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Customs duties in US, UK and other developed economies less than half of the global average – benefiting consumers

- **Relatively low import tariffs help keep goods costs down**

Consumers in the US, UK and other developed economies benefit from customs duty rates around half the global average, saving them significant amounts of money, according to a new study by UHY, the international accounting and consultancy network.

UHY found that customs duties in the G7 are, on average, just 0.8% of the total value of imported goods. The global average is 1.8% of the total value of imported goods*.

This means that consumers in the G7 typically pay comparatively lower prices for goods than consumers in many other parts of the world – including many emerging economies - where costs are pushed up by higher import taxes.

UHY studied customs duties levied by 22 economies around the world as a percentage of the total value of their imports, as a simple indicator of the impact of a country's trade barriers.

In the US, where protectionism has been rising up the political agenda, raising the possibility that higher import duties may be levied; customs duties are currently worth just 1.3% of the value of imported goods. This compares to 1.8% in China.

In the UK, where Brexit is also creating uncertainty over the future of UK trade deals, customs duties are currently even lower, worth just 0.5% of the value of imports.

European countries generally impose comparatively low rates - the European average is 0.4% - so British consumers could be at a significant disadvantage if the UK fails to keep duties at a similar level on leaving the EU.

UHY Maaji Scholar

Adeyefa Toluwanimi Richard



UHY Maaji Scholarship Scheme

Mr. Adeyefa Toluwanimi Richard is the latest UHY Scholar with a 1st Class Honour Degree in the 2015/16 Economics Class of the University of Ibadan.

He is the first UHY Scholar in that University and has eminently justified the purpose of this initiative.

The UHY Maaji Scholarship programme was borne out of the desire to motivate the best entry level student in accounting or economics admitted in four of Nigeria oldest Universities – University of Ibadan, University of Lagos, Obafemi Awolowo University and University of Benin. Its main objective is to contribute to the development of the accounting and consulting professions in Nigeria.

About University of Ibadan

Established 68 years ago, the University of Ibadan, UI as it is fondly referred to, is the first University in Nigeria. Until 1962 when it became a full-fledged independent University, it was a College of the University of London known as University College Ibadan.

Mobile Money Business



Mobile Money Services in Nigeria

In Nigeria, the primary aim of mobile money is to promote a cashless society by providing financial inclusion for the over 80 million Nigerians who did not own bank accounts. 74% of adults in Nigeria were unbanked but there is now well over 54% mobile penetration rates. This is especially significant because of the fact that about 39% of Nigerians live in the rural areas where financial institutions find it commercially unviable to operate.

The Central Bank of Nigeria (www.cenbank.org) granted operating licenses to about 18 financial institutions and independent operators to provide mobile money services in the country. Some of these mobile money operators (MMOs) include:

- Parkway Projects - ReadyCash - <http://www.readycash.com.ng/>
- 2AfriPAY - UMo - www.umo.net
- Monitize - Monitize - <http://monitise.com/nigeria>
- FETS - my.wallet - <http://www.mywallet.fets.com.ng>
- eTranzact - PocketMoni - <http://www.pocketmoni.com>
- PagaTech- Paga - <http://www.pagatech.com>
- Eartholeum - QikQik - <http://www.eartholeum.com>
- Teasy Mobile - Teasy Mobile -<http://teasymobile.com>
- Mkudi - Mimo - <http://blog.mimo.ng>
- PayCom - <http://www.paycom-ng.com/>

The following Banks were awarded licence to operate mobile money services:

- Fortis MFB - Fortis Mobile Money - <http://www.fortismobilemoney.com>
- FirstBank/Pridar - FirstMonie - <http://www.firstbankplc.com>
- GTBank - GTMobileMoney - <http://www.gtbpplc.com>
- Ecobank - Ecobank Mobile Money - <http://www.ecobank.com>
- Stanbic IBTC - Mobile Money - <http://mobilemoney.stanbic.com>
- Zenith Bank - EazyMoney - <http://www.eazymoney.com.ng>

With a population of 170 million, 110 million active mobile phone subscribers (Nigerian Communications Commission – www.ncc.gov.ng) and 25.4 million bank accounts, there is a huge potential of mobile money in Nigeria. However, it is clear that MMOs are struggling to make an impact in the country in terms of investments in agency network, technology and marketing.

Challenges of the Mobile Money Operators

- Start-up technology hiccups
- Insufficient take-off capital for the country's size
- Inadequate agency network.

Air passenger taxes



Nigeria Air passenger taxes amongst world's highest

- Seen as damaging to tourism, business and labour mobility

Air passenger taxes in Nigeria are amongst the highest in the world, according to a study by UHY, the international accountancy network.

