TITLE PAGE

A CRITICAL APPRAISAL OF THE EFFECTIVENESS AND STRATEGIES OF REVENUE GENERATION IN KADUNA STATE (1990-1997)

BY

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SEPTEMBER 1999

CERTIFICATION

This thesis entitled: **"A CRITICAL APPRAISAL OF THE EFFECTIVENESS & STRATEGIES OF REVENUE GENERATION IN KADUNA STATE (1990 – 1997)"** by I.S. JERE meets the regulations governing the award of the Degree of Masters of Public Administration (MPA) of Ahmadu Bello University Zaria, and is approved for its contribution to knowledge and literary presentation.

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DECLARATIOIN

I, Ibrahim S. Jere hereby declare that this thesis is written by me. It was not copied from any past research-work or book. Also, I declare that both published and unpublished materials directly used in this thesis are fully acknowledged.

Therefore all errors, omission and or misrepresentation found in this work remain entirely my responsibility.

IBRAHIM S. **JERE**
SEPTEMBER, 1999

DEDICATION

This work is dedicated to my parents, particularly my mother for her love, patience and understanding.

ACKNOWLEDGEMENT

In a research of this nature, the writer is usually indebted to a lot of people. Here I wish to particularly mention my project supervisor who incidentally is the course coordinator, Dr. A.A. Anyebe for his support and encouragement. His guidance, criticism and invaluable comments/advice contributed greatly in making this research a reality.

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ABSTRACT

. The ability of any government to fulfill its obligations to the citizenry greatly depends on the resources available at its disposal and the effectiveness of the machinery for generating and collecting these resources. State Governments, being one of the three tiers of government in the Nigerian Federation, largely depend on their Internal Revenue

Boards for their internally generated revenue. This study, therefore, is aimed at critically appraising the effectiveness and strategics of various revenue generation and collection mechanism used by the Kaduna State Revenue Board.

The methodology used for this research has been Survey, even though it was supplemented by historical research. As the study was limited to the appraisal of Internal Revenue generation of Kaduna State under the Revenue Board, questionnaires were administered to both Board's personnel and a broad spectrum of taxpayers in the state.

Two hypothesis were formulated to test the effectiveness of the revenue generation mechanism in Kaduna State

The major findings of the research revealed that there is lack of taxpayer education in the State generally; poor record keeping by both taxpayers and the Board's officials which hamper effective revenue collection; that self-employed persons are more prone to tax evasion than employees in the organised sectors; that some new strategies introduced in the Board, such as the Accelerated Revenue Generation (ARG) Programme and direct payment of taxes to the Banks, have

boosted revenue collection greatly and that the Best of Judgement Assessment (BOJA) is full of arbitrariness.

Some of the major recommendation made include: the need for streamlining the BOJA to remove/reduce arbitrary assessments; organising comprehensive and sustained taxpayer education; conducting continous training of Board's officials and that taxpayers should be compelled to keep records to be prescribed by the Board, failure for which penalties arc to be imposed.

In conclusion, it was observed that mere introduction of the strategies in the mechanism of revenue generation and collection is not enough, concerted efforts to improve the tax system should involve a more comprehensive reform of the various aspect of the whole system.

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CHAPTER ONE

INTRODUCTION

1.0 BACKGROUND TO THE STUDY

The role of Government in modern times has expanded from the traditional function of maintenance of law and order, and the protection of the citizenry from external aggression to include the provision of social, economic and commercial activities. These include the provision of sound education, effective & functional infrastructure facilities like good road, water supply and electricity, health services.

These functions cannot be performed without adequate finances. In order to meet up with these responsibilities, therefore, Government need both human & material resources that can only be procured with funds. The basic question here is how does Government obtain funds or Revenue with which to undertake all the functions enumerated above? One such direct way is through taxation.

It is one of the oldest and commonest sources of revenue to governments, all over the world. Taxation is however not only a source of revenue it also represents a potent instrument for public fiscal policy which serve varied functions in modern society. In the words of Lord Lugard, he said that "taxation is a necessity to any nation seeking civilization as there is no civilized State in the world where some form of taxation has not been found to be a necessity" .

Nigeria, like other federations has three tiers of Government (the Federal, State & Local Governments). responsibilities to finance. Each tier has it economic & Social The constitution shares the powers of identification and collection of various sources of revenue between these three tiers. The lion share of revenue however goes to the Federal Government. The State sources of revenue are scanty and the various taxes collectible very meager. Personal Income Tax is the major Tax source, which accounts for more than half of the States total internally generated revenue. This source, though very buoyant in developed country's, has not been properly exploited and tapped in many developing economies like Nigeria. Indeed, it contributes only a very small percentage of the total revenue of most states in Nigeria.

It is in the light of the above scenario that we consider it imperative to critically appraise the effectiveness and strategies of various revenue generation mechanism in Kaduna State in order to establish where the problem really lies.

1.1 STATEMENT OF PROBLEM

There are many source of revenue for the public expenditure opened to the States Governments. Some of these sources include:

Statutory allocation from the Federation Account,

Taxation

Special grants from the Federal Government.

Dividends, Rents & Royalties,

Aids from within & international donor countries & agencies.

And what are the roles of Accelerated Revenue generation Programmes which is being adopted by the state Government to enhance & improve on the performance of the Internally generated effort of the state Government?

1.3 AIMS OF THE STUDY

The aims of this study are as follows:

To identify the system of Internal revenue generation and collection mechanism and procedures under the Income Tax management Act (ITMA) 1961; PIT Decrees No 104 of 1993 and No 3 1996 (amended).

Identify the problems encountered by Kaduna State Revenue Board and by how much these problems affect the level of reaching the set target;

To enumerate and discuss the major sources of Revenue by analyzing their background, historical background, tax rates and tax bases;

To examine the structure, administration, organisation and the general operation of the tax & the tax system; and

To examine the existing strategies for generation, collection and administration of taxes in Kaduna State.

1.4 SIGNIFICANCE OF THE STUDY

The significance of this study lies in the fact that it is intended to educate the State Government in general and management of the Board in particular of the need to depend on the internally generated Revenue sources in the face the great challenges of this time. These

challenges include the persistent decline of Revenue from the federation accounts due to fluctuations in oil prices in the world market, which is the life wire of the economy.

The choice of the topic is particularly significant because the findings and recommendations emanating from this study are expected to be useful to Kaduna State Government in its effort at enhancing the existing tax administration machinery in the State. In the end, it is also hoped that this study would make a modest contribution to knowledge and research.

1.5 HYPOTHESES OF THE STUDY HYPOTHESIS

Improved strategies of the mechanism of Revenue generation is likely to contribute to an efficient tax Administration system;

Improve record keeping and staffing situations are likely to contribute to an effective tax system in Kaduna State.

1.6 SCOPE OF STUDY

The problem of internal revenue generation and collection is not peculiar to Kaduna State alone. Almost all the State Governments of the federation have been forced to re-evaluate their existing internal revenue generation mechanisms in order to improve their revenue generation and collection.

In Kaduna State, there are seven Heads through which the state government generates internal revenue. These are Taxes; Fines and Fees; License; Earnings and sales; Rent on Government Properties; Interest, Repayments and Dividends; and miscellaneous of these,

Taxes, Fines and fees and licences constitute about 70 % of the internally generate revenue of the State and Board of Internal Revenue is solely charged with the responsibility of their generation and collection.

This study therefore will be limited to an appraisal of the effectiveness and strategies of revenue generation mechanisms employed by Revenue Board.

The selection of 7-year period (1990-1997) was deliberate as it corresponds with the period when the Board was granted full autonomy.

It was during the same period that many strategies were introduced to improve the revenue generation machinery resulting in massive improvement in actual collections.

1.7 RESEARCH METHODOLOGY

i. Sources of Data:

In this research work, data were collected through periodicals, journals, files, circulars, gazettes, and minutes of meetings. These are essentially secondary sources. This however does not preclude other sources such as text books, articles and conference papers.

ii. Methods of analysis of data

Primary data were generated through personal interviews/ questionnaire techniques. Information received from these sources reflected on issues of administrative, human and material resources of the Board.

The interview/questionnaire were administered on both the officials of the Board and the taxpayers. And in addition to all the above sources, the researcher who is also a staff of the Board availed himself with the participant observation of the operations of the Board.

The data collected from these sources were carefully studied and analyzed in order to come out with meaning full recommendations that are aimed at assisting the policy makers take appropriate decisions for improving the performance of Revenue generation and collection and administration in Kaduna State.

1.8 PLAN OF THE STUDY

This study consists of five chapters. The first deals with Introduction. The second chapter focuses on the review of related literatures as well as the theoretical framework. Chapter three discusses Tax Administration and the critical appraisal of the strategies of revenue generation in Kaduna State (1990-1997). Chapter four discusses the analysis of the data received from field while the last chapter deals with summary, recommendations and conclusions of the research.

CHAPTER TWO

LITERATURE REVIEW & THEORETICAL FRAMEWORK

In this chapter, attempts will be made to discuss the background of taxation in general in Nigeria and the personal Income Tax in particular. Also the study will concentrate on the concept of taxation and personal income as it relates to tax.

2.0 HISTORICAL DEVELOPMENT OF TAXATION

The history of payment of tax is as early as the history of man himself. That is, the history of man has shown he has had to pay tax in one form or the other so as to assist government in meeting up its responsibilities from the early stages of civilization.

The basic type and nature of taxes levied in the course of history have been profoundly affected in characteristics and scope by the nature of the political, economic and social changes which every society experienced. Simply put, the tax system operating in any Country is a product of the cumulative effect of the political and economic history of that Country. In this regard, taxation has developed over the centuries from a simple transfer arrangement between the subject and his leader, between the community and its leader, and indeed between a believer and his faith; to a complex set of transfers affecting almost every aspect of human endevour with the evolution and development of government and economic life in general.

Although a large number of existing tax systems operating in most developing Countries have roots in Western Europe, there has existed what we might call indigenous form of

taxation in many of these Countries. For some of them, the imposition of colonial rule just helped to re-structure and strengthen already existing form of taxation with the basic objects of the taxes remaining legally unchanged. A good example of this is the haraji (Poll tax) and Jangali (Cattle tax) that were already developed and extensively applied in the Northern part of the present day Nigeria long before the advent of the British Colonial administration. The Colonial rulers merely improved and consolidated the existing arrangements. As Rabiu points out

> "In the Muslim ruled states of the North, the Chiefs, Judges and the tax collectors were well-organized before the British came. So when the British came they made use of them to foster and consolidate their administration. All the various traditional taxes were strengthen and brought under a single tax payable on a single demand after the harvest, and whenever possible, in currency instead of in kind"[1].

Lord Luggard, the architect of such colonial taxation himself explained in one of his political memoir the rationale for this course of action,

> "So far as it was based on tradition and custom, it ensured a ready acceptance among the natives and is collection presented no novel difficulties, while so far it was modified by the Resident, consolidated and fixed alternatively of money value payable only once in the year, it inaugurated the beginning of new principles, recognized in more advanced communities and enabled the collection to be made in a manner in which the proceed could best be utilized by the administration, and accounted for in accordance with financial instructions, while it ensured more just incidence and greater uniformity."2

Today, decades after the attainment of political independence, some of these "traditional taxes," in particular the Haraji and Jangali still play important, though contestable roles in revenue structure of many states and local government authorities in the Country.

2.1 PERSONAL INCOME TAXATION IN NIGERIA

Adedeji and Rouland (1972) traced the history of personal income taxation to the Native Revenue Ordinance of 1916 which was the first consolidated attempt to delimit the income tax system for the new amalgamated country. In the real sense however, the history of personal income taxation dates back only to the 1930 with the enactment of the colony taxation ordinance of 1937 which sought to define the ordinance. The Direct taxation ordinance of 1940 sought to consolidate the various Tax ordinances since 1916. This ordinance recognized four sources of local revenue; the flat rate for those earning less than $30 (N 60 =) per annum which varies from % to 12 shilling (70k to N 1.20) per male adult, a graduated income tax for these earning more than $30 trade license fees and a tax on rental and other unearned income which varies from 21/5 to 5 percent and was imposed on certainareas only. [3]

Although amendments to the 1940 ordinance were made, notably the one of 1943 which emphasized that direct taxes came under the jurisdiction of the central government, such taxes remained local and regional in their structure and organization up till the enactment of the Income Tax Management Act of 1961. The 1961 Tax Act made the first concerted attempt at a national and broad based Personal Income Tax structure in the Country. The implementation of the principles underlying the Act were constrained because the Act itself did not (some say could not) stipulate uniform tax rates and allowances to be granted because the (then) constitution has placed pers9nal income taxation under the residual list and thus under the orbit of the regional legislation.

The 1961 Act nonetheless define some fundamental principles governing various aspects o taxation in the Country. Importantly, it also provided for the establishment of a Joint Ta Board (JTB) -which was to serve as a clearing house for jurisdictional disputes and act as forum for discussing matters of common interest to authorities. The Board has today becom an important institution in the Country's tax system.

In 1975, a new legislation (decree) was made to further strengthen the Income Tax Machinery in the Country. The Income Tax Management (Uniform Taxation Provision) Decree was promulgated - thus amending section of the 1961 tax Act. The decree sought to unify and codify income tax provisions in the entire federation.

According to ala "The essence of such unification of the tax is the same throughout the federation as the codification automatically leads to certainty of payment. At the same time, it enables the taxpayer (and his adviser, where relevant) to determine with a high degree of accuracy the precise amount of tax which will be one in any given year"[4].

The decree has provided for uniform allowances (reliefs) and tax rate. Allowances provided include:

Personal Allowance: WI ,000.00 where the tax payers income is below W2,000.00 pa or W1200.00 where the taxpayer's income is between W2,500.00 and W2,000.00 where the taxpayer's income exceeds W 6,000;

Wife Allowance of W300: The taxpayer may also claim this allowance ifhe is a divorcee and pays alimony to his ex-wife;

Children Allowance of W250 for each unmarried child under 16 years of age maintained by the taxpayer upto a maximum of four children, i.e. up W 1000; Dependent Relative Allowance of W400 (maximum);

Life Assurance Relief which is restricted to 10 percent of the capital sumsecured at death exclusive of bonuses;

Rent Relief: A relief of 10% is granted on appropriate evidence of payment.

Subscription to professional bodies. Such subscription are tax deductibles.

