 50% waiver of accrued interest and penalties on outstanding corporate tax liabilities and a 30% waiver of the tax liability of individual taxpayers (KPMG, 2020). Following suit, Ogun state announced an extension of the deadline for filing the 2019 individual income tax returns to 30 September 2020; an extension of the deadline for filing the annual PAYE tax returns to 30 September 2020; and waiver of interest and penalties related to PAYE returns for earlier periods (KPMG, 2020).

In Nigeria, the impact of COVID 19 has necessitated government's approval of tax incentives, debt service relief and stimulus loans to support Households and Micro, Small and Medium Enterprise (MSMEs) affected by the COVID -19 pandemic. After spreading through East Asia, Europe, and North America in early 2020, the COVID-19 global pandemic started affecting countries in Africa and Latin America. With the largest population in Sub-Saharan Africa, and long-standing travel and trade links within Africa and to the rest of the world, it seemed inevitable that the pandemic would eventually reach Nigeria. In late February, Nigeria recorded the subcontinent's first confirmed case, after which it began to spread throughout Lagos, Ogun State, and the Federal Capital Authority (FCT) area of Abuja. The arrival of the pandemic set off a chain of policy actions, including public health and education campaigns, fiscal and monetary measures, restrictions on large sections of the economy, and compensating measures in the form of social protection for poor and vulnerable people (Onyekwena and Mma, 2020). The sudden onset of the pandemic and the scale of policy responses imposed significant economic costs on Nigeria's population, but the nature of the impacts on food systems and the poor remains unclear.

In order to mitigate the effects of Covid 19 pandemic in Nigeria, the Federal government of the country adopted some measures in the economy to alleviate the suffering of the masses. This section of the article will interrogate the Nigerian government tax incentives and rebate given out in the polity in the wake of the outbreak of Corona virus. Most countries exempted agri-food systems from "lockdown" policies introduced in early 2020 to curb the COVID-19 outbreak. Yet these policies had economywide implications, implying that even exempted sectors were indirectly affected by disruptions to supply chains and falling consumer demand. After its first confirmed case, Nigeria's federal and state governments implemented lockdowns across most cities and states. This included closing all borders and many non-essential businesses. Nigeria also faced declining remittances and export demand caused by the global recission. We estimate the economywide impacts of these lockdown policies and global shocks using a multiplier model of Nigeria calibrated to a 2018 social accounting matrix. We simulate Nigeria's 8-week lockdown (March–June), as well as "recovery" scenarios until the end of 2020. Simulations draw on information from official data, policy announcements, and interviews with government agencies and private sector and industry groups. Findings indicate that total GDP fell 23% during the lockdown. Agri-food system GDP fell 11%, primarily due to restrictions on food services. Household incomes also fell by a quarter, leading 9% points increase in the national poverty rate.

Given the scale of these economic losses, our recovery scenarios indicate that, even with a rapid easing of restrictions and global recovery, Nigeria is unlikely to escape a deep economic recession. We conclude that, while food systems were exempt, they were not immune to the effects of COVID-19. Protecting food supplies should be a priority alongside government efforts to address the health consequences of the pandemic.

The estimated poverty impacts due to COVID-19 are mainly due to reductions in employment income. Therefore, minimizing and reversing these estimated poverty impacts calls for policy approaches to protect small and medium-scale enterprises during the recovery period. In the short-term mitigating poverty requires targeted support for sustaining household incomes, such as cash transfers and other social protection measures. In the medium term, the real sector pillar in the government's strategy for recovering from COVID-19 relies on rapid employment generation in the agriculture sector (FGN, 2020b). However, the question remains how to achieve these goals, and which sectors of agricultural development would be best suited for achieving the goals? Resolving this question requires further analysis to determine priority value chains, policies, and public investments in agriculture to drive job creation. More broadly, reduced incomes and higher household poverty have consequences for food and nutrition security in Nigeria. For example, reduced household incomes make it less likely that households will purchase nutritious foods for consumption by children and women at reproductive ages.

