PENGASSAN Digest

A quarterly publication by the Chevron Branch of the Petroleum and Natural Gas Senior Staff Association of Nigeria

Aluta Continua... Victoria Acerta! Injury to One... Injury to All!

Edition: April-June, 2017 **Issue Number: CPD/002/2017**



Feedback and comments should be sent to KCAnyanwu@chevron.com

Editors:

K. C. Anyanwu – Editor in Chief
Emma Nwobi – Contributing Editor
Chukwujekwu Nefertiti - Contributing Editor
Isiekwene Kingsley - Contributing Editor
Ajala Osagada - Contributing Editor

Editorial

Comrades,

Comrades, I welcome you to this edition of our journal. As usual, we have put together articles that will make very interesting read.

On the ride with us in this edition, we will savor some words of appreciation and encouragement from our indefatigable Branch Chairman Comrade Ete Oyegbanre on our usual branch chairman's corner.

Our wellbeing is at the core of all that we do and in this edition, we will be lending our voice to the recent call from CNL medical that we should know our numbers as we bring you an article that centers on health. Please read, learn and live.

On the roll call of honour, we bring to you one of our finest in PENGASSAN. The man who grew and eventually occupied the highest office of the Association, the PENGASSAN presidency.t, Meet our own Comrade Bola Owodunni. His sweat and that of the team led by him created a landmark change in what we have as benefits today. Let's duff our hats to him and his men as we read and learn.

In this edition, we will, as usual, bring you the segment that draws you up close and personal with our executives. You will meet our Branch Industrial Relation Officer (BRIO) comrade Akata Michael on the 'know your executives' interview segment.

Recently, our management sent out a communication on the commencement of Voluntary Pension Contribution which is a welcome development. You will read about the thoughts of tax agencies on the opportunity of tax avoidance provided by the voluntary contribution.

Editor In Chief

You Sing, I Dance!





Branch Chairman's Corner

Comrades, it is with great joy and bubbling emotions, that I communicate with you after the very busy election period of our Great Association. The reasons are obvious and the BEC says a big thank you to all who made this possible through prayers, moral and financial support to the branch. The Branch has been restored to her prime place in the comity of branches in PENGASSAN, knowing that with 'UNITY' nothing is impossible. We acknowledge the effort of every member of the branch in actualizing this dream. In the final analysis, we returned with the following: Comrade Frank Ufuoma Esanubi elected as Deputy President, PENGASSAN worldwide, Comrade Michael Aziakpono Oke elected as Warri Zonal Secretary, both Central Working Committee (CWC) members. We also have Comrade Chukwu Edmund Ezekwem re-elected as Lagos Zonal Industrial Relations Officer. We are now fully represented in the CWC of PENGASSAN and we acknowledge the role of other branches who supported us in this quest. We also recognize the in-house contract group for their show of Comradeship.

We have journeyed to that place again where we must look at our conditions of service. This year is for a CBA Negotiation and all areas of employment agreement will be discussed. We continue to solicit your prayers more than anything else. The issues we are confronted with are diverse but we are certain that by the grace of God and with your support we will come out strong.

We look forward to Management promoting a sizeable number of our stagnated members not later than the 1st of September, 2017. We have also requested that performance promotion be separated from stagnation promotion, this is to ensure we build a healthy workforce of highly motivated employees who will give their very best to the company.

We will like to reiterate that the work environment is currently very challenging and we recognize that fatigue and work overload have led to the stressful situation we find ourselves in, this calls for wisdom and caution in the way we manage our work life balance to ensure we can enjoy the fruits of our Labour. Comrades are advised to use their vacation appropriately and not mortgage it on the altar of finance. We will continue to highlight this in our discussions with Management until more hands are brought in to complement our efforts.

I especially thank all our elders and former leaders at all levels in this great company for their support and encouragement. Your service and commitment is an inspiration to all of us and have shown us a better way to do things in this Association, God bless you all.

Till we see again next quarter.

ROLL CALL OF HONOUR; CHEVRON PENGASSAN PAST LEADERS.



Alhaji Bola Owodunni

I was born in Ijebu Ode in Ogun State and had my primary education at Christ Church Porogun, Molode, in Ijebu Ode. On completion of my primary education, I proceeded to Adeola Odutola Comprehensive College, Ijebu Ode for my secondary school education. I attended Cooperative College, Eleiyele, Ibadan between 1972 and1973 where I was trained as Cooperative Inspector by the government of Western State. I worked briefly at Ilaro and later Abeokuta between 1973 and 1975 as a Cooperative Inspector in the old Western State. I later gained admission to Yaba College of Technology to read Accountancy and had my OND in accountancy in 1977. Soon afterwards, I was employed by Lever Brothers Nigeria Ltd where I spent one year before joining Gulf Oil Company Nigeria Limited in 1978 (now Chevron Nigeria Limited). By December 1976 I passed the foundation A and had reference in Data Processing in foundation B examinations of Association of Certified Accountants. I was employed as Accounting Trainee by Gulf (now Chevron).