The Income Tax Management Act 1961 was further amended by the finance (Miscellaneous Taxation Provision) Decree 1985. Under this amendment, the personal income tax allowance was raised to W 1200 plus 12.5 percent of earned income in excess of W 6000. Previously the allowance was W 600 or 10 percent of earned income which even was higher. The marginal tax rates and other allowances however remained unchanged. Under 1985 amendment, tax clearance certificate was required for 19 types of transaction.

2.2 DEFINITION OF RELEV ANT CONCEPTS

(a) Personal Income

The definition of personal income subject to taxation remains a contentious issue in the literature of public finance. So far, there has not been a definition that cuts across international boundaries. Attempt along this line by Haig and Simon however seemed to have gain substantial adherence and infact forms the basis for the statutory definition of personal income in relation to tax in many countries. Independently propounded, what has

come to be popularly known as Haig-Simon definition consist of the views of Robert Haig who defines personal income as "the increase of a creation in ones power to satisfy his wants in a given period in so far as that powers consist of money itself and or anything susceptible to valuation in terms of money"[5].

While Henry Simon" equates personal income with the algebraic sum of consumption and change in net worth"6. This in essence gives raise to the equation:

y = C + W where Y = Income, C = Consumption and W = Change in networth.

It is important to note that the definitions offered by both Haig and Simon serve only as conceptual guide rather than as universal formula for defining personal income in relation to tax. The Haig-Simon definition has come to be known as the accretion principle.

The statutory defined income in Nigeria exhibit strong Haig-Simon influence. According to the tax Act, the total income (i.e statutory total income) of any individual is:

(i) The amount of his total assessable income from all sources for that year.	+ (plus)	(ii) Any balancing changes for that year	(iii) Anyloss (minus) relief for that year
			(iv) Any (minus) capital allowance for that year.

Income defined on the basis of the accretion principle like the one above is known as the Adjusted Gross Income (AGI). The AGI consists of assessable income from all sources including wages/salaries, dividends, rents, profits, royalties, etc from unincorporated business operation. The adjective' gross' may be misleading since the AGI itself is infact the 'Ref Concept' as is evident from the Haig-Simon formula. The AGI is income net of costs incurred in earning that income. The AGI is not taxable income but what we might call the

first step in the' subtraction game' to arrive at the taxable income. It is after allowances are made for personal exemption and deduction that we eventually arrive at the taxable income (TY).

Again taxable income less tax liability (TL) leaves us with disposable income (YD). Thus, we have a set of relationships in the system.

AGI - (Exemption + Deduction) = TY

TY - (Tax Liability) = YD

The notion of the AGI is useful in determining the comprehensiveness of any defined income concept.

(B) **Personal Allowances**

Most, if not all modern tax systems provide a series of allowances or reliefs in the form of deductions and exemptions. The personal income tax returns form in Nigeria for instance typically contains two sections dealing with allowances. Part C of the form is in respect of deductions (from income) which include provision only for contribution to pension funds, capital allowances and subscriptions to professional bodies. Part D contains the provisions for personal allowances (exemption) which include spouse and children allowances, dependent relatives allowances, rents and life insurance reliefs. All these have become common features of taxation in Nigeria.

(C) **Personal Deductions**

Personal deductions are statutorily defined expenses which do not qualify as regular business expenses that are subtracted from the AGI to arrive at taxable income. Basically,

deduction are used to adjust tax liabilities to reflect other types of expenditures that are considered to reduce tax paying capacities. Furtherance, such deductions allow for the adjustment of tax liabilities to encourage increases in certain types of spending. These deductions can be itemized or standardized.

The original basis *for* allowing deductions are not very clear and some scholars have everyone to conclude that "there is nothing inherent in the idea of income taxation itself which requires that any personal deductions or personal exemptions must be allowed "7 . Such fiscal previledges like exemptions and deductions can thus be seen merely as an embodiment of age long convention - certainly a convention borne out of the desire to do further social justice.

Without prejudice to the foregoing however, the policy of allowing tax deductions have come to playa number of major functions in the tax system from which we can readily identify four:

To allow the deduction of certain items that are costs of obtaining non-business income or that are hard to distinguish from such sects;

To relieve hardships that would arise from strict application of a tax on economic Income;

To encourage voluntary support for certain social desirable activities; and

To promote inter-governmental commitment in a federal system like Nigeria.

In effect then, deduction can be rationalized on two major grounds:

Improving an individual's ability to pay; and

To promote certain public policy goals through the medium of tax expenditures.

Where personal deductions are allowed, the taxpayer may be required to itemize such allowable personal deduction under a number of classifications including, but not limited to medical expenses and casualty losses (like in the USA), contribution to charitable organizations and professional bodies and interest payments (like in Nigeria, the USA and several other countries).

(D) **Personal Exemption**

Personal exemptions are specified amount for the taxpayer, his spouse, children and dependent relations. In effect, given portion of an individual's AGI may be subject to zero taxation. It is suggested that the amount allowed as personal exemption ought to reflect the amount of money needed to maintain some minimum standards of living.

Again personal exemptions have both economic and general public policy aspects. For instance, exemptions given directly to the taxpayer for himself, wife and children may be based mainly on prevailing economic conditions like the cost of living index. The order not to make the taxpayer loss too much welfare, the tax system can exempt part of this income from taxation or more correctly subjected it to zero taxation. The granting of exemptions on the support of dependents other than the ones mentioned above is however more of an expression of public policy designed to encourage tax payers to assume financial responsibility for dependents. This is of course in consonance with our social values.

(E) **Tax**

Attempts to define the term "taxation" in the literature of public finance have not been quite successful as to the general term of its meaning. Nonetheless, one finds some definitions

given by the authors very compromising and have therefore adopted them in this research work.

According to the International Encyclopedia of Social Science, taxation is "A general concept for devices used by governments to extract money or other valuables from people and organizations by the use of laws "[8].

Taxation has been seen by Hugh Dalton (1961.521) as "A compulsory contribution imposed by a public authority, irrespective of the exact amount by services rendered to the taxpayers in return and imposed as a penalty for any legal offence "[9].

Also, Bhatia (1982.43) defined tax as "A compulsory levy and those who are taxed have to pay the sums irrespective of any corresponding return of goods and services by the government"[10].

Another deflnition oftax is given by in the works of Wilson and Caemichael, Spicer and Pegler (1983.16). They see taxation as "a levy made by the state on the income arising from sources within the country and also upon the income arising from sources outside the country, if the person enjoying the income is domicile and resident in the country"[11].

While writers like Hanson (1994.446) see taxation as "A compulsory payment by individuals and companies to the state. it is a contribution for the provision of services which can be effectively provided by the state than by the individuals themselves. Local taxation imposed by local authorities is known as rates"[12]

Furthermore, Rabiu (1981.2) sees taxation as "A demand made by governments of a country for a compulsory payment of money by the citizens of that country" [13]. From the above definitions, it is clear that from time immemorial, governments imposed taxes to raise revenue in order to cover the cost of administration, maintain law and order as well as for defence purpose, against external aggression. Thus a tax is a liability imposed upon the tax assesses that can be an individual, group of persons or other legal entities. It is a liability to pay an amount on account of the fact that the tax assesses possesses an income of a minimum amount and for certain specific services. Therefore a tax can be said to be a generalized exaction.

2.3 BASIS OF A TAX

A base of a tax is a legal description of the object with reference to which the tax applies. For instance, the basis of an income tax is the income of the assessee as defined and estimated in terms of rules and regulations laid down for such purpose. Similarly, the basis of an excise duty is the production, processing of specific goods and services.

The base of each tax has to be defined legally and it has to be qualified for that purpose of determining the tax liability of an individual taxpayer. Each taxpayer is therefore regarded as a legal entity by this purpose. Accordingly, an individual legal entity may be subjected to more than one tax. [14] It should be noted that a tax base has a time dimension. For example, a tax is usually on an annual basis and the law has to decide whether income would be taxed on the basis of accruals or receipts. While determining a tax base, the tax authorities are expected to give due consideration to various questions such as the cost of administration,

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collection and effects of the tax. The precise coverage of a tax base therefore is sought by a combination of the considerations.

As an important tool of fiscal policy, a tax is used extensively in all spheres of government policy particularly in the process of revenue generation, income distribution are economic stabilization. It is a fact to be reckoned with that in all the three tiers of government in Nigeria, taxation is one of the major sources of revenue. The taxes collected come back to the taxpayer in the form of social amenities. Hence, taxation is an all round subject which affects the life of nearly everybody. It is owing to this that Franklin, a philosopher observed that nothing is certain in this world, except death and taxes

2.4 FUNCTIONS OF TAXATION

As indicated earlier, taxation is an important tool of fiscal policy and it is used extensively in all spheres of government policy in the process of revenue generation, allocation, income distribution and economic stabilization. In effect, it is used for extractive, compensatory and regulatory purposes. We can identify three major functions which government aims to achieve through taxation. These include the raising of revenue, the distribution of income and demand as well as supply management to stabilize the economy. Now let us look at these functions in greater details:

(a) **Raising Revenue**

Taxation as indicated earlier, provides one very important dependable and elastic system of revenue to the government. Through a multiple system of taxes on incomes, wealth and consumption, government can raise large sums of money to help in offsetting expenditures

incurred in the course of discharging its responsibilities to the general public. In fact, taxation grew out of the desire to generate revenue for the maintenance of basic public utilities.

The extent to which any government authority is able to use taxation to this end, i.e raising revenue, will however depend on, among other things, the taxable capacity of the country, which refers not only to the size and distribution of the aggregate tax base, but also on the tax paying public. The taxable capacity of a country depends on factors such as the overall level of development, the percentage of the population engage in cash income employment and the structure and compensation of prevailing taxes and the efficiency and reliability of the machinery charged with the management and administration of taxes in the country. Thirwell (1983) points out that "the rudimentary nature of the tax system in developing countries is partly a reflection of the stage of development. Whereas 70 % of national income is subject to income tax in developed countries, only about 30% is subject in the developing countries" [6]. This clearly goes to show that taxable capacity is usually higher in the more advanced countries. Infact, there is a functional capacity and the level of economic development coupled with the taxable capacity of course, is the amount of tax effort put in by government to efficiently harness all major tax sources. A country could have a relatively high taxable capacity but a low tax effort. In which case, the tax revenue will be much lower than can be generated within the country. On the other hand, even the most aggressive tax effort will have a very marginal effect if the taxable capacity of the country is low. In effect, the extent to which a tax system performs this important revenue

function will be determined by a combination of all these factors; the elasticity of then tax, the taxable capacity and the level of the tax efforts.

(b) **Income Redistribution**

When there is a potentially large incomes differentials not only between individual but also between geo-political units and the different sections of the economy, taxation is used to adjust or rectify such cleavages. Through a system of progressive income tax, government attempts to redistribute income between individuals by taxing incomes excess of certain levels very steeply and exempting on relieving incomes below certain levels from taxation. The importance of (progressive) taxation is indeed universally acknowledged as a deliberate corrective spontaneous economic and political forces which produce steadily growing income inequality in any modern society. As Kaldor puts it, "progressive taxation is in the end, the only alternative to complete expropriation through violent revolution"[17]

(c) **Stabilization**

Taxation can be used in the area of demand management and supply stimulation to stabilized the economy from undue economic upheavals and to maintain a "reasonable" price level. Government can tax (or increase tax) the consumption, production and importation of certain line of goods and services. Likewise it can in a bid to promote exports, give a package of tax incentives. To discourage conspicuous consumption, for instance, the 'tax instrument can also be used. Though a variety of indirect taxes, government can attempt to contain inflation to reasonable levels. The same is also achieved by taxing corporate profits.

It should be mentioned that government usually attempts to use a given tax to perform any or all of the functions enumerated/discussed above. In essence, the functions are inextricably linked. One might observe that some of the functions outlined are more likely than not to conflict in practice.

This is inevitable in any public policy, and taxation is no exception. For instance, one can foresee a conflict between the goals of using taxes to raise revenue and taxation for balancing incomes inequality. A lot of the conflicts that arise in the course of the application of certain taxes are not easily resolvable. The policy maker can attempt to minimize or make some trade offs between the two conflicting ends of the policy.

Writing on personal income taxation, Richard Goode (1982) observed that of a possible variety of tax bases, including consumption and wealth, income has been identified as the best criteria or yardstick for measuring ability. Income measures the economic power of individual and provides accounting system that can really be used in assessing taxes. According to him (Good),

"The belief that the income tax is the fairest of all taxes arise from the conviction that it accords best with the ability to pay. Net income is a measure of a person's capacity to command economic resources and intuitively it seems to be a good indicator of ability to help finance government"[18].

In a research study conducted on public finance and budgeting, Halidu I. Abubakar (1996) gave out some characteristics that tend to single out income as the most appropriate measure of ability to pay, which include 19;

Directness:- An income tax is direct in the sense that its burden falls directly on the person whose income is taxed. It is not possible to shift the burden of an income tax to a third party;

Adaptability: - By providing for personal allowances and a graduated rate structure, the income tax may cause an individual's tax to increase faster than his income an individual's tax to increase faster than his income with the result that the percentage of income absorbed by the tax rises with income. This characteristic has led the tag of "progressivity" to income taxation.

Elasticity:- An income tax is elastic in the sense that it responds accordingly to change, in income level. Thus, when general income rises, the tax yield also rises, and as pointed out above, at a faster rate than the rise in income; and

Neutrality:- An income tax as against a wealth or consumption tax is neutral as between different lines of expenditure. A man whose income is reduced by a certain sum on account of income tax will spend that income in the same way as he would have done if he had paid no tax but his income had been correspondingly lower.

In this brief review of related literature, one can see that irrespective of how we look at it, income tax meets the basic notion of ability to pay and equity; which almost everybody agrees should be acknowledged as an important consideration in taxation. This will be discussed more in the next discussion of theoretical framework particularly as it relates to the Nigerian personal income tax system.

2.5 THEORETICAL FRAMEWORK

The theoretical frame work of revenue is a function of the tax base, tax rate and the effectiveness and quality of the tax administration. The tax established by the usual structure

of exemptions and dedications from gross income used in arriving at the chargeable income. Tax ability is then determined by applying the taxable rates on the taxable Income brackets. In this contract, the amount of tax paid by a person is the function of the efficiency of tax administration in properly enforcing the classified tax (all elements of deduction, exemptions and the like are brought into the analysis through relationship). As rightly pointed out by Harold Graves (1959), " An income Tax is like a stool with three legs if anyone of them is defective, the others will not save it from defective performance" The first and the simplest which gets more attention is the rate. The second is the base" it involves all issues of tax avoidance... and the third is the administration.[20]

The theory of tax structure particularly in the early stages of economic development has some basic features such as the narrowness of the personal Income Tax base the operation of the poll tax and the scarcity of indirect tax on foreign trade. In addition, the tax revenue to gross domestic products ratio is very low. However, this basis feature more in the appropriate direction as the positive measures adopted by government to propel the economy forward beyond the stagnation level.