More significantly, major strategic response by the federal government was the Economic Stimulus Bill of 2020. In this regard, the House of Representatives passed the Emergency Economic Stimulus Bill 2020 on March 24 to provide support to businesses and individual citizens of Nigeria (Dixit, 2020). The proposed law aims to provide 50 percent tax rebates to businesses that are registered under the Companies and Allied Matters Act so they can use this saving to continue employing their current workers. However, while the bill focuses on providing relief to formal sector businesses, 65 percent of Nigeria's total GDP comes from the informal sector, which also employs more than 90 percent of the workforce, and these workers need support to survive (Dixit, 2020). . Many businesses in the informal sector are unregistered so it was difficult for them to get these benefits. These businesses are often supported by microfinance facilities. For the government to help, it has to use small interest-free loans or small grants to these enterprises through microfinance facilities and other community-based channels.

Moreover, on April 1, 2020, the government of Nigeria announced that it will make transfers of 20,000 Naira ($52) to poor and vulnerable households registered in the National Social Register (NSR). Currently, the NSR has only 2.6 million households (about 11 million people) registered on its platform (Dixit, 2020). The government hopes to increase this to 3.6 million households during the COVID-19 crisis. However, 87 million Nigerians live on less than $1.90 a day. Therefore, the cash payments by the federal government will reach only a fraction of poor. Besides, Nigeria does not have a robust national information management system, making electronic payments difficult. This has resulted in many people in the NSR not receiving the money promised by the government. At best the immediate solution the government can deploy is to provide prepaid debit cards to the poor. This can be done at the community/ward level to ensure that the cards reach the poorest. Of course, this is a stopgap solution, and more effective measures like direct bank transfers need be strengthened. But people need a Bank Verification Number (BVN) to open a bank account, and obtaining a BVN requires a valid national ID or international passport, which many Nigerians do not have. Currently, only about 40 percent of the Nigerian population has bank accounts.

The Central Bank of Nigeria's (CBN) stimulus package earmarked a credit of 3 million Naira to poor families impacted by COVID-19 (Dixit, 2020). However, the loan requires collateral and is not interest-free. The loans could have been made available free of collateral to poor households or just require signed guarantees by community leaders. The loans should be available at a low interest rate with long moratorium and repayment period. Moreover, not many poor households and businesses in the informal sector know about the available economic packages and policies implemented by the government.

After President Buhari imposed the lockdown in Lagos, FCT, and Ogun states on April 1, 2020, the Federal Ministry of Humanitarian Affairs Disaster Management and Social Development announced that it will provide food rations to vulnerable households in these states. The extended lockdown has led to people facing hunger in many regions of the country. The government has not been able to provide food support to everyone who needs it, as the distribution system is marred and mired by corruption and opaque accountability. Most food stored in various warehouse across the country were allowed to rot away until citizens decided to break into such warehouse to help themselves out. The point being made here is that the distribution system was poor as foods could not go round the nooks and crannies of the country. Even when some got food items, it was nothing to write home about. The government has to improve transparency and accountability in the food ration distribution system. It should also make sure that middlemen do not have excessive control.

The federal government of Nigeria requires $330 million to procure medical equipment, personal protective equipment, and medicines for COVID-19 control. The government has committed to investing some of this amount, and financial commitments were also made by private, bilateral, and multilateral institutions to raise the remaining funds. For example, The Nigerian state oil company has pledged $30 million for the government's COVID-19 efforts (Dixit, 2020). The European Union has contributed 50 million euros to the basket fund to strengthen the Nigerian COVID-19 response. In addition, the private sector in Nigeria, after being called upon by the governor of the Central Bank of Nigeria, established The Coalition against COVID-19 (CACOVID). It was launched on March 26, 2020 to help the government to control COVID-19 in Nigeria. CACOVID has risen over $72 million, which were used for the purchase of food relief materials and to provide medical facilities and equipment in different regions of the country (Dixit, 2020).

