‘There is no known Solid Minerals Industry Tax Policy being followed by the Companies’ - CISLAC

By Abubakar Jimoh

As part of the efforts to promote transparency and accountability and ensure Nigeria mining sector is effectively harnessed towards nation’s growth and development, Civil Society Legislative Advocacy Centre (CISLAC) on Tuesday paid an advocacy visit to the federal Ministry of Mines and Steel Development.

While speaking during the visit, the head of the team and also Executive Director of CISLAC, Mr. Auwal Ibrahim Musa (Rafsanjani) said CISLAC has been at the fore front of advocating for inclusion of solid mineral in the Nigeria Extractive Industrial Transparency Initiative (NEITI) Report to ensure the sector properly harnessed and contribute positively to the economy.

He said, “Having succeeded in the inclusion of solid mineral in NEITI Report, CISLAC observed that royalty payments were made by companies without adequate details of quantity produced or mined. There is no known Solid Minerals Industry Tax Policy being followed by the companies. Leakages in export of Ore ($15.2 million) without royalty payments have resulted in the loss of N70.3 million.

“We have observed prevalence of foreign players buying Solid Minerals off Artisanal and Small Scale Mining (ASSMs) and illegal miners creating room for revenue leakages, inaccurate transaction records; discouraging value addition and multiplier economic benefit”.

Rafsanjani urged the ministry to: develop reporting framework that makes it mandatory to disclose production quantities, and work with Federal Inland Revenue Service (FIRS) to develop a specific tax (mining income tax act) for the sector; ensure royalties are computed on the basis of cement raw materials mined; collaborate with relevant agencies to which royalties are paid on all exports; and seek legal procedures to stop ministry of trade and other relevant agencies from unauthorised exportation.

Speaking on the issues presented by the group, the Honourable Minister for Mines and Steel Development, Arc Musa Mohammed Sada said solid mineral remains an important sector and if properly harnessed would enhance development of people and the country at large.

“Solid mineral is the backbone of development; and whatever we do in the sector, unless it serves the benefit of people, we have not done anything. We quite appreciate CISLAC’s effort at promoting transparency and accountability of the sector, primarily for the maximum benefits of the country”, he said.

According to the minister, from the last estimation carried out by the ministry, it was discovered that 80% of mining activities are carried out by Artisanal and Small Scale Mining companies that deals mainly with illegal miners.

He said on the payment of royalty, the only way the ministry certify the quantity of mineral produced is through assessment of the quantity of explosive being applied for by the companies; as it is difficult for
the ministry to be on the mining fields to directly verify the quantity mined, even though it has state offices.

“Our target is to ensure more productions are done so that taxes are paid. The ministry has noticed series of illegalities in the sector, and consequently we have submitted a proposal to the ministry of finance for approval of fiscal policy regime for the sector. We are at the final stage of approval. Apart from this, it is in law that you don’t export mineral without certification. We have resolved to meet President Goodluck Jonathan to organize a task force comprising Nigerian Police Force, Civil Defence, Nigerian Custom Service and other relevant agencies to combat all manners of illegalities. To compliment this effort, we have also started the process establishing the Buying Centre for mineral resources. Other areas for consideration include the issue of standardising the community development agreement,” Sada said.

He further urged CISLAC to strengthen partnership with the ministry and help in area of constant dialogue with communities to understand the benefits of the advocacy and abide by the existing Framework for Community Development set out by the ministry.