Overtime therefore, some taxes are likely to grow in importance while other are certain to decline. Personal Income Tax provides a good example of the former since it personal income tax revenue is expected to increase as per capital Income rises. consequently, in the progressive tax system Personal Income Tax revenue has a high degree of elasticity in terms of Income.

For the self employed. the tax is based on the declared income at the end of the tax year. The system allows for massive declaration of income among the tax payers in such a situation with an ineffective tax administration, it is easy for the wealthy self-employed people to evade payment of taxes completely.

Also voluntary compliance to existing tax laws and the enforcement of such laws where there is default is another problem area in the tax system. The fault may not be with the tax officials but with the system and the environment under which the tax system operates. Referring of this problem in the U.K., Tom Bingham (1959) in his book "Tax evasion" said that the continued existence of tax evasion is none reflection on the effectual efforts of the Revenue Dept. which is "faced with a virtually impossible task in an age when standards of honesty appear to have decline and tax dodging has become, if not respectable, at least acceptable in a society which now appears to regard the tax evader with good hourmoured envy. The unacceptable face of capitalism is unacceptable no more "[21]

In our earlier analysis, we have indicated that the personal Income Tax efforts in Nigeria is very small; indicating the existence of excess taxable capacity especially for the self-employed professionals and wealthy business who only Pay Personal Income Tax (PIT) on less 2 percent of their total Income. A Personal Income Tax effort of under 2 percent in Nigeria does not compare favourably with the 14 and 15 percent in the UK and USA respectively. The unsatisfactory low Personal Income Tax effort in Nigeria is due not only to low Capital Income but as to other factors which essentially effect on the weakness in the Personal Income Tax administration in the country.

Consequently the empirical evidence in Nigeria regards the hypothesis that Personal Income Tax revenue is income elastic in an upward direction as the economy progress. Hence, there is a statistical differences between the progressively of the Personal Income tax rates and the realized progressively. In other words, it is not therefore surprising that Personal Income Tax has little or no effect on the re-distribution of income in Nigeria.

As earlier pointed out, a low PIT effort of under 2 percent capacity is an indication that excess taxable capacity exist. But until the last few years of Military and political rule, the will to tax people is very weak in the country while the means have not been adequate. The will to tax as such does not necessarily means that policy measures should be directed to further increases in the "PIT rates", but it largely involves the political will to enforce the existing tax laws.

To further increases the PIT rates will only imply a relatively greater burden on the contentious tax payers who are mostly under the Pay As You Earned (P AYE) system. It may be even necessary to reduce the maximum PIT payers in the highest Income brackets would have a maximum tax rate which is close to the Company Income tax rate of 45 percent.

Although, tax rates tends to fluctuate greatly in recent years in Nigeria, every year the Federal government changes the rate to reduce such burdens. The political will within the context of PIT revenue maximization in Nigeria has to be mainly exercised with respect to self-employed taxable person who evade tax thereby reducing both the PIT effort and revenue.

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CHAPTER THREE

TAX ADMINISTRATION AND STRATEGIES FOR REVENUE GENERATION AND COLLECTION IN KADUNA STATE.

3.0 INTRODUCTION

In this chapter, attempt was made to present a brief history of Revenue Collection and Administration in Kaduna State. Also, an analysis of the organisational set - up and various existing strategies for Revenue Collection were discussed.

The machinery charged with the responsibility for interpreting and executing tax laws which is what tax administration represents is a very important element in the tax system of any Country or State. For as Abubakar says "the operation of any tax system and the attitude of tax payers toward it are strongly influenced by the quality of its administration 1". In fact, many Scholars and Practitioners alike, contend that the defiets of a bad tax may be substantially corrected by good administration, while bad tax administration may convert a good tax into an instrument of oppression. In other words, an inherently good tax can be turned counter - productive by poor administration and vice versa.

As an organisational process, the scope of tax administration spans the initial determination of an individual's tax liability, providing an appropriate organizational framework for tax assessment and collection, and the enforcement of penalties to a default on tax liability. As such, the structure charged with that responsibility is established partly by the same regulations that may be promulgated through administrative discisions. Although it is regarded as a ministerial function the system of tax administration is constantly subjected to

review and possible correction by the Courts. For it is assumed that taxation always involves the transfer of private income and wealth for public purposes and as such the taxpayer is entittled at every turn to the protection afforded by the county's constitution.

Viewed in the foregoing term therefore, the importance of a good and effective tax administration cannot be over - emphasized and so too is the need for people operating the system to be those of high qualities of intelligence and integrity. The calibre of who man the system has a lot of implications for the outlook of the overall administrative structure not only for taxation, but for any other facets of public policy.

In Kaduna State as in any other Staes of the Federation, tax administration is designed around two major function: Assessment and Collection. Organisationally, the Revnue collection determine the main framework for tax administration. Each state of the federation has its own Revenue Board, but there is often a lot of interaction and cooperation between the states through the auspices of the Joint Tax Board (JTB).

3.1 HISTORY OF REVENUE COLLECTION AND ADMINISTRATION IN KADUNA STATE.

The present Kaduna State Board of Internal Revenue has its roots from the former Northen Nigeria Revenue Division of the Ministry of Finance. The Board is said to be the oldest Revenue Division North of the Niger. Its history can be traced as far back as 1962 when th

operations of tax was based on Income Tax Management Act of 1961 and the amended Personal Tax Laws of 1962.

In 1962, the Northern Nigeria Personal Tax Law was enacted and a new formula of sharing revenue between the former Northern Nigeria government and the then native authorities was introduced. The regional government allowed the Native authorities 20 per cent of P A YE and Direct Assessment proceeds which they collected in accordance with the Commissioner of Revenue Division of the Ministry of Finance. The remaining 80 percent then goes to the Northern Nigeria Government treasury.

According to section 3(1) ofthe Personal Tax Laws of 1962, it was stated that:

"Authorities responsible for the administration of this law shall be the Director of the State Board of Internal Revenue, who shall be a public officer, and such other persons as may be necessary, the director of the State Board of Internal Revenue may however authorise any person to perform or assist advise in the performance of the functions under the law other than some specified function[2]".

In 1967 the Federal Military Government created twelve autonomous States with a view to removing the imbalance in the political structure of the country. Soon after this, Decree No.15 was promulgated which gave financial provision for all States and each of the six States carved out of the former North was to receive certain amount. This development led to the creation of the North Central State and the revenue section of the Ministry of Finance.

In 1970 Northern Nigeria tax law, later known as Personal Tax Law (amended) edict conferred the power to distrain properties of defaulting tax payers on the Director of the State Board of Internal Revenue. However, the local authorities were relieved of the responsibility for the collection of Direct Assessment tax which accorded to 20 percent of the State Revenue. This singular act made the states revenue more functional.

In 1985, edict No. 12 known as the Kaduna State Board *of* Internal Revenue edict was enacted thereby establishing *for* the first time an autonomous Board of Internal Revenue with full powers and function. This development completely divorced the Board and its operations independent *of* the state Ministry *of* Finance. The Board has its corporate headquarters in Kaduna with office in all the *former* 12 local Governments headquarters in the state. .

As indicated earlier, and prior to 1985, the administration *of* tax and *fees,* and the collection and accounting *of* the same was the sole responsibility *of* the Ministry *of* Finance and Economic Planning. The Ministry then operate a Revenue Division headed by a "Commissioner *of* Revenue" The creation *of* the post *of* a Commissioner *of* Revenue was under the provision *of* the Northern Nigeria personal law *of* 1966 and was applicable to all division regions *of* the defunct Northern Nigeria. The above position was universally adopted in the whole Northern Nigeria until recently. The Personal Tax Law *of* 1962 complemented the income management act, 1961, which is still a valid law. The above arrangement did not succeeded in having a solid tax administration, adequate internal

revenue collection and accounting in the *former* Northern Nigeria including Kaduna State. The desire *for* improvement resulted in the creation *of* the Board *of* Internal Revenue.

Between 1985 and 1993, the Board operated under direct supervision of the Ministry of Finance and in March 1994, the provision of Decree No.3 1993 was implemented and a Board was constituted under an Executive Chairman reporting directly to his Excellency, the Military Administrator.

Between March 1994, the Board was completely re-orgnised in line with the provision of the decree. The Board collects taxs and fees from individuals and corporate bodies as prescribed by the various enabling laws from the following sources - PA YE, Personal Income Tax (Direct Assessment) With-holding Taxs relating to individuals on rents, Commission contracts, etc, Road taxs, entertainment taxes, Development levy, Registration of Business premises fees, and stamp duty from non-corporate persons.

In order to achieve its objectives of enhancing the revenue collection machinery in the state, the Board went through internal reorganisation aimed at re-orientation based on accountability and hard work with commensurate reward for same through the years to 1997. It also undertook massive tax payer education, review of methods of accounting for collection and the collection machinery.

It is worthy to note that in order to ensure effective administration of taxes in the state, a revenue court was established to try tax defaulter. The court was established by edict NO.7 of 1989 to adjudicate on all cases arising from the contravention of all the laws and other

revenue matters in force throughout the state. Also in accordance with section 59 of Personal Income Tax Decree No.104 of 1993, the State Government has set up the Body of Appeal Commissioner. The main duty of this Body of Appeal will be to a dedicate on all apeals that shall arise out of the assessment on Income tax either from taxpayers or from the Board of Internal Revenue.

3.2 ADMINISTRATIVE ORGANISATION. POWER OF THE BOARD

The Administrative organisation of Revenue Board is basically the same throughout the country, except for slight variations in designation and devaluation of responsibility. The Kaduna State Revenue Board in headed by the Executive Chairman with six part time members drawn from state Ministry of Finance, Justice Land and Suvey, Works and Housing and two external members drawn from the private sector. They assume supervisory role of the general affairs of the Board. Sections 2(1), 26(1) and 39(1) of the Person Tax Law of 1962 vest the responsibility for the administration of tax laws and Revenue on the Executive Chairman. He has the powers to assess, collect and account for all the amount of tax on revenue collected and has the power to exempt people from paying tax under section 8 of Personal Tax Law of 1962.

3.2.1 Powers and functions of the Board.

Section of the edict No.12 of 1985 stated the powers and function of the Board as follows,

"They shall have the power to .....

a) Administer the provisions of the Personal Income Tax Law in the State;

Asses, collect and account for all taxes in the state and may do all such things as may be deemed necessary or expedient for the assessment and the collection of such taxes;

Supervise the collection of all revenue of the state which other Ministries or Departments collect;

Revise all absolute rates collected by the Board; and

Liaise on tax and revenue matters with the Federal and all other State Governments through the Joint Tax Board. "[3].

3.3 ORGANISATIONAL STRUCTURE OF THE BOARD

In order to effectively carry the functions outlined in 3.2.1, and as indicated earlier, the edict No.12 of 1985 made the Board autonomous in all its areas of operations. It is also to pursue its affairs independently in the conduct of its day today affairs such as the selection recruitment training and development, promotion and discipline of its personal. Along this line, three policy making bodies were provided for the edict who are to establish proper policy - guardlines and decision as well as procedures for the conduct of the Board and to ensure control and monitor results/ achievements of the Board. These are the Board of Directors (highst policy making body), the personal management Board (PMB) and the Technical Committee.

At the operational level (see organisational chart of the Board on the appendix), we have the Executive Chairman, who is the Chief Executive and the accounting officer of the Board. He oversees and supervises the implementation of all policy decision/guidelines of Board and

reports directly to the Board of Directors and the Governor vide the Commissioner of Finance.

Under the Executive Chairman, seven departments have been created for effective functioning of the Board, and these are:

a) **The Personal Income Tax Department (PIT)**

Under the **PIT** Dept. there are 2 important sections:

PAY AS YOU EAN (P A YE) Section: - This section deals with the tax matters of workers of both the public and private sectors in so far as their taxes are being deducted from their salaries and wages.

Direct Assessment Section:- This section is responsible for the identification assessment and collection of taxes from all Delf employed person like sole-profination, Business professionals and all Delf-employed actisam.

As provided for in PIT Decree 104 of 1993, i.e. the Personal Income tax Decree, a whole Dept. was created to cater for the provisions of the Decree. The Department is headed by a Director on GL. 16. And among the major sources of taxes to be generated and collected include the Pay As You Earn (PA YE), the Direct assessment and Withholding taxes on rents, dividends, interest commission etc

b) **Administration and Personnel Management Department.**

The Administration and Personnel Management Dept. of the Board is solely charged with. the responsibly of general administration and maintenance of Board's Structures, Buildings, Vehicles, Furniture and equipments. It also deals with the general staff recruitment, training

and development. The Dept. also oversees staff welfare, promotion and discipline. In essence, it is a support and Management Service Dept. headed by a Director on GL16.

c) Department of finance and supplies

This Dept. has the following major responsibilities:

(i) Control the Finance of the Board;

(ii) Preparation and payment of salaries;

(iii) Preparing, submitting and defending requests for budget release and follow - up for cash backing for the Ministry of Finance;

(iv) Budget coordination and preparation. The Dept. is involved in the preparation of Income and expenditures statements, Bank reconciliation and other sundry financial transaction undertaken by the Board.

The Dept. is also headed by a Director on GL.16.

d) **Investigation. Monitoring and Audit (IMA) Dept.**

This DEpt. is made of three sections as follows:

(i) Investigation: - This section dealswith cases of frauds and fraudlent practice, embezzlements, thefts, as an when they arise. Cases for the investigation may originate from within the sections other Depts. or even from outside the Board.

(ii) Monitoring: - This section monitors and ensures strict compliance with laid drawn procedures, rules and regulations in respect of assessment and collection of taxes. It also gathers relevant tax information in respect of new and old taxpayers and designate some to relevant Depts. for their necessary action.

(iii) Auditing: - This section is pre-occupied with the internal controls and their application within the operating system of the Board. These include accuracy of record

maintenance and keeping, pre payment audit with regards to vouchers, certification of request for the issuance of tax clearance certificates, cash/cheques collection and lodgements, revealing cases of fraud that have been apparent and a general check on staff performance and attitudes to work. Generally the IMA Dept is the watch-dog of the Board's operation with emphasize on finances. They also perform the intelligence functions of identifying tax defaulters, avoiders and the discovery of new establishments and queries of tax payment. The Dept also monitors the general revenue collection of Kaduna State. All agencies of government are supposed to generate revenue (ministries of education, health, lands and surveys) etc are to be evaluate periodically by the Dept. so that their strategies and efforts are duly monitored. This Dept is also headed by a Director on GL.16.