I worked in the Financial Administration of the company, mostly in the Budget and Economics Unit. I was promoted to Supervisor of Work In Progress Unit. I also worked as the Supervisor Personal Account Unit, Supervisor Production Account Unit from where I was promoted to the Area Accountant, Eastern Operations in Port Harcourt from where I retired in 2005.

PENGASSAN CAREER: MY flair for justice, equity and fairness were some of the things that led me to Unionism. I was for a long time a kingmaker but after some disappointment from trusted allies, myself and some colleagues in different departments decided to fight for our future.

People like late Ayoola Adakomola (may God grant him eternal rest), Engineer Ajide, Engineer Ladi Oke, Engineer Bola Ottun, Mrs Iyabo Ogun, Engineer Olorode, Tony Afejuku, Tony Okoaye, Ayo Oyeleye, Niyi Akintuyi, Rotimi Adenuga, SK Oyeniran, Sola Omole, Dipo Agbetayo, joined me in the struggle. We propagated our philosophy on the platform of 'The Boys Arrangement'.

'The Boys' became so powerful but focused and we took over the social activities of the company. I was elected Branch Financial Secretary in 1988-1992. The Branch Secretary 1992-1994. I became the First National Vice President in 1992. After the resignation of John Ayoola Adakomola who was elected at the Owerri Delegate Conference in 1992, I was elected at the bye election held in July 1992 at the National Secretariat. After the confirmation by NEC in Eket, I became the Lagos Zonal Chairman and 1st National Vice President. I was elected the National President at the Jos National Delegate Conference in 1994.

MEMORABLE EXPERIENCE IN PENGASSAN. There are many memorable experience in PENGASSAN which are more in the home front.

(1) Introduction of HOF (Home ownership factor) which finally led to the HOS (Home Ownership Scheme).

(2) Re- introduction of tax-free leave allowance hitherto being taxed after consolidation in 1992.

(3) DPR strike of 1993 on the issue of Petroleum Inspectorate, this led to CNL deducting our members' salary for 3 days.

(4) Boycott of 1993 Christmas party to press home our demand on HOS. The most remarkable is the Oil workers' strike of 1994 which led to the proscription of our great Association.

ADVICE TO THE CURRENT LEADERSHIP: THE leaders must be honest in dealing with Management and members. Leaders should be prepared to make sacrifice and should not use their position to better their own nest at the expense of their members.



AKATA MICHAEL BIBOEBI

Comrade

Good morning, Comrade AKATA MICHAEL BIBOEBI... and thanks for creating time out of your busy schedule to provide us with more insight into your personality.

Q1. Comrade ...AKATA MICHAEL BIBOEBI...., your members want to know more about you.

I studied Electrical/ Electronics Engineering and joined chevron as an 'Ogerian' in 2011. Currently, I work on the Agbami FPSO, Maintenance department with the mechanical group. I was born in Lagos State, schooled in Portharcourt, Rivers State and presently live in Yenagoa, Bayelsa state. I am a husband of one and a father of three who enjoys social and family life a great deal.

Q2. How long have you been in the fore front of Unionism?

I have been a student unionist since my university days from 1999., Joining Chevron in 2011, my knowledge and understanding of Labour unionism was enhanced by Comrade George and Comrade Jaja who were past Chapter chairmen of Deepwater chapter. I served as Deepwater Welfare committee chairman between 2014 and2017. I have always beeng out-spoken especially when it comes to employee's welfare which invariably will enhance employee's productivity, efficiency and growth in our farmland.

Q3. What is your motivation for accepting to serve as an executive of the CNL PENGASSAN Branch?

A wise man once told me that, "the key to success and comfort in life is to think of yourself in retirement and to imagine all the things you will regret not having risked". With these words always on my mind, Ie always wanted to be part of the team that can build on the positive change that the past BEC has laid, which will enhance not just employees welfare and retirement comfort but strengthen production output, corporate growth and image.

Q4. What are your hobbies?.

I love soccer, indoor games and social outings

Q5. How would you measure a successful tenure in 2019?

I will have had a successful tenure, when the dream of the BEC led by Comrade Ete "of ending stagnation or bringing it below industry standard" is attained".

Q6. Some words of wisdom to your members especially your core constituency?

