



**NIGERIA  
ECONOMIC  
UPDATE**

**Weekly**

**Digest**

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## VAT soars to N1.43 trillion in Q1

According to the National Bureau of Statistics (NBS) [report](#) on value-added tax (VAT), in Q1 2024, Nigeria realised N1.43 trillion in revenue from VAT, representing a quarter-on-quarter growth rate of 19.21% from N1.20 trillion recorded in Q4 2023. Year-on-year, VAT doubled from N709.6 billion in Q1 2023, highlighting significant tax revenue growth, which indicates a rebound in economic activities. Also, the growth suggests expansion in VAT collection and an increase in the average prices of goods and services. The breakdown of VAT collections for the quarter includes N663.18 billion from local payments, N435.73 billion from foreign VAT payments, and N332.01 billion from import VAT. On a Q-o-Q basis and sector-wise contribution, accommodation and food service activities recorded the highest growth rate at 59.15%, followed by administrative and support activities with a growth rate of 47.79%. However, extraterritorial organisations and bodies' activities experienced the lowest growth rate at -57.01%, followed by human health and social work activities at -27.73%. In terms of sectoral contributions, the top three sectors were manufacturing (26.72%), information and communication (17.42%), and mining and quarrying (15.42%). The growth in VAT is a welcome development, and the government needs to build on existing digitisation efforts to eliminate leakages in VAT and increase tax revenue.

## Company Income Tax drops by 13%

The National Bureau of Statistics (NBS) [report](#) shows that Company Income Tax (CIT) doubled to N984.61 billion in Q1 2024 from N469 billion recorded in Q1 2023. However, CIT dropped by 13% relative to N1,130 billion recorded in Q4 2023. Of the total CIT in Q1 2024, foreign CIT payments contributed 60.75% (N598.13 billion) and local payments accounted for 39.25% (N386.49 billion). In terms of sectoral contributions, the top three largest sectors for Q1 2024 were mining and quarrying (20.94%), financial and insurance activities (18.73%), and information and communication (12.56%). On the other hand, activities of households as employers and undifferentiated goods- and services-producing activities for own use contributed the least at 0.02%, followed by water supply, sewerage, waste management, and remediation activities at 0.07%, and activities of extraterritorial organisations and bodies at 0.24%. The CIT quarter-on-quarter decline suggests a potential profit squeeze, especially for firms in the manufacturing sector. High inflation rate and exchange rate fluctuations impede businesses through low demand and unpredictable cost of operation. The government should implement policies that ensure macroeconomic stability to support businesses, which in turn, would increase CIT.

## Decline in Nigeria's Oil production

In May 2024, Oil production in Nigeria dropped by 30,000 barrels per day (bpd) to 1.25 million bpd, according to OPEC's latest [report](#). This decline puts Nigeria even further behind OPEC's 2024 production quota of 1.38 million bpd and the Federal Government's budgeted benchmark of 1.78 million bpd. This is in addition to the slight drop in the global oil price to \$80.96 per barrel, presenting a more challenging situation for the country from both revenue and foreign reserves perspectives. The drop in production highlights several issues surrounding the oil industry, including crude oil theft, oil bunkering, illegal refining, and frequent disruptions in the production process resulting in decreased production and output every day. To increase crude oil production to the level stipulated in the 2024 budget, the government must take decisive action against oil bunkering and production disruptions and attract capital into the sector. Hence, the government must strengthen enforcement measures against illegal activities such as oil theft and protect oil industry infrastructure from vandalism. Furthermore, the government should implement the Petroleum Industry Act (PIA) and promote business environments that attract private investment in the oil industry. The associated increase in investment fosters transparency and efficiency in the oil sector. This will help meet the benchmark and increase the country's oil revenue.

<b>ECONOMIC SNAPSHOT</b>		
<b>Quarterly Indicators</b>	<b>'23Q4</b>	<b>'24Q1</b>
GDP Growth Rate (%)	3.46	2.98
Oil GDP Growth Rate (%)	12.11	5.70
Non-oil GDP Growth Rate (%)	3.07	2.80
Unemployment Rate (%)	5	5
Foreign Direct Investment (US \$ Million)	183.97	NA
Portfolio Investment (US \$Millions)	309.76	NA
Other Investment (US \$Million)	594.74	NA
External Debt (FGN & States- N'Trillion)	97.34	NA
Domestic Debt (FGN + States & FCT N'Trillion)	87.91	NA
Manufacturing Capacity Utilization (%)	NA	9.98
<b>Monthly Indicators</b>	<b>March '24</b>	<b>April '24</b>
Headline Inflation (%)	33.20	33.69
Food Sub-Index (%)	40.01	40.53
Core Sub-Index (%)	25.90	26.84
External Reserves (End Period) (US\$ Billion)	33.82	32.41
Official Rate Approx. (N/US\$)	1510.34	1236.55
BDC Rate Approx. (N/US\$)	NA	NA
Manufacturing PMI	NA	NA
Non-Manufacturing PMI	NA	NA
Average Crude Oil Price (US\$/Barrel)	85.41	92.79
Petrol (PMS-N/litre)	696.79	701.24
Diesel (AGO -N/Litre)	1341.16	1415.06
Kerosene (HHK -N/Litre)	1354.40	1439.64
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	6591.62	6521.58
MPR (%)	24.75	24.75
CRR (%)	45	45
T-Bill Rate (%)	16.53	16.24
Savings Deposit Rate (%)	6.28	6.29
Prime Lending (%)	15.70	15.54
Maximum Lending (%)	29.38	29.49
Narrow Money (N'Trillion)	32.48	33.81
Broad Money (N'Trillion)	92.34	96.97
Net Domestic Credit (N'Trillion)	90.80	92.89
Credit to the Government (Net) (N'Trillion)	19.58	19.97
Credit to the Private Sector (N'Trillion)	71.21	72.91
Currency in Circulation (N'Trillion)	38.69	39.22
FAAC (N'Trillion)	1.12	2.19

NA: Not Available

## REFERENCES

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