However, be it as it may, despite the laudable and tidy amount raised towards the prosecution of Covid 19, the impact was not felt by the teaming masses. Despite, the huge and elaborate response packaged by the Federal Government of Nigeria, much is yet to be achieved and felt by the citizenry in terms of government intervention on Covid 19.

The Effects of Covid 19 Pandemic in Nigeria

The advent of the first verified case of Covid 19 pandemic in Lagos on February,2020 and its consequent spread no doubt has had a far- reaching effects on Nigeria's economy, such that it disrupted its components of consumption, production and distribution, which the country is yet to recover from till today.Prior to the coming of the Covid 19 pandemic, the Nigerian economy was tottering and further made fragile due to the impact factors; such as insecurity, fluctuating oil prices, trade restrictions, unemployment, inflation and wrongly headed fiscal economic policies. The Covid 19 pandemic thus came unexpectedly, to further complicate the economy and worsening all measurable indices of the economy with dire consequences on national development and plans for future growths. The effects the Covid 19 pandemic on Nigeria's economy was markedly significant, with series of negative economic indicators in every sector of her economy. For instance, it was reported that the nation's economy contracted by 6.1% year on year in the second quarter of 2021, steepest in the last 10 years, the slowdown in economic activity after the country resorted to a lockdown back in April to curb the spread of the virus, according to the latest reports from Nigeria's statistics bureau indicated (Kazeem, 2020).

The Central Bank of Nigeria (CBN) sustained its liberal strategy to promote credit flow to critical sectors of the economy in the first half of 2020, so as to strike equilibrium between encouraging production growth and preserving price constancy. The drop in market indices was chiefly due to the pandemic, which had a momentous impact on businesses and financial markets, culminating in an unforeseen economic crisis and a flight to safety, and the banking industry, despite being only indirectly affected, saw a significant bearing on its procedures and revenue-generating activities. One of the effects of the Covid 19 was the worsening of household poverty across Nigeria, with many affected families struggling to survive the harsh economic climate, with little or no result for their efforts. It was reported that the economic impact of the Covid-19 pandemic worsened the plight of families already living in poverty left many people struggling to afford food and meet other basic needs.

Human Rights Watch and Justice & Empowerment Initiatives (JEI) noted this development in a report released and made available to the public. It noted that the number of Nigerians experiencing hunger doubled during the pandemic. In the 87-page report, titled "'Between Hunger and the Virus,' The Economic Impact of the Covid-19 Pandemic on People Living in Poverty in Lagos, Nigeria," noted how a five-week lockdown, rising food prices, and a prolonged economic downturn had a devastating impact on informal workers, slum dwellers, and other urban poor families in Lagos. "The troubling reality of the Covid-19 crisis for many families in Lagos has been hunger and deprivation," noted Anietie Ewang, Nigeria researcher at Human Rights Watch. "With people still battling every day for survival, the pandemic has highlighted the critical need for a functioning social security system that will allow all Nigerians to achieve an adequate standard of living" (Ewang, 2021).

The World Bank forecasted in January 2021 that the Covid-19 crisis will result in an additional 10.9 million Nigerians entering poverty by 2022, defined as people living below the national poverty line of around $1 a day. In Lagos State, high levels of urban poverty – most of the state's more than 20 million residents live in slums or informal settlements – left people vulnerable to the economic impact of the pandemic" (Ewang, 2021).

Following the curtailment of household spending and the associated economic uncertainty, there was a fall in economic transactions,where by it becomes impossible for people to engage in any form of businesses as there was restriction of movements, this undoubtedly led to the loss in firms' revenues. Within a short time after the lockdown, individuals and firms ran out of cash needed to make the required transactions. The situation was further complicated by the curtailment of transport services, which also constrained farming activities (Inegbedion, etal 2020) and thus endanger economic development since green revolution (enhancement in food production) is a precondition for industrial revolution. The lockdown also led to the inability of households to spend sufficiently, especially in the Sub-Saharan African states thereby resulting in a series of demand and supply shocks. Nigeria's economy exclusively relied majorly (70%) on revenue from the oil and gas sector for the sustenance of the economy. Crude oil sales accounts for roughly 10% of the nation's GDP (Inegbedion, etal 2020).