The time for indecision is over, Let us all come together and support the dream of the current BEC, for together we can achieve our common goals. Note that, unionism is not socialism, but capitalism of the proletariat, so in Unity there is strength; we can move mountains when we're united and enjoy life --Without unity we are victims. Stay united

YOUR HEALTH AND YOU

Health Check

A health check is an examination of current state of health, often carried out by certified health professionals. It targets adults from age 40 – 75years with no pre-existing health conditions basically but that does not exempt any adult not within these age bracket. It is aimed at spotting early signs of illnesses such as stroke, kidney disease, heart disease, type2 diabetes or dementia. From birth and growing up, there is a need to undergo variety of tests to ensure good health. Despite this, many have higher risk of developing one of these conditions and many still become more vulnerable to other illnesses. Health check helps find ways to lower the risks.

Health check processes require an appointment and visit to the hospital. Series of easy questions will be asked to establish

- Positive family history of any medical conditions especially the ones listed above
- Smoking and Alcohol history
- Dietary history and pattern of eating
- Physical activity history.

And simple tests will be done which include

- Weight and height measurement which gives the body mass index value.
- Waist line measurement, not more than 35cm for females and 40cm for males otherwise may indicate illness such as cardiac disease
- Age, gender and race which speaks a lot about some illness occurrence
- Blood pressure check to determine the strength with which blood pushes on the sides of arteries as it is pumped around the body
- Laboratory investigations such as blood sugar and cholesterol test

After Health Check, risk of developing a heart or circulation problem as earlier mentioned above will be communicated based on the overall results and findings and strategies to reduce the risk will be discussed and mapped out. It is advisable to key to these strategies which may include, improving fitness by physical activity, losing weight, eating right, cutting back on alcohol, medication and appointment adherence.

Some benefits of health check are:

- Ensures important circulatory and vascular systems are healthy.
- Ensures state of perfect health and wellbeing
- Reveals need for lifestyle changes to ensure good health.
- Spots early signs of illnesses and prevention tips

In CNL, Periodic preventive medical screening (PPMS) is a means to have a health check. The year is just starting; make a resolution to invest in your health and the health of your spouse. Contact any Chevron hospital for guide.

Not all illnesses are sudden; there are periods of warning in every disease process. Take action to prevent and lower your illness risks so you can enjoy your life longer in good health and in sound mind.

Omiwade Modupe

CNLHealth Education Unit, 2017, Ext. 72231



VOLUNTARY PENSION CONTRIBUTION SCHEME, RECENT DEVELOPMENTS

Document of (KPMG)

The Joint Tax Board (JTB) and Lagos State Internal Revenue Service (LIRS) recently issued separate Public Notices, on their position on the adverse effect of voluntary contributions (VC) on tax revenue. Section 4(3) of the Pension Reform Act (PRA or "the Act") 2014 provides that any employee to whom the Act applies may, in addition to the statutory contributions, make voluntary contributions to his retirement savings account. Section 10(1) of the PRA provides for the tax-deductibility of pension contributions – including VC. Section 10(4) of the Act, however, provides that any income earned on VC made and withdrawn within 5 years would be subject to tax at the point of withdrawal. This contrasts with Section 7(2) of PRA 2004 which taxed VC withdrawn less than 5 years after the date of contribution, and not merely the income earned from it.

The Notices appear to have been triggered by the common tax avoidance practice of employees making uncapped VC from their monthly salaries, claiming reliefs on the contributions made, and subsequently withdrawing the VC from their Retirement Savings Account (RSA). The position of the JTB is that such practice is inconsistent with Section 16 of PRA 2014; and would be treated by tax authorities as an artificial transaction based on the provisions of Section 17 of the Personal Income Tax Act, as amended (PITA). The LIRS reflected the same view in its Notice, but also stated that only withdrawals from Retirement Savings Accounts that fall within the ambit of Section 16 of PRA 2014 would be treated as tax-deductible. The section covers pension withdrawals by employees above 50 years old and those below 50 years old with specified health or employment challenges.

Our Comments: The position of the tax authorities raises several issues. One obvious issue is how the Tax Appeal Tribunal (TAT) and/or the courts will evaluate the alleged artificial or fictitious nature of a VC scheme. For instance:

a. what documentary evidence would be considered as sufficient for a tax authority to discharge its onus of proof that a VC scheme is artificial and without substance?
b. what percentage of VC relative to total employment income would the TAT and/or the courts regard as artificial, in the absence of a legislative threshold in PRA 2014?
c. what bearing does Section 16 of PRA 2014 have on the validity of VC withdrawal or the tax treatment of VC withdrawn, given the overriding provision in Section 10 of the PRA 2014?

d. what frequency of withdrawal of VC from RSA would qualify a VC scheme as an artificial transaction since the PRA 2014 is silent on this? Would the periodic and consistent withdrawal of VC, for example, be viewed as being in alignment with the thrust of the PRA, which is primarily for the payment of retirement benefits? One other issue is whether, in light of the provisions of Sections 10(1) and (4) of PRA 2014, VC qualifies for tax-deductibility because contributions are in fact made, or are not withdrawn within 5 years. This is crucial considering that employers determine their employees' Pay-As-You-Earn (PAYE) tax based on VC made, and would have no knowledge whether (or when) such contributions are subsequently withdrawn by their employees.