(e) **Revenue Accounting and Data Processing (RADP)**

DEPARTMENT

This department is charged with the responsibility of collecting enough information about existing and prospective taxpayers. Such findings enable the department to make convincing recommendations to the tax authority for timely implementation. The department is also responsible for the collection and compilation of weekly and monthly returns. Through this singular act, performance of all depts and revenue offices are closely monitored and cases of meeting of revenue targets are studied. All the data and information collected are sent to the computer unit of the Dept. for inputting and evaluation. The information is then produced in a useful form and sent to the Board of Directors and Ministry of Finance as well as the Revenue Sharing Committee for proper policy analysis, interpretation and implementation. The dept is headed by a Director on GL.16.

(F) **Other Taxes Dept**

The Other Taxes Dept was created in 1994 when the depts of the Boards were restructured. The department was created to cater for collection of taxes from the following sections:

(i) Motor Licencing Authority Section - This section deals with the issues of processing applications for motor vehicle registration, licences and other road taxes. It is also responsible for the maintenance of records of vehicles registered in the state. In addition, it is charged with the responsibility for the procurement of vehicles number plates, licences and all other materials necessary for the collection of road taxes.

(ii) Registration of Business Premises Section - The main edict for the assessment and collection of fee from registration of business premises was promulgated in 1979 where the state Ministry of Commerce was the sole agent for the administration of BPR. In 1994, the edict was amended and the powers of collection was transferred to the Board. The Board took over the collection with very high expectations because of its expertise and versatility in revenue generation. In addition, the rates chargeable was reviewed higher and the state was zoned in order to enhance collection from this source.

(iii) Development Levy Section - This section is responsible for the collection of development levy chargeable from all taxable adults in the state on a flat rate of N 15.00 per annum. The section is responsible for the designing of the methods of collection and lodgement of all proceeds from the development levy. At the beginning of every collection period, each year, usually between October /November, the section after getting approval from His Excellency the Governor of the state, issue out call-circular where guidelines for the administration of the development levy are clearly spelt out and all taxable adults,

individual and corporate are duly mandated to follow the guidelines. And at the end of the collection period, the section is mandated to go round the emirates and chiefdoms to retrieve all the documents given to the Emirs/Chiefs as well as AROs and to undertake accurate and comprehensive reconciliation. In 1994, the rate chargeable was reviewed to N 50.00 per individual and N 100.00 and N 500 to corporate organisations.

(iv) Entertainment, Stamp-duty and Capital Gains Tax Section – This section deals with the generation and collection of revenue from capital gains tax and stamp duty. The collection of tax from capital gains tax is backed by the (CGT A) Act of 1967 as amended by CAP42 LFN of 1990 and 1996. This act regulates the taxation of the profits derived from the sale of capital items (assets). While the collection of stamp duty tax is backed by the stamp duty act of 1961. It regulates transactions that are subject to advoloren duties to give them legal backing. This type of tax is administered by both the states and federal government.

(g) **Legal and Statutory Matters Dept**

This dept take charge of all the Board's legal requirements. In addition, the. Board s operation is guided and protected by the following instruments:

(i) The Board of Internal Revenue Edict 1985

(ii) Personal Tax Law (1962) and Income Tax management Act 1979

(iii) Kaduna State Development Levy Edict 1984 and Civil Service Reforms of 1986.

Another most important section of the dept is the Revenue Court.

REVENUE COURT

The Kaduna State revenue Court was established by Edict No.7 of 1989 to adjudicate on all cases arising from the contravention of all laws on revenue matters in force throughout the state. The court was established to treat cases in default of payment of taxes and fees to Kaduna State Revenue Board, Bureau for Lands and Surveys, Ministry of Education, etc. The court commenced prosecution in January 1993 with most of the cases coming from Bureau for Lands and Surveys and later cases were sent from Jibo Commission known as the Kaduna State Investigation Panel on colossal loss of Government revenue to prosecute those:

(i) Illegal diversion of government funds,

(ii) Tax evasion and non-payment of arrears of taxes.

Initially, all cases were referred to the Office of the State Attorney General and Commissioner of Justice for prosecution. But because of the volume of work involved and required the Board had to engage the services of two external solicitors to handle the cases so as to speed up the recovery.

The Kaduna State Revenue Court uses district court rules as "modus operandi" and is presided over by a Chief magistrate who combines his magisterial duties with that of the revenue court. Similarly, the office of Registrar of the court was provided for by the edict to overlook the general administration and to facilitate the prosecution and perfection of all the court processes.

3.5 PERSONAL INCOME TAX PROCESSES

Personal Income tax is one of the main sources of internal revenue to all states in the federation. Thus, the determination of assessable income of prospective taxpayers by the revenue authorities is one of their major function. According to the provision of section 20(1) of Income Tax management Act of 1961 (is amended up to 1979), "Income of any individual for the year of assessment from each sources of his income (herein referred as assessable income) shall be the amount of the income of the year immediately preceding the year of assessment earned from such sources, notwithstanding that he may have ceased to possess any such source and that such source may have ceased to produce any income.

This provision is made to enable both the taxpayers and the tax authorities to determine whether there is profit or loss in the business. Before the commencement of the year of assessment, usually in December, this category of taxpayers are normally served with relief from (Rev. 49) in which they are required to fill and declare their income and return the form to the tax authority within the period of three months beginning from the first month of the year of assessment. When completed and returned, notices of assessment are sent to the taxpayers, which serves as the first demand note to the tax due. The notice will indicate a taxpayer's assessable income, the tax payable, and the place of which the payment is to be made. There is also a column where the taxpayer's right to object to the assessment if he does not agree with it is indicated.

3.5.1 Best of Judgement (BOJA)

When taxpayers refuse to declare their income as demanded by tax laws at the beginning of the year of assessment after they might have been served with the relief form, then the tax authority is covered by law to assess the taxpayers on the Best of Judgement (BOJA) principle. In a situation where a taxpayer makes false declaration of income, the law stipulates that whenever the true income is known, the taxpayer be reassessed. In addition, a penalty sum equal to the amount of the tax due is chargeable and payable to the Chief Executive of the Revenue Board.

3.5.2 Pay As You Earn Operation

This is a system by which am employee pays the income tax on his earnings from employment and other sources in twelve monthly instalments during the accounting year. Income earn during the year of assessment, which is the year commencing 1st of January and ending December 31st will be subjected to tax deduction under this system. Earnings here include salaries, wages, fees, bonuses, commissions and allowances payable in money except amounts which represent re-imbursement of expenses incurred by the employee or office in the performance of his duties.

Under this scheme, estimated amount of personal incnome tax due for any year is collected through the employee who deducts the tax from payments or remuneration made to the employee. According to section 3(2) of personal tax laws of Northern States 1962 (as amended), only those employers who have been directed to operate the "P AYE Scheme"

have the right to deduct the income of the employees. Any employer that has not receive a notice of deduction has no authority to operate the Pay as You Earn Scheme.

In the P AYE section of the Board, there are some vital papers issued to taxpayers free of charge and they include:

(i) Tax Relief Form (Rev. 49) - This is a working sheet for the computation of the taxpayer's free pay allowances. It is from this form that the allowances are entered on the tax deduction cards (Rev. 4m). The allowances are set out clearly on the working sheet which is designed to provide columns for the various adjustments to the free pay allowance figure.

(ii) Tax Deduction Card - This card shows among other things the most free pay allowances of the taxpayer and provides columns for recording total gross pay and monthly tax deductions. It is forwarded to the employer after an employee has completed tax relief form showing the employees free pay allowance on it. The figure taken into account excludes any income from other sources (after from the employment income) set against the free pay allowance figure. The net figure is entered in column 4 of the card on cumulative basis.

(iii) Tax Table:- Tax tables used by the employer as issued by the appropriate tax authority is designed on a cumulative basis and covers only the tax calculated on the scheduled rates. It should be noted that the tax due on any taxable pay for a tax payer in a certain month is different from the amount payable by that same person on the same figure of taxable pay in another month. Consequently, users of tax tables should be extra careful to ascertain the appropriate month applicable to the case in view, in order to obtain the correct tax figure applicable to that taxpayer for the month in question.

(iv) Annual Return Form (REV. 9 and 9C) - The tax laws require the employer of labour to send the list of his employees in this form during the year of assessment, showing total salaries and wages, total tax paid by each employee. There is also column indicating employers monthly remittance to the relevant tax authority which when added up should reconcile with the total tax deducted and paid. All directed employers are required to obtain complete and submit this form from on or before 31st January, preceding the year of deduction.

(v) Leaving Certificate - This is often called final certificate. It is usually used by foreigners resident in Nigeria who wish to finally leave for their countries.

(vi) Tax Clearance Certificate - To the majority of taxpayers, the basic function of revenue Board is the processing and issuance of tax clearance certificates. Tax clearance certificate is a top security document issued to taxpayers on making their payment of tax liabilities. It usually covers the period of three years and is given once a year. The certificates perform very vital functions to the taxpayers which include:

(a) It enables foreigners remit to their home countries their earnings;

(b) It may be used to process application for government loans for industries and businesses, firearms and vehicle licences.

(c) It is also used for application in certificate of occupancy and award of contracts, foreign exchange.

(d) Application for imports and exports or plots of lands, etc.

3.6 PROBLEM OF PERSONAL INCOME TAXATION

Despite the many advantages of personal income tax over other forms of taxation as we have shown in chapter II, it is not without its own problems which in an economic setting like ours tend to seriously undermine the importance of income taxation. Some of these problems are general in nature in the sense that they apply to every tax system, the historical peculiarities of a country's socio-economic structure and level of development. Though these problems of taxation are numerous, we can identify some major areas which include:

(i) Problem of Definition: - The problem of defining income can be seen from two perspectives, first, the taxing authority has to determine which of the two widely used statutory definitions to adopt. Government can either use the "global" or a "scheduler" definitions of income subject to tax. It makes a difference as to which definition is adopted because the purpose of such distinction is usually to differentiate between earned and accrued income. Most people are of the view that substantial equity is sacrificed when incomes from all sources are lumped together and taxed under a uniform rate schedule as the global approach attempts to do.

They contend that earned income-owners like workers make more sacrifice in paying taxes than people who derive income from profits, dividends, rents, and interestes. Thus, the scheduler definition that provides two sets of income flows and two sets of tax rates will be preferable. On the otherhand, there is a related problem of inputing money-income to a large number of self-employed persons that reside in the country.

A large portion of the taxable population is self-employed in diverse areas like agriculture, commerce, construction industry and transportation. Many, particularly those engaged in the agricultural sector earn income in real terms than in nominal or monetary terms. While others hardly even keep any record of the financial transactions. To tax these group of people on any progressive system of taxation would of necessity involve the inputation of money income to individuals. These "assumed" incomes may be at some variance with the incomes actually earned by these people which again raises fundamental question of equity .

(ii) The second set of problems fall into two broad categories. First, there is the problem of deciding what and which types of activities a fiscal transfers should be made tax deductible. Related to this, is deciding conditions under which a taxpayer should claim personal exemption. Secondly, there is the problem of fixing rate allowances that truly reflect the goals of public policy. How much should be granted as personal exemption to the taxpayers? How much exemption should be given on each child and in any case for how many children should taxpayer enjoy relief? These and a number of other questions are usually bound to arise when the circumstances under which they were originally determined change significantly thereby making existing rates outdated
and out of tune with the realities of prevailing socio-economic circumstances.

As Abubakar points out "on the surface, the problem may appear easily resolvable but experience has shown that determining equitable tax deductible expenditures and fixing appropriate and allowances is a very difficult exercise. It requires the analytical capabilities of the economist, the perceptive mind of the public administrator, and the wit of the politician to resolve this sensitive tax policy issue. The rate structure like most other policy,

outcomes eventually adopted often reflect a comprise between what is desirable and what is practicable "4

(iii) The third source of problem is in the area of assessment, collection and the overall tax administration; though each of these can conveniently be categorised as a problem area in itself. Here, we have decided to treat them collectively under one heading on the belief that they are closely interrelated, each one of them has some implications for the other and in particular tax administration constitutes the most appropriate link between tax assessment and collection.

The assessment problem arises because we have mentioned earlier on, there is a large number of people who are self employed and so have to be assessed. This is because as Preset points out that "if an increase tax is to be anything other than a poll tax or at the most, tax based on occupation or profession, some attempts at assessment of individual incomes become necessary "5. Unfortunately it has often proved difficult to effectively assess individual incomes where there are hardly any records of financial transactions. This is the situation that prevails on a large scale in Kaduna State. Assessment in this regard relies rather heavily on the cooperation of the potential taxpayer to disclose his income or taxable capacity.

More often than not, the information the taxpayer are willing to provide when they do, usually leads to gross under assessment of their income and corresponding tax liabilities. Closely related to the problem of assessment is that of collection. Rabiu aptly brings to force

the extent of this relationship when he pointed out that "the greatest difficulty in tax collection in a considerable number of cases is the area of the directly assessed tax"[6].

The dual problem of assessment and collection has contributed substantially to severely limit the amount of personal income tax collected through direct assessment. Even when assessed, many taxpayers often renegade on the agreed terms of payment. Tax officials in the country are often faced with the unenviable task of trying to get business persons, contractors and other self-employed persons to come and pay taxes. The third component of this problem is administration. We have already said that the way and manner in which tax administration is organised and conducted have far reaching implications for the overall relevance and efficiency of the tax system. In particular, the system of administration will have significant influence on the assessment and collection conditions. As pointed earlier, the operations of a tax system and the attitude of taxpayers towards it are strongly influenced by the quality of its administration.

To sum up, the problems of tax administration in Kaduna State and Nigeria generally can be seen within an institutional and structural context. The structural problem relate mainly to the system of collecting and recording relevant informations on taxpayers, the usually poor working conditions and the general inadequacy of trained personnel.

While the institutional problems relate mainly on attitude of both the tax officials to their work and taxpayers to tax officials.