The Spill overs from the COVID-19 pandemic negatively impacted the industry and caused a substantial decline in demand for oil products as well as inhibited economic activities following the enforcement of the physical distancing policies (Ozili, 2020b). The decline in income caused by the flooring of crude oil prices finally resulted in a reduction in federation revenue for all units, including the federal, state, and local governments. This had a direct impact on the government's ability to fulfil its responsibilities while simultaneously pursuing growth and development objectives.

The manufacturing and agricultural sector of the nation's economy was also not spared by the negative impacts of the Covid-19 Pandemic; manufacturing activities was abruptly stopped in response to the government's shutdown directives, and this affected many businesses that were directly or indirectly related to manufacturing. Such businesses include cement, steel, metal, plastic, and glass production industries. Many of these enterprises suffered from low income due to employee-related issues like premature death, absenteeism, and productivity losses, which resulted in a negative supply shock caused by global supply chain disruptions and factory closures. In February, manufacturing employment stood at 56.4 percent. However, by June 2020, employment levels had dropped by 33.69 percent, to 37.4 points, and decreasing further (Dushime & Osele, 2021).

Just as the pandemic prevented Nigeria's agriculture industry from its approximately 26.95 percent (22.6 trillion) it did to the country's GDP of 104 trillion dollars at the end of the fourth quarter of 2020.as hunger and inflation rates remained high. The sector accounted for 22.35 percent of total GDP in Q1 2021, up from 21.96 percent in the first quarter of 2020 but down from 26.95 percent in the fourth quarter of 2020 (Dushime & Osele, 2021).

Tourism was hit the worst by the Covid-19 pandemic since it had the most direct contact with humans, and as a result, it was shut down earlier than other businesses in Nigeria. Travel restrictions on international and domestic flights had a substantial impact on the tourism industry, with about 96 percent of tourist destinations throughout the world applying travel restrictions (OECD,2020). The movement limitations affected most of the ground transportation including public bus services, passenger train services, and digital cab-hire services. Transportation was restricted to essential trips for food, medication, or medical care. Although port cargo handling, air cargo, and related services such as storage and warehousing remained operational, insecurity and fear of harassment on transportation routes slowed operations for essential services. The transportation sector experienced the worst contraction at 21.89 percent in the first quarter of 2021 (Tardivo, etal, 2021). Telecommunications services throughout experienced a rise as a consequence of increased demand for voice and data, which was fuelled by the country's lockdown regulations. Teleconferencing technologies such as Zoom, Microsoft Teams, and Skype saw daily and monthly average usage as consumers relied on these services to stay informed, work, maintain social relationships, and preserve a sense of normalcy. Many Businesses also used the services to maintain remote working standards. The increasing demand of such services resulted in greater income for service providers, who must now ramp up the necessary infrastructure in order to maintain service quality and efficiency.

In Nigeria, the negative impacts of COVID 19 thus necessitated government’s approval of tax incentives, debt service relief and stimulus loans to support Households and Micro, Small and Medium Enterprise (MSMEs) affected by the COVID -19 pandemic. This, no doubt helped in addressing the challenges of poverty induced by the epidemics. The Central Bank of Nigeria (CBN), which is the apex bank in the country, responded promptly as it announced palliative measures on March 16, 2020 aimed at ensuring the financial stability of the economy in light of the Covid-19 pandemic. Such policy measures announced by the bank include but not limited to the following; The bank extended the moratorium period on all principal repayments on its facilities and intervention loans given to some financial institutions by one year with effect from March 1, 2020; and reduced the interest rate on all its intervention facilities, from 9% to 5% per annum (Amugo 2021).

