



UNIVERSITY OF IBADAN

Official Bulletin

2348

Special Release

18 June, 2009

Re: Invitation of Vice-Chancellor and Others by the EFCC

The management of the University of Ibadan read with dismay the news reports published in some National Daily Newspapers of Wednesday, June 17, 2009 in respect of the letter of invitation sent to the University by the Economic and Financial Crimes Commission (EFCC). The management received the letter under confidential cover and was amazed at the publicity that followed.

The management acknowledges the receipt of the said letter and states that as law abiding citizens, the invitation was duly honoured by the Acting Vice-Chancellor, who is also the Deputy Vice-Chancellor (Academic), Professor A.A.B. Agbaje, the Deputy Bursar (Finance), Mr. I.O. Aponmade, and the Legal Officer, Mr. A.S. Ajayi on Wednesday, June, 17, 2009 even though no specific allegations were contained in the letter.

The management wishes to state as follows that:

- the University of Ibadan and its Principal officers had never in any way handled funds belonging to the Oyo State Government;
- based on the above claim, the University and its officials could therefore not have conspired to steal or convert funds that they did not have access to;
- the newspaper stories are a mere calculated attempt to embarrass the University and its officials for reasons yet unknown;
- His Excellency, the Executive Governor of Oyo State, Dr. (Otunba) Christopher Adebayo Alao Akala had at a meeting with the Governing Council of the University on May 21, 2009 promised that the issues and/or controversies surrounding the deduction of Pay-As-You-Earn (PAYE) taxes from staff salaries which were between the Oyo State Board of Internal Revenue and the University of Ibadan and its College of Medicine, already in court, would be settled amicably out of court. It was therefore a surprise and a rude shock to the University Management to have received such a letter after the well-received courtesy call on the Governor and his promise.

To put the records straight, Management wishes to add that:

INTRODUCTION

- Up to 2002, the Oyo State Board of Internal Revenue gave tax forms to all members of staff. The forms were filled, returned to the Tax office which then gave tax free-pay allowance to staff. The blue card was then given to the Bursary to effect appropriate tax deduction.
- At the end of each year, the Bursary reconciled tax deducted and tax paid with the tax office. On the basis of this, the tax office gave tax clearance certificates to those who applied.

BETWEEN 2003 TO 2004

- No tax forms were issued to any U.I. staff. Tax deductions continued on the basis of the assessment done in 2002.
- Members of staff who requested for tax clearance were refused on the excuse that the staff did not pay commensurate tax.
- The Bursary held several meetings with the officials of the Revenue Board and it was agreed that the tax forms for staff would be forwarded early in 2005 to enable the Bursary deduct appropriate tax from members of staff.

THE PRESENT PROBLEM

- Early in 2005, the Internal Revenue Board, rather than forward any tax form, sent a tax table which already assigned tax payable by staff on every salary scale and step.
- The tax table showed a big increase of over 400% on the previous tax being paid by staff. Immediately it was announced, the staff unions rose in dissension. The campus became ungovernable.
- Despite the protest by the Unions, administration commenced the implementation of the new tax regime.
- Administration held many meetings with the staff unions and it was agreed that the issue be taken up with the Oyo State government.
- There were many meetings between the unions and the state government culminating in the setting up of a committee by the government. The committee was made up of the Chairman of the State Board of Internal Revenue, representatives of the Unions from the University of Ibadan, the Polytechnic Ibadan and Ladoko Akintola University of Technology (LAUTECH), Ogbomoso.
- The report of the committee was submitted to the Oyo State government in 2005.
- Throughout 2005 and 2006, this University's administration made several efforts to discuss the issue with the government. The former Chairman of Council Dr. Gamaliel Onosode, OFR, also discussed the issue with the Governor. The former Deputy Vice-Chancellor (Administration), Orifessir Ayo Ogunkunle, twice led the unions to the government for discussions and they were not granted audience at all. Up till the time of this release, the government has not issued any statement on the report.
- At the peak of the joint industrial action by the unions in 2007 over a few issues, (the tax issue inclusive), the unions asked that the recommendation in the report of the committee to the government be implemented. The report signed by all the members (government officials inclusive) recommended that the tax should be pegged at 2% of the basic salary of all staff.
- During one of the meetings, the immediate past Chairman of Council directed that, until the government issued a statement, administration should deduct 2% of basic salary of junior staff and 5% of the basic salary of senior staff.. This is what is in operation till date.
- The above drew the ire of the state government and the University was eventually taken to court by the government. In the suit, the state government was claiming the balance of the tax payable plus a fine of 20% and interest of 20% all totalling about ₦1.8 billion from the main campus and about ₦260 million in respect of the College of Medicine.
- Attempts to discuss with the Chairman of the State Board of Internal Revenue were rebuffed.
- Over the years, the University deducted PAYE as mentioned above monthly and has remitted same monthly to the state government. At all points in time, the officials of the State Board of Internal Revenue collected all their cheques, signed our vouchers, and issued the University with the state government receipt. The Board of Internal Revenue has never refused to collect the PAYE cheque issued on a monthly basis by the University.

The University has since made available to the EFCC all relevant documents and appropriate documentation on the matter.

THERE IS NO CASE OF CONSPIRACY, STEALING AND/OR CONVERSION OF OYO STATE GOVERNMENT FUNDS OR ANY FUNDS WHATSOEVER BY THE UNIVERSITY OF IBADAN OR ANY OF ITS OFFICERS.

As a matter of fact the University of Ibadan has since 2007 been conferred with the Overall Distinguished Tax Payer Award among the Federal Government Institutions in Oyo State by the Federal Board of Inland Revenue.

It has been discovered that it was the firm of the external solicitors to the Oyo State Board of Internal Revenue and, by extension, the Oyo State tax Consultants that put up the criminal-intended petition FIVE MONTHS AFTER instituting a civil suit with the same content as the criminal petition. The management believes that His Excellency, the Governor of the state would not and cannot be a party to damaging the existing cordial relationship between the Oyo State Government and the University.

Meanwhile, the University has renewed its efforts at meeting with the Governor with a view to finding an amicable solution to the tax issue.

Once again, it should be clearly stated that the issue at stake is that the Oyo State Government wants the members of staff of the University to pay more PAYE taxes than they do at present.

Signed

Management