(iv) Tax Evasion and Avoidance:- The fourth group of problems associated with income tax are the twin problem of evasion and avoidance constituting the taxman's dilema, the world over. The severity of these two problems will however differ from one country to the other. Simply defined, tax evasion is the total refusal to either pau up or honour taxes duly imposed or the deliberate refusal to declare some incomes received for the purpose of taxation. Evasion is a criminal offence and can lead to severe legal sanctions. Tax avoidance on the other hand, involves the suppression of ones true taxable capacity by making false declarations in order to enjoy some legally allowed deductions or exemptions.

Tax avoidance is more often than not encouraged by the existence of loopholes created by some inherent shortcomings of the tax laws. The tendency to avoid taxes is therefore higher when the law allows a large number of tax allowance or reliefs most of which can be claimed without any substantive evidence. In a sense, we can view tax avoidance as a legal way of evading tax.

An example of the two (i.e evasion and avoidance) in order to further draw a line of distinction is that, for instance, if one earns the sum of W 5000 outside his regular income in the year, and he refuses to declare this income when making his tax returns or completing his tax forms he has evaded tax on that amount. The same goes to the businessmen who refuses to declare all his income for the purpose of taxation. Again, where a university lecturer has a poultry farm or his wife runs a nursery school from which they earn extra income, they will be deemed to have evaded tax if they refuse to declare income from theses sources. On the other hand, if it is the case that ones actual income is fully declared but one

claim children allowance for four child (because the law permits such an allowance), when in actual fact, one has only two children, then one has avoided tax, etc.

3.7 MEANING OF STRATEGY

Strategy is a Greek word and it means "the general act - strategic". In a military sense, it involves the planning and directing of battles or companys. In the usiness sense however, the term refers to the actions by management to offset actual or potential actions of the competitors. W.F. Gluck 91980 P.8) define strategy as "a unified, comprehensive and integrated plans relating the strategic advantages of the firm to the challenges of the environment. It is designed to ensure that the basic objectives of the enterprise are achieved".

Keneth E. Runyor (1969 p.20) view the term in describing how new objectives are to be accomplished. This strategy statement communicate the principles used in selecting and or utilizing ways to achieve a set of objectives. Richard Viacil of Harvard University sees the concept of strategy in an organisation as "a conceptualization expressed or implied stating the long term objectives or purpose of the organisation as well as the current set of plans and near term goals that have been adopted in expectation of contributing to the achievement of the organisations goals and objectives" .

3.7.1 Existing Strategies of Revenue Collection in Kaduna State

The survival and growth of every organisation is largely dependent on the existing strategies the organisation pursued in achieving its basic objectives. As such, it is the primary

responsibility of the management of every organization to give prime attention to strategies used in achieving the goals and objectives of that organisation. There are many strategies of Revenue collection in the Board of Internal Revenue of Kaduna State.

(1) ISSUANCE **OF THE** CLEARANCE **CERTIFICATE**

It is issued within two weeks of the demand when the income of a person has been fully paid that no tax is due on such profit on income. Section 80 of the companies Income Tax State that:

(1) Whenever the Board is of the opinion that tax assessed on profit s or income of person has been fully paid or that no tax is due on such profit or income, it shall issue a tax clearance certificate to the person within two weeks of the demand for such certificate by that person on if not, give reason for denial;

(2) Any Ministry, department an agency of Government or any commercial Bank with whom any person has any dealing with respect to any of the transactions mentioned in a subsection (4) of this section, shall demand from such a person a tax clearance certificate of three years immediately preceeding the current year year of assessment.

(3) An application for exchange control permission to remit funds to a non resident recepient in respect of income accruing from rent, divident, interest, royalty, fees or any other similar income shall be required to Produce a tax clearance cretificate to the effect that tax has been paid on funds in respect of which the application is sought or that no tax is payable whichever is the case.

(4) When a person who has deducted any tax under any provision of this Act fails to pay the tax so deducted to the appropriate tax authority, no tax clearance certificate may be issued to that person even if he fully discharge his tax liability under this act.

(5) When a person is able to produce evidence that he suffered tax by deduction of source and that the assessment year to which the tax relates falls within the period covered by the tax clearance certificate such a person may not be denied a tax clearance certificate - provided that any balance of tax after credit has been given on the tax so deducted has been fully paid.

The Board has fully implemented the provision of this act as are its Strategies in generating revenue. It has made mandatory that all organisations, govt. agencies all to strictly comply with the provision of this Act. As a result, this strategy from the basis of revenue generation III the state. Many people pay taxs to the Board because of the enforcement of these measures.

(2) DECENTRALIZATION OF REVENUEOFFICES IN THE STATE

To further improve the Revenue generation mechanism and the effectiveness/efficiency of the operation of the Board, offices were opened in 1990 in most of the major towns/cities in the state. In addition to the above objectives, the decentralization of offices has also contributed to the following areas in the revenue generation and collection efforts of the Board:

(a) Marked improvement in the rise or increase in the amount of money collected by the Board;

(b) Created awareness generally whereby people /taxpayers are more informed towards payment of taxes;

(c) By opening offices closes to the people, the rampant incidences of tax evasion and avoidance was drastically reduced. This mean that more people and organisations are brought into tax - net;

(d) The decentralization of offices has also enable the Board to expand on the existing sources of revenue as well as identify other sources which were hitherto not exposed;

(e) As a result of this process also, offices have been opened in Lagos and Abuja. The operation/collections from these offices was very successful. Million of Naira were being collected from these offices monthly;

(f) The decentralization has also encouraged prompt investigations and recovery of known cases of material loss of government revenue and as well inflicting punitive measures on the offenders who may be tax payers or tax officials.

(3) **DIRECT PAYMENT OF TAXS TO DESIGNATED BANKS**

This is the third strategy which is being effected by the Board to improve its collection of Revenue. As a result of serious problem of frauds as a result of banking revenue by tax officials, this strategy was introduced. The strategy required that tax officials should no longer collect cash or cheques from tax payers. Instead, all tax payers are required to go to the various designated banks and make payment of their taxs directly to these banks. The tax offices are required to process all payments due as tax liabilities and thereafter direct the relevant taxpayers to go and pay directly to the bank. In addition, the taxpayers are required to obtain Bank tellers to attach to their payment vouchers/schedules as evidence of payment of their tax liabilities. They are required to present these document on demand to tax investigator who may come to their premises for continue checks and investigation.

This strategy has effectively check the tendency by tax officials, their agents or tax payers to commit fraud and deprive the state government its share of revenue. Presently, the Board has mandated Habib Nigeria Bank, Guaranty Trust Bank, and Chartered Bank to collect taxes on its behalf.

(4) COMPUTERISA TION OF REVENUE. OPERATIONS.

Tax generation and collection has become increasingly dynamic process. In recent years, various governments have come to depend heavily on the internally generated sources of revenue. As a result, the operation of the Boards of Internal Revenue have been increasing and expanding. Consequently, and to meet the challenge of the increasing demands of both government and taxpayers, the need to introduce the computerisation process in revenue generation process has become a necessity. Accordingly, the Board with the active support of the state government has started computerizing its operation since 1993. This effort has enable the Board to expand the existing data base and information in respect of revenue sources as well as taxable persons and organizations. This has encourage a certain degree of efficiency in the mechanics of the tax officials whereby taxes can be easily assessed and detection of all cases of payments and non-payments of taxes monitored. Also information on organisations and individuals can be easily and quickly retrieved and processed by the use of the computers. Also, cases of return from tax offices and organisations can be easily analysed, compared and decisions as to a negative or positive variance/action can be taken or corrected. In the end, sound policy decisions and actions that boarders on revenue matters are easily determined and monitored by the policy makers at both the Board's and state government levels.

5. **Role of** Tax **Officials**

The management of the Board has since realized that it cannot achieve its objectives of maximizing revenue generation until there is a standard, modernized and well trained/ equipped manpower to do so. Therefore, in its effort to solidify its human resources, conscious and deliberate personnel policies were designed and put in place to enable it recruit and retain the right number and caliber of people to maimed its operation. At present the Board has a very sound personnel policy. Recruitment of staff into the Board is very competitive. There is a provision for continuous training of staff through seminars/conferences and formal training in taxation at the various institutions offering tax courses. Taxation is a dynamic process. Thus tax officials need to be abreast daily on the changes introduced into the tax system and that can only be achieved through constant and continous training.

Other personnel policies on reward system, promotion and discipline are also very sound in the Board. Incentives and bonuses are paid to staff for a job well done. Reward and compensation are also paid to those officers that show extra zeal and determination in the execution of their official assignments. All these have helped the Board to maintained a workforce that is very effective and dedicated and this has enable the Board to maximize its operations in the area of revenue generation and collection.

6. Role of the Mass-Media and Public Relations Unit Another strategy adopted by the Board in its revenue generation is through the adoption of the mass media. The roles the mass media played include:

a) To fully educate the public on the operation and activities of the Board.

b) To create good image of the Board in the eyes of the general public. The image may likely begin with the public perception of the Board, the preconceived ideas and prejudices that informed the minds of some people who may have had contact with the Board and that perception may not be true of the Board, but in the realm of the taxpayer it is a reality. This challenge therefore is for the public relations unit of the Board to correct this negative image.

c) Also, through embarking on some public relations programme such as taxpayers - parley, end of the year award to consistent and reliable taxpayers, the revenue generation mechanism of the Board was also improved.

To pursue these four objectives seriously, the Board has fully commissioned its public relations unit to establish a comprehensive plan of action whereby at all times the Board s operation and activities is in the news. The result so far is very encouraging because there is marked improvement in relationship of the Board with its numerous clients.

End of the Month Taskforces This is one of the recent innovations in the stream of strategies of revenue generation in the Board and the most effective. At the last week of every month, senior and management staff of the Board are normally sent to every area revenue offices to monitor performances and collections of revenue in that office. They are also mandated to ensure that all relevant documents, files and necessary paperwork are done in the system of revenue generation. The idea here is to try and perfect the system of

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revenue collection at the area office level to conform with the existing guidelines, rules and regulations of the system. During these taskforces assignments, organizations are routinely visited and their records on tax payments and remittances are inspected. Where lapses are identified, prompt and on the spot solution are proffered there and then. At the end of the taskforce period, meetings are convened and members required to present their reports of both the operations and collection of the offices they covered. At this meetings, weaknesses and lapses recorded at the area offices are presented for deliberation and analyses and solutions/suggestions offered. The simple process of aggressive end of the month taskforce has brought rapid increase/volume of revenue generations at the area offices and has also made the Area Officers sit-up in the discharge of their official functions.

8. Role of Traditional Rulers in Revenue generation. The history of relationship between the Board and the traditional rulers in the area of revenue generation and collection is very long. The royal fathers has been assisting the Board for quite sometimes in its quest for improved revenue generation especially in the area of assessment and collection of development Levy. Of recent, a new dimension has been introduced in the area of development levy assessment and collection which has given prominence of the roles of the traditional rulers. They are require to compile a census figure of all taxable adults in their domain. The list then serves as a very effective base of the assessment. Thereafter, receipts of payments are given to them and they serve as collecting agents. Out of their collection, they are mandated to retain 10% which is like salary to them. This way, development levy collection has greatly improved in recent years.

To further enhance the collection, awards and trophics were introduced and given to the highest collection of the development levy and at the shortest time. The awards and trophics have cash backings attached to them. Thus, there is a sense of competition among the emirates and chiefdoms in the state once collection of development levy begins. Also, the Board has introduced a new dimension whereby the collection from development levy will be greatly enhanced. This new dimension is a plan by the Board to retain certain percentage from the development levy paid by every community towards a particular community project every year. This will definitely boost the morale of payers of the levy greatly.

9. Roles of Accelerated Revenue Generation (ARG) as Strategy for Revenue Generation Various governments have at one point or another adopted a system through which marked improvement is anticipated in the revenue generation mechanism of their administrations. The recent innovation in this line is the use of private tax consultants for the Accelerated Revenue Generation Programmes adopted by the federal and most of the state governments in the country including Kaduna State.

Simply put, the ARG programme is the radical overhaul and transformation of he existing system of revenue generation to a more dynamic, result -oriented and modern system of revenue collection. The new approach adopted by the private tax consultants was successful in almost all the states operating this ARG programme.

Naturally, the system has met with stiff resistance from several quarters ranging from erring taxpayers and tax authorities of states who see the appointment of the consultants as a deliberate attempt at dislodging them from their employment. Also, it is even argued that the appointment of tax consultants to generate and collect revenue is illegal. Those who argue along this line base their argument on the provision of the income Tax management Act (ITMA) 1961 as amended. It would be recalled that section 33 of ITMA vested the administration of states Internal revenue generations in the hands of a properly constituted states Board of Internal revenue which is defined as the relevant tax authority.

The proponents of this argument have argued that there is nothing wrong with the appointment of private consultants for the ARG programme. They argue that section 100 of PITD define relevant tax authority as "the person or body of persons responsible under a law of a territory, imposing tax on the income of individuals for the administration of the law." It is then clear from the foregoings that whoever and whichever agency a state government appoints for the administration of tax laws in the state may be qualified to be referred as the relevant tax authority. Strictly speaking therefore, it may be wrong to claim that the appointment of private tax consultants for revenue generation violates existing law. And in any case, the recent engagement of private Charted Accountant by the federal government for revenue collection at the Nigeria Ports has vindicated the ARG consultants and proved that the concepts is legitimate, feasible and viable.

Suffice to say that ARG in Kaduna State has led to the following:

a) Unprecedented boost in internal revenue for the state;

b) a creation of sustainable tax data base with the compilation of a standard master register of taxpayers;

c) a positive change in the orientation of the staff of the Board as well as an improvement in the training and compensation packages;

d) enormous benefits to accountants and tax practitioners that participate in the negotiation of their client's tax liabilities with the consultants and officials of the Board;

e) a recognition of the tax practice as a profession that is distinct from accountancy and which must be taken seriously and;

f) an introduction of a new voluntary tax payment culture resulting from a better tax education and awareness.

The question here is how did the private tax consultants manage to achieve these feats within a very short time when the relevant tax authority that have been their for a long time did not? The answer to this question is simple.

Fundamentally, there are differences in their approaches. The approach of the private tax consultants was very radical, forceful, dynamic and much more result-opriented. They operated like businessmen who have no time to waste and pursue relentlessly their objectives with single minded devotion. They had developed a blue-print through which they do their business and this is based on two major issues, viz:

(i) Tax Audit and Investigations: Tax audit is the verification of documents and records to ascertain their authenticity, authority and conformity with the standards or tax laws. While tax investigation on the other hand entails in-depth audit exercise which calls for

more detailed work. usually, it concerns investigations where fraud or suspicion of fraud exists. Tax audit involves similar functions as those conducted by external auditors. It also analyses the tax returns filled by taxpayers. Tax audit, thus entails the effective discharge of responsibilities of analyzing, recommending and commenting on the activities of taxable persons or companies being reviewed.