The Apex bank established a 50 billion Nigerian naira ($129.5 million) credit facility through the NIRSAL (Nigeria Incentive-Based Risk Sharing System for Agricultural Lending) Microfinance Bank for households and small and medium-sized enterprises (SMEs) that have suffered the adverse effects of Covid-19. The NIRSAL Microfinance Bank was established to empower small businesses across Nigeria and drive financial inclusion. The CBN’s stimulus package offers a credit of 3 million Naira to poor families impacted by COVID-19. However, the loan requires collateral and is not interest-free (NIRSAL, 2021). The bank also extended series of loan facilities to pharmaceutical companies who intend to expand or open drug manufacturing plants in Nigeria and hospital and healthcare practitioners who intend to expand or build first class health facilities. This is done so as to boost the health care industry which is an important sector of the Nigerian economy.

The Targeted Credit Facility (TCF) – a stimulus package introduced by the CBN to support Household and Micro, Small and Medium Enterprise (MSMEs) affected by the COVID -19 pandemic to the tune of N50 Billion at 5% interest rate massively and positively impacted millions of households and help push them out of the pit of poverty. The stimulus credits it provided to MSMEs helped them in no small measure to expand their productive capacity through equipment upgrade and research development (WYZE).

The Covid 19 tax incentives have helped both benefiting families and several sectors of the economy, helping to mitigate the harsh impacts of poverty occasioned by restriction of movement and the eventual return to the new normal. It has helped many industries to stay afloat to the point of sustainability and crossing the curve to the points of profitability. More importantly, it helped to sustained many jobs and created new ones, with a resultant positive effect on the nations GDP. Consequently, the economic stimulus of the apex bank was timely and commendable. As noted earlier, the poverty level of the household Nigeria is high even before the Covid 19 pandemic, the pandemic only goes to complicate and deepened the poverty and the misery of the people, until series of financial and economic stimulus or the Covid 19 Tax incentives. The key target in this aspect is the most vulnerable in the society, especially the widows and the market women, who had felt the impacts of the poverty accompanying the lockdown and restrictions without food and water. Consequently, in June 2020, the federal government passed a 2.3 trillion Naira (US$6 billion) Economic Sustainability Plan that included money to expand a federal cash transfer programme. This enables it to give small case to the most affected by way of transfer. Cash transfers later reached 921,445 households in March to April 2020 but tapered off as the crisis wore on, benefitting 400,734 households in November and December 2020. However, 87 million Nigerians live on less than $1.90 a day (Lakuma etal, 2020). Therefore, the cash payments by the federal government reached only a fraction of poor. Besides, Nigeria does not have a robust national information management system, making electronic payments difficult. This has resulted in many people in the NSR not receiving the money promised by the government.

The federal and Lagos State government also provided food assistance during the pandemic, with state government officials claiming food handouts reached around 500,000 people (Dixit etal 2020).After President Buhari imposed the lockdown in Lagos, FCT, and Ogun states on April 1, 2020, the Federal Ministry of Humanitarian Affairs Disaster Management and Social Development was mandated and indeed provided food rations to vulnerable households in these states, which it later extended to other states of the federation. Sadly, government was not able to provide food support to everyone who needed it, as the distribution system is marred by corruption and opaque accountability. Most of the food supports that ought to be distributed to the people were hoarded until it was looted during the End Sars demonstration across the nation.

The tax incentives provided by the apex bank went a long way in serving as the game changer that mitigated the creeping poverty and gave hope of economic sustainability and buoyancy, nevertheless, aside the apex bank, other key stakeholders helped to amplify the tax incentives so as to address the scarcity of foods and other essentials of living. The legislative made concerted efforts to ensure tax incentives was readily available to the people.The House of Representatives proposed a bill for enactment, the Emergency Economic Stimulus Bill, 2020 (the Bill) which seeks to provide the following:50 % Tax rebates of the actual amounts due or paid as PAYE taxes under the personal income Tax Act, for companies that do not lay off their employees within the stated period (from March 1 to December 31, 2020);Deferment of residential mortgage payments obligations by individual contributors to the National Housing Scheme for a period of 180 days from March 1,2020, so as to help ease the financial obligations of the individual contributors (whose jobs may be uncertain), such that their funds are not sunk into committed fees/payments;

Waiver of import duties on medical goods Such as medical equipment, medicines, personal protection equipment and other medical necessities required for the treatment and management of Covid-19 are waived from March 1 to December 31, 2020. Although the Bill just passed a second reading and is still in the process of being finalized for presidential assent, it is expected that the proposed relief should provide some succour to businesses and individuals if eventually passed into law. The aviation sector benefited from the Covid 19 tax incentives and this to a large extent helped the sector to stay afloat and continue to function as a business entity.