Nigeria imposes a levy of US\$20 on both short haul flights and long haul flights leaving the country through the Nigerian airport tax. This is just below the global average of US\$23 on a short haul flight and US\$53 on a long haul flight, which excludes many countries that do not tax flying at all.

UHY explains that these additional costs damage tourism, penalise SMEs trying to expand overseas, disadvantage remote regional cities, and chip away at labour mobility. Although taxes on flying are often billed as 'green taxes' UHY points out that globally it is exceptionally rare for the revenue they raise to be ring-fenced for environmental protection projects.

UHY looked at taxes and compulsory government charges imposed per passenger on an economy class flight by 21 governments around the world. It also analysed additional charges imposed on a per passenger basis by airport operators.

UHY says that the most expensive taxes are for long haul flights departing from a Russian airport, where unlike many other countries, airline tickets are subject to sales taxes. The highest taxes of any G7 economy are in the USA, which imposes US\$23 worth of taxes on a short haul.

Within the EU, the UK still has the highest flight taxes: an adult with an economy short haul ticket flying from a UK airport will pay US\$20 in tax. For a first or business class ticket, the amount of tax paid would be even higher at US\$41.

Many smaller European countries do not impose any taxes on individual passengers, including Ireland, Slovakia and Belgium. In many cases there has been intense lobbying by local airports and business groups to keep taxes on flying to a minimum to prevent travellers using airports in neighbouring countries with lower taxes.

UHY Strengthens presence in Africa



New member firm in Mozambique joins the UHY network

We welcome, SEC – Sociedade de Ensino e Consultoria, our new member firm in Mozambique, to the global accountancy network UHY, extending our coverage within the EMEA region.

SEC – Sociedade de Ensino e Consultoria, is based in the capital city of Maputo, and was established in 2010. The firm provides a full suite of services including audit, accounting and consulting services to a portfolio of clients from state owned companies to finance entities and other corporations.

Managing partner, Carlos Siteo of SEC comments: “Mozambique is one of the fastest growing African countries due to its natural resources creating opportunities for foreign investments, but it still has some challenges to overcome. Our membership of the UHY global network will enhance our local capabilities and enforce our commitment to support international clients seeking to invest in East Africa.

Bernard Fay, chairman of UHY comments: “We are delighted to welcome SEC – Sociedade de Ensino e Consultoria to the UHY network. The firm’s membership reinforces our footprint in the region and strengthens UHY’s market expertise and capabilities to support clients’ needs and opportunities in Mozambique and the East African region as a whole.”

The firm is in the process of adopting the UHY branding and will be known as UHY Sociedade de Ensino e Consultoria, Limitada or UHY SEC, Limitada.

Free Trade Agreements: An Increasingly Critical Policy Area

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Bernard Fay, Chairman of UHY comments “Free Trade Agreements are becoming an increasing critical – as well as contentious – policy area.”

“As protectionist moves on the part of some governments are putting some Free Trade Agreements under review, other countries are embracing them with as much enthusiasm as ever, if not more.”

For example, earlier this year, Canada entered into formal free trade negotiations with Mercosur, the South American trading bloc and also launched a consultation period on a possible deal with China. Its plans for a free trade deal with the EU have recently been approved by the European Parliament.

Koko Yamamoto of UHY’s Canadian member firm McGovern Hurley LLP says: “Canada has a wide array of free trade deals in place and is actively pursuing several more with potential partners around the world. These initiatives, along with tariff-reduction measures introduced in the recent Budget, should strengthen the competitiveness of Canadian manufacturers both at home and abroad.”

Canada’s 2017 Budget eliminates tariffs on a broad range of agri-food processing ingredients and introduces changes to origin rules to allow more clothing products imported from low income countries to benefit from duty-free treatment.

Roy Maugham, Partner at UHY’s UK member firm UHY Hacker Young says: “For a post-Brexit UK, the continued appetite on the part of many countries for mutually beneficial trade deals represents a huge opportunity but also poses a threat.”

“While a favourable attitude from some potential partners might make it easier for the British government to strike deals outside of the EU, there’s also a risk that if it fails to do so, it could be left far behind.”

The next level of service

Negotiation is on-going for the adoption of Continental free trade agreement (CFTA) in Africa which will consist of other Regional Economic Communities namely; Arab Maghreb Union (AMU), The Common Market for Eastern and Southern Africa (COMESA), the Community of Sahara-Sahel States (CEN_SAD), the East African Community (EAC), the Economic Community of West african States (ECWAS).

To learn more about the services and capabilities **UHY Maaji** can offer, please contact **Lawrence Etukakpan, Head of Client Relations** at L.etukakpan@uhy-ng-maaji.com or call **08035474613** or **Mr Gabriel Idahosa, Managing Partner** at g.idahosa@uhy-ng-maaji.com.

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