Tax audit and investigation are a critical segment of the monitoring mechanism that has been instituted to review the taxable person's books and records which include the financial statements. This is to ensure that the documents are substantially correct. Essentially, it is also to ensure strict compliance with the tax laws and accountability of the tax collected or payable. This control arrangement generates more revenue and stimulates voluntary compliance.

(ii) Enforcement of Established tax Liability: Once an amount has been established as tax liability through the process of assessment or tax audit, then enforcement process follows. The enforcement process involves steps to be taken by the relevant tax authority in order to recover tax liability from taxpayers. These steps include:

a) Issue of Demand Notice:- This is issued by the tax authority to taxpayers giving them seven (7) days notice within which they are requested to come forward and settle their tax liabilities. It is an obligation on the part of taxpayers to honour this notice by making payment of their tax due.

b) Final Reminder Notice:- If after the expiry of the seven days notice granted by the demand notice, the taxpayer fails to honour his obligation, a final reminder notice is sent to the taxpayer again. Also, a seven days ultimatum is granted by the final reminder notice within which the taxpayer is mandated to come and honour his tax obligation included in the

content of the final reminder notice are clauses of interest and penalty which shall be enforce when the taxpayer again fails to honour the payment due.

c) Harrassment/Closure of Office Premises:- It is expected that before the expiry of the seven days ultimatum on the final reminder notice, the taxpayer should have settled all the tax due. In the event of failure however, the tax authority is statutorily allowed to harass or even close the office premises of the defaulting organization. This is most especially in the cases of arrears of P A YE and Business registration Premises by organizations. The relevant tax authority may not only close the organization with locks and police, it can also attach some of the properties of the defaulting organization. This is all in the bid to compel the organization to pay. Because the closure is normally followed by bad publicity through radios and television and no organization will allow negative publicity as regards tax payment, this method has proved to be very effective way of ensuring compliance by organisations. In a situation whereby some properties have been seized by tax authority, they may sell them to offset their tax liability and

d) Litigation - This is the final stage in the enforcement process. It involves taking the defaulting individual taxpayer and or organisation to the Revenue Court to enforce payment of tax liability. This stage has also proved to be very effective especially in cases of individual taxpayers who proved to be difficult and thus do not want to settle their outstanding tax.

FOOTNOTES

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CHAPTER FOUR

DATA PRESENT A TION AND ANALYSIS &TEST OF HYPOTHESIS

4.0 INTRODUCTION

In the previous chapters, effort were made at the general introduction, discussion of a historical perspective of the taxation in general analysis of the problem association with tax administration and the explanation of the methods through which the research was conducted. This chapter presents an analysis of the data collected to test the hypothesis that have been provided in the introduction chapter.

4.1 DATA PRESENTATION & ANALYSIS

Both primary and secondary data were used in this research. The secondary data were collected by going through various literature related to the study while the primary data were collected through the administration of questionnaire and interviews on both taxpayer as tax official. A total of 250 questionnaires were distributed for the study. out of this, 180 were received from the respondents. Also, oral interviews were conducted which yielded substantial results in complimenting the responses to the questionnaires. The personal interview helped in arriving at a balanced judgement. It also helped in strengthening the validity of the data collection.

The study therefore used a total of 180 questionnaires from the sample. The remaining questionnaires were not returned by those administered to. The questionnaire was mainly to the officials of the Board and for the purse of cross - checking, I administered a few questionnaires to Pay As You Earn person.

It is worth noting here that the choice and division of the sample into officials of the Board on one hand and P A YE person on the other hand is not arbitrary because the. tax officials can supply most of the data/information required and the PA YE person are the main Personal Income Taxpayers in the state.

There is strong indication in the theoretical framework that points to the fact that tax has an economic bearing in the overall development of the nation. In other words, the expenditure to which revenue from taxation can be put include provisions of public utilities such as roads, hospitals, schools, Industries, electricity, water and others such as the payment of administrative costs. These services are principally financed by revenue from taxation., Therefore the size of such revenue significantly affects the provision and maintenance of such public utilities.

The responses to occupation in section A of this questionnaire showed that 75 % of the self-employed person in Kaduna State are engaged in trading and transporting activities, while 25 % are in the organized private and public sectors.

In section B of the questionnaire, the responses to the question of whether the respondents agree that tax plays an important role in the economic development of Kaduna State, 70% of the respondents indicated that they are aware of the important role of tax in the economic development of Kaduna State. Thus, the response showed the necessity for tax payment since the contribution of tax has a greater impact on the internally generated revenue.

Government uses the revenue from tax for day-to-day provision of socio-economic amenities to its citizens and the society in general.

Closely related to the previous question discussed above, is to try to rate the contribution of Personal Income Tax to internally generated Revenue in Kaduna State. Thus, table 4.1 below seeks to know the percentage contribution of PIT from the bulk of what is collected as tax in the state.

TABLE 4.1

CONTRIBUTION OF P.I.T TO INTERNALLY GENERATED REVENUE

Questionnaire Number	Nos. of respondents	% of respondents
5.01	140	75.2
5.02	60	25.8
Total	200	100

Source: Personal Survey by the Researcher

KEY: 5.01 = High
5.02 = Low

The table shows that 140 @ 74.2 % of respondents felt that the contribution of PIT to internally generated revenue is high in the state. This readily confirm the earlier submission in the introduction (chapter one) that personal income tax in the major tax source which is responsible for most of the states total internally generated revenue due to the large proportion of the working population engaged in paid and self-employments.

Also, 60 or 25.8 % of the respondents indicated that PIT contribution to internally generated revenue in the state is low. To these respondents, PIT contribution to total internally generated revenue in the state is not much.

Next, the writer wants to show or anlyse how tax payment is effected by taxpayers. It has been shown in the literature that only self - employed person are subjected to the direct assessment method by the appropriate tax authority shown in table 4.2 the study seeks to know the mode of payment of tax liabilityby the self - employed person in the state.

TABLE 4.2

MODE OF PAYMENT

Questionnaire Number	Nos. of respondents	% of respondents
6.01	118	58.4
6.02	32	15.8
6.03	52	25.8
Total	**202**	**100**

SOURCE: Survey by the Researcher

KEY: 6.01 - Tax authority cons regularly to collect

6.02 - I go to authority to pay

6.03 - Both 1 & 2

Table 4.2 demonstrates the mode by which the payment of tax liability is made. Thus, the table shows that 118 a 58.4% of the respondents indicated that the tax authority comes regularly to assess and collect payment of their tax liability.

This greatly tends to slow that the ability of the respondents to pay their taxes depend on the action of the tax officials to their obviously is not a good arrangement. Also 32 or 15.8 % of the respondents indicated that they usually went to the revenue office for assessment and payment of tax liability. This mean that they do not wait for tax officials to come and harass them before they effect payment of their tax liability. They usually make their returns as and when they fall due.

While the table indicates that 52 or 25.8 % of the respondents noted that tax officials usually come for the assessment and also they make payments for their tax liability in the assessment and collection. This indicate that the tax officials with either come or they go to the tax office for appropriate payment.

However, personal interview conducted by the researcher with the tax officials revealed that efforts are now put in place to increase field officials in order to cope with the number of self-employed person and those in the organized private and public sectors in the state.

Table 4.3

Refusal to pay tax more common to self-employed person

Response	Nos. of respondents	% of respondents
Yes	181	86.2
No	19	90
Don't know	10	48

SOURCE: Personal Survey

From the table above, it can be seen that majority of the respondents (over 86 %) responded positively to the question. They supported the submission that refusal to pay the tax is common to self-employed person.

Also 19 or 9 % of the respondents indicated that they do not agree that refusal to pay tax is more common to self-employed person. While 10 or 4.8 % of the respondents claimed ignorance of the section. Respondents also indicated that self employed person indulged in manipulation to reduce their tax liabilities.

They table advantage of the existing loopholes in the tax laws to minimize their tax builder. We shall use the next table to illustrate this point as in below:

Response	Nos. of respondents	% of respondents
Yes	164	81.2
No	12	5.9
Can not decide	26	12.9
Total	**202**	**100**

SOURCE: Personal Survey by the Researcher

From the table above, 164 or 81.2 % of the respondents have agreed with the submission that tax avoidance and evasion is more common to self-employed person than those in the organized public and private sectors. Further more, 12.9% or 26 of the respondents cannot decide whether is true or not that tax avoidance/evasion is more common to the self-employed person while only 12 or 5.9 % disagree with the submission.

In order to support the above claim further, over 80 % of the respondents on question 19 of the questionnaire revealed and attributed the reason for this feature to the following factors:

(i) Poor tax structure in the country makes it difficult to identify those who are really earning W3,OOO= and above as income annually among the self-employed to be qualified as taxable individuals;

(ii) Continuous imposition of various levies by all the tiers of govt on the self-employed individuals without due regard to the amount accounting to them annually; and

(iii) Presence of high level corruption that afflicts both the tax officials and taxpayers in almost equal magnitude and proportion.

4.2 TEST OF HYPOTHESIS

Having presented and analyzed the data obtained by the study it is now possible for us at this point to test the validity and reliability of the hypothesis of the study which are re-stated as follows:

(i) Improved strategies of the mechanism of Revenue generation is likely to contribute to the efficient tax administration system;

(ii) Improved recording keeping and staffing situation are likely to contribute to an effective tax system in Kaduna state.

4.2. 1 Hypothesis 1

This hypothesis is derived from the researcher's proposition about how personal income tax administration can be improved in the state and how the simple application of identified collection/assessment strategies can improve the revenue generation in multiples. In this hypothesis, there is the independent variable of "strategies" and the dependent variable of tax administration. From the data available, attempts have been made to examine how existing strategies of the mechanism of Revenue generation contribute to effective tax administration with the sole aim of proving or disproving the hypothesis.

For example, in the answer to question 8, section B of the questionnaire, majority of the respondents rate the numbers and quality of the existing strategies of revenue generations. Most of the officials of the Board see the recent innovation of direct payment of tax to the designated banks, end of the month taskforce and the role of the accelerated Revenue generation program campaign by the private tax consultants as sure ways of improving revenue generation mechanism of the Board.

Closely related to the above, is the response of the respondents to question Nos. 22 and 23 of section B of the questionnaire. Majority of the respondents confirm that the existing strategies are effective. This, they say can be ascertained from the continuous rise in the level of collection annually by the Board. (See appendix for details). They are however of the opinion that the tempo can be sustained and maintained if there is the political willpower

both on the part of the management of the Board and the state government. They thus, believe that there is still room for improvement.

However, the response got from question No. 21 of the questionnaire on the attitude of tax officials to taxpayers was negative. In other words, the response indicated that the attitude of the officials (revenue staff) was not friendly.

Furthermore, on question one of the personal interview questionnaire, dealing with the factors affecting the effective tax administration in the state, about 65 % of the respondents observed that:

(a) There's high level of corruption that afflicts both tax officials and the tax payers;

(b) There's lack of competent and qualified manpower; and

(c) The presence of poor condition of service to the staff.

On the responses received from question 19 of the questionnaire, the study revealed that 48 % of the respondents expressed their reason why tax avoidance and evasion are more common to self-employed person than those on full employment. They include:

(i) That tax officials are sometimes responsible in the manipulation by assisting the taxpayers to reduce their tax burden;

(ii) Indiscriminate assessment of tax liabilities by the tax officials often leads to manipulations;

(iii) The adoption of best of judgement (BOJA) method of assessment gives raise to avoidance. Majority of taxpayers prefer the method instead of encouraging them to present their true return for correct assessment;

(iv) While about 40 % of the respondents indicated that they cannot see physically any tangible project where their tax were utilized.

In the course of our analysis, it is evident that a common issue that keeps calling for mention is the problem of corruption. Corruption is a problem that afflicts both tax officials and the tax payers but more especially the tax officials as the data indicated. This has severely affected the system and had lent support for the development of other problems in the tax system amongst which is undermining the effectiveness of almost all the strategies being adopted and implemented.

Consequently from all these, it has been rightly proved that improved strategies of the mechanism of Revenue Generation have contributed to the efficient tax administration in Kaduna State and thus this hypothesis has been fully accepted.

4.2.2 Hypothesis II

The second hypothesis of this study states that "improved record keeping and staffing situation are likely to contribute to an effective tax system in Kaduna State". Attempt is made here to. establish how record keeping and staffing situations contribute to efficient tax administration.

In response to the staffing situation of the Board on the personal question, section B, the Director General/Chief Executive of the Board responded that they have at the moment only 350 Nos. of staff and about 50% of them are junior/intermediate tax officials. He also indicated that ideally, they require about 500 Nos. of staff to fully operate all the functions/objectives set for the Board. Out of this number, he noted that at least 100 Nos. should be graduates of Accounting, Business Admin and Economics.

In an answer to the estimated number of taxable adults in the state, he gave an estimated number of 1 million PA YE taxable adults and 500,000 Nos. of self employed. Out of these however only 200,000 Nos. ofPA YE and 100,000 Nos. self-employed discharge their tax obligations to the Board. We shall use the following table to further illustrate how record keeping and staffing situation will improve the tax administration in the state.

Table 4.5

Method of Assessing Tax Liability

No of Questionnaire	Method of Assessment	Nos. of Responses	% of Responses
7.01	Best of Judgement (BOJA)	42	20.0
7.02	Acct of records/personal income tax structure.	99	47.1
7.03	Combination of the two	69	32.9
Total		210	100

Source: Survey of the Researcher

In response to the questionnaire on what method is used in assessing tax liability from the above table, 42 or 20 % of the respondents indicated the Best of Judgement (BOJA) method by the tax authority. In other words and for lack of record/documents, the tax officials rely on their discretion in assessing or determining the tax liability of tax payers or where the records (scanty) are available such as tax returns they only check and make usual deduction before arriving at the taxable income and consequently tax liability. In essence, the tax officials don't inspect or investigate fully all the returns brought to them by perspective tax payers.

Those assessed based on accounting records and personal income tax structure constituted 47.1 % of the respondents. These people keep accounting records of all their transactions from where a tax official in-charge of assessment use to determine the amount of tax to be paid on the other hand, 32.9% of the respondents indicated that both the two methods mentioned above are applied by tax officials in determining their. taxable capacity.