While the Securities and Exchange Commission (SEC) and Nigerian Stock Exchange (NSE) announced the extension of filing deadlines by 60 days, the extension was to help reduce the compliance pressure on companies regulated by these entities. The Federal Inland Revenue Service (FIRS) on 23 March 2020 also announced several measures to help support businesses during this period. Such measure included an extension of the deadline for filing Value Added Tax returns and an extension to the due date for corporate income tax filings. In addition to the measures initially announced, the FIRS released further measures to support taxpayers, including the suspension of field audits, investigations, and monitoring exercises as well as alternative tax payment options for taxpayers facing difficulties sourcing for foreign exchange ("forex"). Different state tax authorities equally extended the deadline for the filing of the individual tax returns (Form A). Among these tax authorities was the Lagos State Internal Revenue Service (LIRS) and the Federal Capital Territory Internal Revenue Service (FCT-IRS), two out of the three states on full lockdown.

No doubt, the outbreak of Covid 19 pandemic has affected the Nigerian economy adversely. The COVID-19 induced-lockdown has significantly constrained economic activities and hence, the circular flow of income in Nigeria. Furthermore, the perceived reduction in economic activities and the circular flow of income has precipitated challenges to economic growth in most economies and if the trend continues unabated, it may lead to an economic recession.

Conclusion and Recommendations

This article has examined Covid Tax incentives and its Impact on the Nigerian economy. It is common knowledge that the Nigerian economy has passed through perilous times. The economy which is the engine of the government has dipped precipitously due to the significant drop in the international price of crude oil and the outbreak of COVID19 pandemic, with its subsequent several lockdowns that virtually affect every aspect of the economic. As a result, the Nigerian economy detailed and the cost of basic necessities like food, clothing, healthcare, education and shelter has gone up. This has sent ripples of discontent among the people as their ability to meet financial obligations were severely undermined. Private businesses have been severely deflated. In response to the harsh economic condition now experienced by Nigerians, the government through the Federal Inland Revenue Service (FIRS) and the States government came up with a lot of tax incentives to cushion the harsh effects of the economic meltdown on the citizenry. A tax incentive has been defined as "a form of a reduction of or an exemption from, the tax which somebody or an organization would normally be liable to. As a result of these tax incentives, the citizenry and other corporate bodies enjoyed temporary relief. However, revenue agencies and tax authorities will need to proceed with caution in view of the saying that no nation can ever tax itself into prosperity. Whilst the Nigerian government will be bogged down with the question of how to generate enough revenue to finance the revised budget, the government should also be concerned with measures that can stimulate business and economic activities. It is commendable that the Federal Government of Nigeria, the CBN and the tax authorities continue to roll out fiscal stimulus packages to reduce the burden on companies and the citizens. The author argues that though, Covid 19 pandemic has created economic melt -down, it is the avowed duty of the Nigerian government to continue to bring out stimulus packages that will reduce the poverty index of Nigeria and make cross- cutting. The author finally submits that Covid 19 tax incentives is a temporary effort to mitigate poverty among the citizenry but the actual upliftment of the citizens lies mainly in addressing the root causes of poverty and its multiplier effects.

Based on the findings of this research, the authors make the following recommendations:

i. Government should give tax rebate/incentives to citizens and corporate bodies.

ii. Massive poverty alleviation should be embarked upon by the appropriate stakeholders.

iii. Basic commodities should be affordable to the citizenry.
iv. Government should stimulate business and economic activities to benefit citizens.

v. Poverty index should be reduced.

vi. Regular loans should be given to citizens to startup businesses.

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