Taxes due at the point of withdrawing VC have historically been accounted for by Pension Fund Administrators. Consequently, holding employers responsible for "under-deduction of PAYE tax" because their employees subsequently withdraw VC may seem curious from both legal and administrative perspectives. Furthermore, the LIRS referenced Paragraph 8 of the Fourth Schedule to the PITA as a basis for recovering from employers the PAYE tax due on VC withdrawn by employees. The paragraph provides that "Where in respect of any pension or provident fund any benefit is paid to an employee before the cessation of his employment with an employer, such benefit shall be deemed to be income derived by him from his employment on the date on which the benefit is paid." However, it should be noted that Paragraph 14(1) of the Third Schedule to PITA was amended in 2011 to exempt "pension granted to any person pursuant to any enactment or law for the time being in force" from tax. A harmonious interpretation of both provisions may, therefore, suggest that VC withdrawn by an employee whilst in employment would still not be liable to PAYE tax, as it would constitute employment income but not chargeable income. In the final analysis, the critical issue appears to be whether the courts would focus on what the law simply says rather than what it was intended to say (no matter the undesirable outcome arising from its application) if and when the case of alleged abuse of VC comes up for hearing.

In the face of all these contentious issues, the best way forward may be for tax authorities to engage with all stakeholders to seek an amendment to the PRA to reflect the underlying intention of the law. It is debatable whether the issuance of workable guidelines on VC by the National Pension Commission (PenCom) will suffice. This may, perhaps, explain the seemingly reluctance by PenCom to issue the relevant Guidelines on this matter. Meanwhile, employers may need to put structures around their employees' VC to prevent unwholesome practices.

KPMG Article.

PENGASSAN CAUTIONS JTB, STATE TAX BOARDS OVER PENSION SCHEME

Position of the Association on the recent statement of JTB on VC withdrawal

The Petroleum and Natural Gas Senior Staff Association of Nigeria, PENGASSAN, has cautioned the Joint Tax Board, JTB, and some state boards of internal revenue over interfering in the smooth operations of voluntary Contributory Pension Scheme as entrenched in the Pension Reform Act of 2014 and the 2015 amendment.

PENGASSAN said that such steps by the JTB and some state boards of internal revenue can jeopardise the relative industrial peace being enjoyed in the country.

Reacting to the recent advertorials by the tax bodies in some national dailies threatening to impose tax on withdrawals made by workers from their additional voluntary contributions, the senior staff association in the oil and gas industry stated that this was contrary to the provisions of the Pension Reform law.

A statement signed by the National Public Relations Officer of PENGASSAN, Mr. Fortune Obi, said it is the responsibility of the National Assembly to amend any sections of the Act as deemed fit and that of the Judiciary to provide interpretations where necessary.

"Hence it will be provocative for the JTB or state tax boards to unilaterally usurp the powers of the legislature and the judiciary by its planned and illegal move to tax such withdrawals.

"The tax authorities should be reminded that tax avoidance is the arrangement of one's financial affairs to minimize tax liability within the scope allowed by law and is distinct from tax evasion which implies the illegal non-payment or underpayment of tax due," he stated.

Comrade Obi cited Section four subsection three of the PRA 2014, which provides that "Any employee to whom this Act applies may, in addition to the total contributions being made by him and his employer, make voluntary contributions to his retirement savings account."

He said Section 10 subsection four of the Act further provides that "Any income earned on any voluntary contribution made under Section 4(3) of this Act shall be subject to tax at the point of withdrawal where the withdrawal is made before the end of 5 years from the date the voluntary contribution was made."

He noted that with these clear provisions, it is obvious that the tax authorities are over-stepping their bounds by attempting to place restrictions on withdrawals against the express provisions of the law.

The PENGASSAN spokesperson said that the Association had concerns with some aspects of the law but it has not taken the law into its hands by resorting to self-help as the tax authorities are attempting to do.

"As a law-abiding association, we are waiting for a time when the National Assembly will initiate an amendment process so that we can make our inputs into the process and we hope that all stakeholders will toe the part of peace and honour. On the other hand, if they cannot wait for such a time, then the appropriate thing is to approach the law courts to determine the legality or otherwise of the current provisions.

He restated the PENGASSAN's commitment to defend the cause of Nigerian workers should the tax authorities go ahead with their threats to deprive workers from accessing fully their voluntary contributions as and at when needed.

"However, we remain committed to dialogue to resolving whatever differences may exist between our Association and other stakeholders.

Source: Sweet Crude Reports.