To compliment above situation, a personal interview conducted by the researcher in response to question 16, section B, revealed the following:

a) No proper records or books of accounts are kept by taxpayers i.e. corporate and individuals.

b) And where the books are kept, they are not updated regularly;

c) Sales and cash and expenditure ledgers/accounts are not properly and separately maintained;

d) Also, accurate figures (amounts) may not be given to the tax officials by the taxpayers which may consequently result in tax avoidance. Thus the amount to be paid by a taxpayer is subjective because it may not represent the actual amount that ought to be paid by the taxpayer.

From the response pattern of table 4.5 therefore and suggestions to question 23, it is obvious that there is poor record keeping on the part of the taxpayers. This calls for the need to improve the mode of record keeping. As presently constituted, records do not seem to serve the purpose of checking the accuracy of an individual tax returns from one year to the other. This invariably allow many taxpayers to get away with a lot of falsification and inconsistent information. These gaps must be closed in order to make tax assessment and collection more functional and more responsive to the public policy needs of not only the state but the country. This finally proves rightly the second hypothesis of the study.

CHAPTER FIVE

SUMMARY OF FINDINGS, RECOMMENDATIONS & CONCLUSIONS

5.0 INTRODUCTION

This is the conclusion chapter of this research work on the critical appraisal of the effectiveness and strategies of Revenue generation in Kaduna State, 1990-97. The objective of this chapter is to highlight the areas covered during the study with a view to making some recommendation.

5.1 SUMMARY OF FINDINGS

Having carefully studied literature review together with the analysis of the data for the study, we present the findings of this study which are based on the data gathered through the administration of questionnaires and personal interview. The answers to the questionnaires show that:

a) Majority of the respondents are from the public and organised private sectors and a small number from the self-employed individuals who are mostly traders.

b) Most of the person interviewed affirmed the vital role taxation has been playing in the economic development of Kaduna state and that Personal income tax has contributed greatly to internally generated revenue. However, others who are mostly self-employed are still uneducated as to the uses to which revenue from taxation are put. They still regard taxation as unnecessary and unwarranted interference to their private meagre income. Consequently they are most of the time hostile and suspicious of tax official and do not cooperate with him.

c) Most of those who pay income tax in the state usually wait for the officials to come and assess them and collect their tax liabilities.

d) Taxpayers are mostly assessed of their tax liabilities based on account of records and persona income tax rate structure.

e) Some of the taxpayers have not really encountered much problem with tax officials as regards their tax assessment While some have. Those who have encountered problem with the tax officials refused to make an appeal due to the bureaucratic processes involved in it.

f) There is evidence of poor accounting and bookkeeping practices. Many individuals and small business operate without qualified accounting or book keeping personnel. This results to keeping of inaccurate accounting books which often lead to false declaration or misleading incomes and a profits. This, the assessment of such a person(s) often proves difficult and at times, almost impossible.

g) There is a general apathy towards the knowledge of tax issues. Majority of the self-employed persons do not know some basis things they should know about taxation such as their obligation for tax payments, penalty for the offence etc.

h) The refusal to settle tax liabilities is more prevalent with the self-employed person than those in the public and organised private sectors in the State, thus Tax avoidance and evasion are more common among self-employed person in the State.

i) That the best of judgement (BOJA) approach to tax assessment is full of arbitrariness;

j) The introduction of some new strategies in the Revenue Generation mechanism (payment of tax directly to the banks, role of the ARG programms, end of the month taskforce) have revolutionized Revenue Generation positively in Kaduna State.

k) Improving staff situations through constant training and staff development, provision of conducive/adequate work situation and environment have helped the staff of the Board to keep abreast with the dynamic nature of taxation.

5.2 RECOMMENDATIONS

The purpose of this research work was not only limited to the critical appraisal of existing strategies of Revenue generation in Kaduna State, but also to make some recommendations based on the findings of the research. From the findings therefore, the following recommendations are offered:

(i) The best-of-judgement (BOJA) method of tax assessment which has been very helpful to tax authorities is full of arbitrariness. Thus, there is the need by these tax authorities to design and improve upon the method in order to reduce the arbitrary nature of the method and encourage uniformly throughout the State;

(ii) The problem of tax evasion and avoidance could be drastically reduced if proper tax-payer education is vigorously pursued. This can be done through intensive public enlightenment campaigns which will educate the public on the need to pay taxes and on how the money from taxs is being utilized. This can be achieved through systematic campaign in Radio, Television, Newspaper, Magazines, Seminas and Public Lectures, etc. The campaign should enable the tax payers to know their rights and responsibilities with respect to tax

payment, the use and application of tax documents like tax clearance and certificate, tax receipts and transfer certificates, etc.

(iii) As regard staffing and personal matters, there is the need for continuous training and retraining. Taxation is a dynamic process and thus tax practitioner need to be on the alert constantly. In addition, proper and adequate compensation package must be put in place to enable the Board retain and develop and dynamic workforce that can face the hard challenges of modern Revenue generation and collection. Along this line, adequate office and residential accommodation must be provided for all staff to enhance a good and conducive atmosphere in effective staff mobilization and performance. Once this is done, the Government is then at liberty to introduce staff measures of punishment for any erring or fraudulent staff who may be responsible for manipulation of the funds being generated and collected.

(iv) In the case of poor accounting and book-keeping practices, tax authorities should prescribe the necessary records to be maintained compulsorily by all taxpayers who do not keep such records. Those who keep unsatisfactory records of accounts are to pay a standardized rate of tax for each year of assessment.

(v) Government officials should observe the policy of public accountability as watchword. In our view, the conception of accountability that will functionally be useful is one that sees the concept as consisting of spectrum of responsibilities each of which seeks to incorporate the other. In this content we shall propose that accountability should be viewed as responsibility both legal and moral to the public ensuring that public funds are judiciously expanded for public service within limits of existing roles and regulations and that the best value is obtained for public funds spent. Real accountability in this regard will be obtained if

proper premium is placed on effectiveness in the utilization of not only money but also human and material wealth. This will prevent misappropriation or embezzlement of the public funds. The tax - payer deserves the right to know how the tax – funds are being utilized. Such knowledge will create confidence and spirit of patriotism among the taxpayers. In final analysis, we should always remember that in holding public offices, we are holding public trust and therefore duly accountable to the public.

(vi) Tax rates should be moderate and reliefs on income commensurate so as to encourage people to declare their income and profits freely and honestly.

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Dept. of Public Administration,
Ahmadu Bello University, Zaria.
7th November, 1998.

Dear Sir, Alh/Mr/Mrs.

RESEARCH QUESTIONNAIRE.

I am a student in the Department of Public Administration of Ahmadu Bello University, Zaria conducting research on the critical appraisal of the effectiveness and strategies of Revenue Generation in Kaduna State.

2) I will like you to kindly answer the following questions. All information given shall be treated with strict confidence and shall be used only for academic purpose.

3) Thank you for anticipated cooperation.

Sincerely Yours,

I. S. JERE.

Tick [ ] where appropriate or complete the space provided

1. SEX

1.01 Male ----------

1.02 Female ----------

2. AGE

2.01 Under 30 ----------

2.02 31 - 40 ----------

2.03 41 - 50 ----------

2.04 51 - 60 ----------

3. Marital Status

3.01 Married ----------

3.02 Single ----------

4. Educational Qualification

4.01 Prim. Sch. Cert. ----------

4.02 WAEC/GCE/SSCE Cert. ----------

4.03 OND/Equivalent ----------

4.04 HND/Equivalent _____

4.05 University Degree _____

4.06 Professional Cert. _____

5 Occupation

5.01 Trader _____

5.02 Legal Practitioner _____

5.03 Medical _____

5.04 Business Consultant _____

5.05 Engineer _____

5.06 Transport _____

5.06 Public/Civil Serv. _____

5.07 Others _____

SECTION B.

6. Do you agree that tax plays an important role in the economic development of Kaduna State.

6.01 Yes () 6.02 No ()

7. Is Payment of tax necessary

7.01 Yes () 7.02 No ()

8. In your opinion how do you rate the existing strategies of Revenue generation machinery in Kaduna State.

8.01 High () 8.02 No ()

9. Have you been paying your tax properly to the tax authority?

9.01 Yes () 9.02 No ()

10. If No, State your reason ----------

---

11. If your answer to 09 is yes. how is the payment made?

11.01 Tax authority cons regular to collect ()

11.02 I go to the authority to pay ()

11.03 Both 1 and 2

12 What method is used in assessing your tax liability?

12.01 Best of judgement by the tax authority ()

12.02 Based on account by the tax authority ()

12.03 Conbination of the 2 ()

13. Have you encountered problem(s) with the tax officials as regard to your tax assessment?

13.01 Yes () 13.02 No ()

14. If yes, did you make an appeal to the appropriate tax authority?

14.01 Yes () 14.02 No ()

15. What is the degree of adequacy of your knowledge on tax issues in terms of

a. Importance of tax payment

15.01 Very adequate 15.02 Adequate

15.03 Not adequate 15.04 cannot decide

b. Your right as taxpayer;

15.05 Yes () 15.06 No ()

c. *Your obligation;*

15.07 Yes 15.08 No ()

d. Tax offices;

15.09 Yes () 15.10 No ()

e. *Penalty for not paying tax*

15.11 Yes () 15.12 No ()

16. In your opinion what is the degree of complience to voluntary payment of taxes?

16.01 Ver High () 16.02 High ()

16.03 Low () 16.04 Very low ()

17. Do you agree that refuasl to pay tax is more common to self employed person than those on employment?

17.01 Yes () 17.02 No () 17.03 Cannot decide ()

18. If yes, give your reson: ----------

---

19. Do you agree that tax avoidance/evasion are more common to self-employed person?

19.01 Yes () 19.02 No () 19.03 Cannot decide ()

20 If yes, briefly state your reason: ----------

21 Evaluate the attitude of tax officials to taxpayers.

21.01 Friendly () 21.02 Not Friendly ()

22. In your candid opnion how effective are the existing strategies for the revenue generation in the state?

22.01 Very effective () 22.02 effective () 22.03 Not effective ()

23. Do you believe that there's still room for improvement or world to prefer a complete overhead of the system? please be brief :----------

---

---

24. What is your suggestion (if any) towards improving the Personal Income Tax Administration in Kaduna State?

24.01: ----------

24.02: ----------

24.03: ----------

PERSONAL INTERVIEW

Dear Sir, Mr/Mall/Alh.

This is a personal discussion designed specially to elicit responses thatwill assist in complimenting the general questionnaire which is being distributed by the researcher.

The researcher seeks to examine critically the effectives of the existing stretagies of Revenue Generation in Kaduna State. Please note that your responses will be treated as confidential and will be used strictly for academic purpose.

Thanks for your cooperation

I.S. JERE

Dept. of Public Administrative

A.B.U. Zaria.

SECTION A

1. Would you please state in your opinion the factor effecting the effective tax administration in Kadums State?
2. Have the tax officials been coming to you on tax matters?
3. Have you been paying your taxes as at when due?
4. Have you been subjected to tax penalty for failing to pay tax?
5. Do you appreciate the method(s) used by tax authority ih establishing your tax liability?
6. If not, would you suggest suitable method(s) for tax assessment purposes?
7. Will you propose any aggresive tax drive as a better tool for tax assessment and collection?
   a. If yes, what type of tax drive do you want to see?
   b. If no why?

SECTION B

8. How many people are in your employment?
9. State an ideal number required for effective tax administration in Kaduna State.
10. What is the estimated taxable adults in the state?

PAYE_____ Self employed_____

11. How many of these actually discharged their tax obligation?

PAYE_____ Self employed_____

12. How many tax appeal case were received between 1990-1997?

13. How many of these were dispensed with?

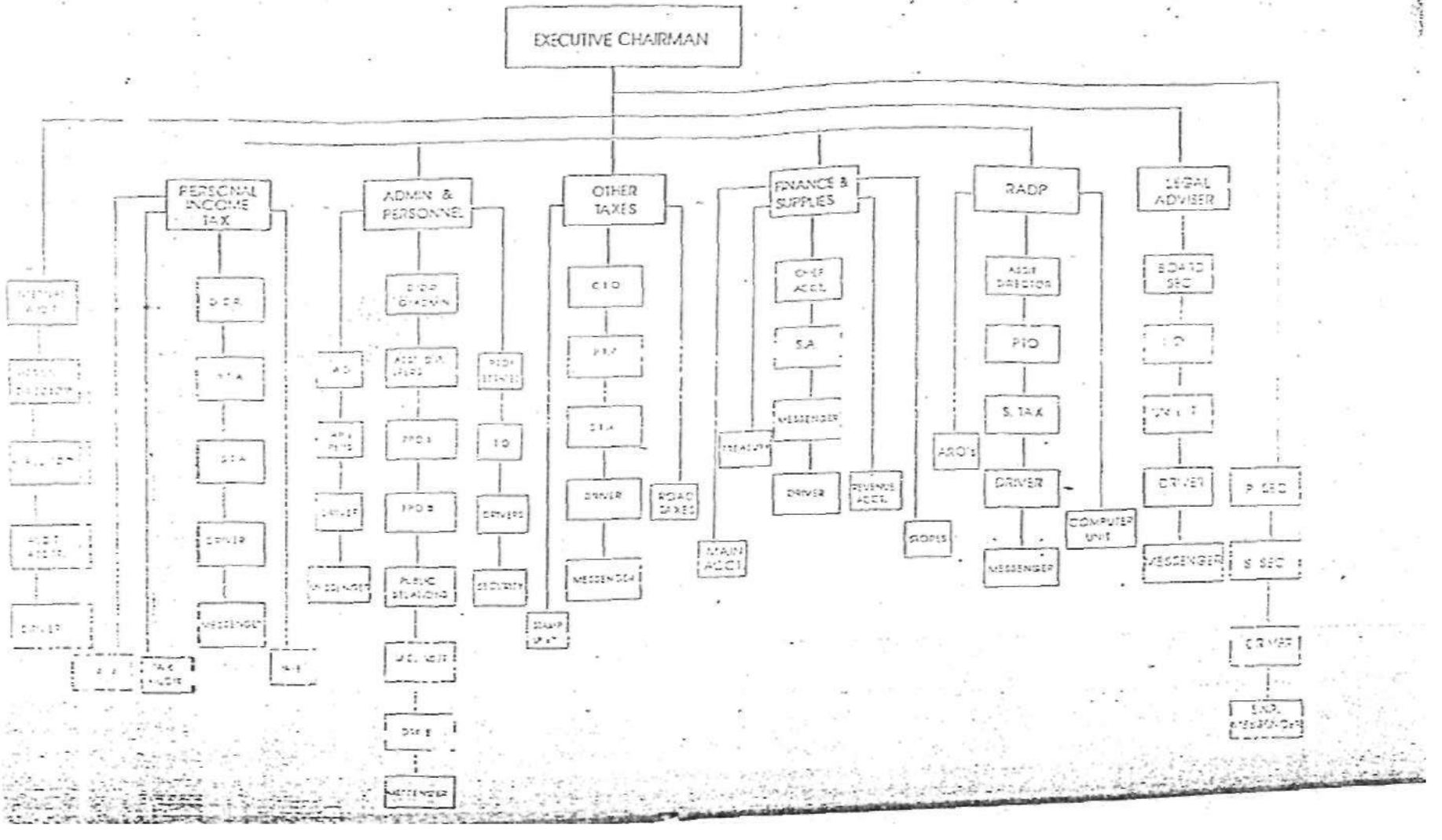
14. How many tax defaulters were prosecuted during the period 1990-97?

15. Are there revenue Courts in the State?

If yes, how many are they_____

16. Give brief reason why assessment of self-employed persons is difficult to administer and collect.

BOARD OF INTERNAL REVENUE, KADUNA
ORGANISATIONAL CHART



BOARD OF INTERNAL REVENUE - KADUNA
STATEMENT (SUMMARY) OF INTERNAL REVENUE COLLECTION
FROM 1990 - 1997

S/No	Year	Collection (₦)
1.	1990	55,699,403.00
2.	1991	61,047,842.00
3.	1992	70,489,500.00
4.	1993	100,057,210.00
5.	1994	187,685,631.00
6.	1995	269,927,798.00
7.	1996	421,098,902.00
8.	1997	545,600,176.00
	TOTAL	1,711,586,462.00

SOURCE:- Board of Internal Revenue Revenue - Management Information the RADP Department

table Not included.

ARIZONA STATE BOARD OF EQUALIZATION
REVENUE COLLECTION STATISTICS 1958-1960

	1958		1959		1960	
	ESTIMATE	ACTUAL COLLECTION	ESTIMATE	ACTUAL COLLECTION	ESTIMATE	ACTUAL COLLECTION
Sales	19,000,000	22,569,322	20,000,000	20,952,513	20,000,000	21,794,555
Direct Assessment	3,500,000	5,249,453	3,000,000	1,222,627	4,000,000	1,271,207
Withholding Tax	900,000	1,411,490	7,000,000	8,219,466	8,000,000	8,956,572
Estimated	550,000	557,101	700,000	535,696	700,000	1,081,836
Sale Tax.	2,500,000	4,555,335	6,000,000	6,852,855	8,000,000	8,341,106
Motor Vehicle Fees	60,000	205,577	150,000	159,525	150,000	155,255
Gath. of Road Mach.	100,000	165,039	150,000	157,677	150,000	169,782
Other Traffic Reg.	100,000	315,787	250,000	214,335	250,000	161,229
Stamp Duties	100,000	5,035,914	3,200,000	736,619	3,200,000	1,566,467
Drivers Licenses	200,000	269,974	250,000	259,857	250,000	333,902
Motor Vehicle Licenses	2,420,000	5,135,670	- 2,500,000	5,653,068	2,550,000	4,077,854
Motor Vehicle Penalties		52,629	50,000	53,966	40,000	30,182
Driver Licenses Fees	20,000	205,050	250,000	23,550	250,000	41,550
Sale of Legal Text Books			1,250,000	170,855	- 1,250,000	180,610
	29,450,000	42,263,373	54,840,000	43,963,673	49,840,000	49,555,699,457

BOARD OF INTERNAL REVENUE – KADUNA STATE.

Statement of Internal Revenue Collections – 1992

	DESCRIPTION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
1	Pay As You Earn	2,105	2,473	2,937	2,320	2,143	3,103	2,836	1,943	1,835	2,095	2,635	3,118	29,514
2	Direct Assessment	185	261	314	143	91	118	93	101	93	65	52	79	1,673
3	Withholding Taxes	1,325	1,043	977	1,781	1,495	1,502	1,501	1,227	1,225	639	1,135	1,443	15,456
4	Entertainment Taxes	67	134	129	154	108	182	108	113	153	161	135	209	1,704
5	Arrears of Taxes & Fees	512	823	984	822	510	1,206	687	772	467	844	915	485	9,075
6	Motor Vehicle Reg. Fees	15	9	11	8	6	7	7	9	15	12	35	11	145
7	Contract Plate N. Fees	27	20	17	12	10	12	11	12	12	13	50	17	213
8	Other Traffic Reg Fees	17	14	12	10	10	9	13	12	13	15	15	21	162
9	Stamp Duties	0	0	0	0	0	0	0	0	0	0	68	1	69
10	Drivers Licence	20	14	15	8	6	7	8	9	11	17	70	19	224
11	Motor Vehicle Licences	340	307	345	280	285	353	309	315	292	333	447	416	4,022
12	Motor Veh. Registration	3	2	1	2	3	2	2	1	1	1	75	92	185
13	Drivers Licence Booklet	0	0	0	0	0	0	0	0	0	0	8	3	9
14	Local Identification	28	18	15	9	9	10	12	9	8	9	62	29	211
15	Dev. Levy (Individuals)	0	0	0	0	0	0	0	0	0	4,621	693	3,192	8,406
16	Dev. Levy (Companies)	0	0	0	0	0	0	0	0	0	0	0	0	0
17	Fuel Logbook	0	0	0	0	0	0	0	0	0	0	0	0	0
18	Bus Registration	0	0	0	0	0	0	0	0	0	0	0	0	0
19	New Number Plates	0	0	0	0	0	0	0	0	0	0	0	0	0
20	Reg Fees (Health Inst)	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Miscellaneous Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL	4,670	5,207	5,108	5,553	4,649	6,843	5,367	4,523	4,143	8,764	6,519	9,135	70,429

SOURCE:- Collection & Accounting Dept, B.I.R. (HQS) Kaduna.

BOARD OF INTERNAL REVENUE – KADUNA STATE.

Statement of Internal Revenue Collections – 1993

	DESCRIPTION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
1	Pay As You Earn	2,691	1,376	3,412	2,692	5,116	4,079	2,870	4,204	3,682	3,626	4,213	6,858	45,429
2	Direct Assessment	235	71	201	120	180	143	259	99	103	212	242	77	1,945
3	Withholding Taxes	1,567	354	1,522	990	2,268	2,339	1,728	1,853	2,548	2,023	1,647	1,623	20,262
4	Entertainment Taxes	114	127	244	225	284	295	242	263	225	389	274	405	3,195
5	Arrears of Taxes & Fees	943	725	1,661	729	1,401	615	1,415	1,011	1,157	1,164	2,349	2,372	14,941
6	Motor Vehicle Reg. Fees	129	35	124	67	75	66	62	90	83	75	102	135	976
7	Cert of Road W. Fees	18	5	19	25	37	20	20	25	24	23	22	27	265
8	Other Traffic Reg Fees	49	24	63	54	42	31	47	53	45	44	42	53	538
9	Stamp Duties	1	3	1	6	2	1	1	1	1	2	1	0	20
10	Drivers Licence	15	3	12	7	6	17	10	11	47	8	46	14	199
11	Motor Vehicle Licences	417	266	575	465	474	426	330	600	615	565	605	565	6,063
12	Motor Veh. Registration	59	19	63	46	51	52	47	68	41	42	47	45	575
13	Drivers licence Booklet	0	0	0	0	0	0	0	3	0	0	0	0	3
14	Local Identification	16	7	17	18	104	17	20	20	14	11	12	14	270
15	Dev. Levey (Individuals)	1,237	65	613	263	65	53	48	5	9	18	1,018	1,431	4,826
16	Dev. Levey (Companies)	0	0	0	0	0	0	0	0	0	0	0	0	0
17	Fuel Logbook	0	0	0	0	0	0	0	0	0	0	0	0	0
18	Bus Registration	0	0	0	0	0	0	0	0	0	0	0	0	0
19	New Number Plates	0	0	0	0	0	0	0	0	0	0	0	0	0
20	Reg Fees (Health Inst)	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Miscellaneous Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL	7,474	3,117	8,012	6,760	11,245	8,134	6,952	8,328	8,598	8,200	10,820	13,609	100,057

Source: Collection & Accounting Dept, B.I.R. (HQ), Kaduna.

BOARD OF INTERNAL REVENUE - KADUNA STATE

Statement of Internal Revenue Collections – 1994

	DESCRIPTION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
1	Pay As You Earn	2,691,027.24	5,437,501.52	4,816,051.10	9,016,572.73	8,049,420.99	13,276,981.40	9,358,574.64	8,661,137.71	9,476,348.21	9,691,681.33	5,459,614.40	4,212,737.73	90,050,649
2	Direct Assessment	237,762.45	222,402.04	404,234.70	299,440.02	184,526.70	155,668.52	376,604.70	316,446.84	347,247.77	265,264.56	169,795.61	242,914.08	3,226,761
3	Withholding Taxes	1,606,909.72	2,722,766.19	2,331,855.14	2,510,318.05	22,177,259.69	6,465,491.15	2,460,723.46	5,622,019.09	2,979,500.62	3,741,055.85	4,043,665.02	1,646,735.58	58,308,699.
4	Entertainment Taxes	114,044.10	244,681.30	454,863.99	328,958.10	341,716.20	301,045.60	214,055.50	227,845.00	305,610.85	320,030.00	301,460.00	273,550.93	3,509,223
5	Arrears of Taxes & Fee	943,112.87	3,102,104.46	1,509,333.03	700,902.08	1,924,062.60	73,652.31	0.00	21,758.00	65,219.10	7,270.00	43,027.50	2,349,257.86	10,719,710
6	Motor Vehicle Reg. Fe	28,450.00	108,160.00	154,890.00	28,615.00	28,585.00	63,750.00	121,460.00	28,075.00	128,580.00	31,810.00	48,900.00	102,150.00	968,3951
7	Cert of Road W. Fees	18,160.00	22,520.00	15,700.00	17,305.00	19,720.00	10,000.00	16,265.00	12,365.00	14,705.00	14,770.00	35,520.00	22,425.00	271,1651
8	Other Traffic Reg Fees	48,568.00	28,620.00	73,645.00	74,540.00	57,965.00	41,900.00	102,077.00	56,535.00	82,840.00	39,335.00	42,535.00	41,9	650,3151
9	Stamp Duties	922.40	920.00	1,360.00	1,160.00	10,815.25	640.00	291.00	560.00	9,020.00	270.00	0.00	1,353.00	27,552.6
10	Drivers Licence	14,815.00	6,925.00	13,605.00	11,335.00	6,145.00	10,110.00	10,110.00	13,045.00	453,421.27	4,165.00	59,550.00	45,840.00	615,606.9
11	Motor Vehicle Licence	426,668.00	347,227.00	464,060.00	905,263.00	403,474.00	363,845.00	763,156.00	777,281.00	508,576.00	557,149.00	597,800.00	605,210.00	6,609,966.9
12	Motor Veh. Registratio	58,540.00	35,085.00	14,740.00	62,770.00	20,720.00	11,820.00	55,800.00	67,850.00	29,515.00	23,740.00	17,710.00	47,400.00	436,470.0
13	Drivers licence Booklet	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0
14	Local Identification	16,360.00	6,930.00	7,965.00	15,700.00	8,640.00	6,950.00	30,675.00	276,040.00	104,160.00	79,100.00	2,050.00	0.00	554,570.0
15	Dev. Levey Individuals	1,237,165.00	121,050.00	112,050.00	60,410.00	54,775.00	161,445.00	222,846.00	237,740.00	1,263,511.27	1,772,496.00	1,772,496.00	1,017,460.00	8,033,634.2
16	Dev. Levey (Companie	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0
17	Fuel Logbook	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,011,431.00	191,148.00	270,100.00	692,730.00	2,165,409.0
18	Bus Registration	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0
19	New Number Plates	0.00	26,400.00	57,850.00	245,600.00	43,800.00	77,110.00	5,200.00	40,000.00	314,500.00	270,100.00	119,910.00	0.00	1,190,470.0
20	Reg Fees (Health Inst)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0
21	Miscellaneous Revenu	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0
	TOTAL	7,403,703.78	12,851,903.19	10,491,875.07	14,470,897.28	33,332,588.63	21,028,532.98	13,742,758.80	16,256,697.64	17,174,926.09	17,009,365.14	12,823,799.83	11,301,139.49	167,585,631.53

Source: PRS, Dept. BIR (Hqs), Kaduna.

...ENUE – KADUNA STATE

Statement of Internal Revenue Collections – 1995

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
	3,096,497	6,719,745	9,792,752	7,483,749	8,535,524	14,046,915	8,660,515	8,660,515	8,206,668	12,520,015	12,618,312	12,464,030	114,005,348
	236,818	712,307	737,187	220,508	187,648	372,767	232,551	232,551	186,077	264,151	108,253	200,367	3,691,837
	1,009,050	3,952,698	2,754,024	3,903,435	4,206,013	6,549,362	6,249,275	6,249,275	7,199,109	16,212,206	12,671,947	10,913,557	88,970,345
	236,311	481,362	506,655	481,629	548,223	335,230	309,369	309,369	605,564	511,750	281,930	547,849	5,556,674
s	2,662,562	450	407,750	1,540,650	714,000	3,703,520	3,133,006	3,133,006	60,000	1,264,765	2,690,819	8,498,650	27,649,972
s	358,810	48,150	34,295	4,817	31,540	276,249	65,690	65,690	208,805	302,525	128,754	557,180	2,183,675
	171,450	22,745	29,550	37,619	16,469	23,230	33,205	33,205	53,258	39,250	32,630	70,009	564,581
-	47,570	31,170	28,475	29,210	30,225	38,179	37,941	37,941	51,640	41,528	25,039	46,255	464,113
	1,632	1,274	44,870	49,414	39,202	267,341	179,740	179,740	484,312	321,389	333,515	670,199	2,522,340
	5,915	18,650	4,315	18,214	5,910	5,435	5,435	5,435	2,615	305,667	72,300	4,105	479,026
	104,724	323,137	324,674	418,479	315,506	660,382	309,606	309,606	621,110	310,165	334,909	540,191	5,562,009
	0	20,610	28,333	20,268	8,230	4,345	5,460	5,460	12,470	4,710	2,830	8,126	133,458
	11,265	9,100	1,033	2,275	0	50	0	0	0	27,130	0	0	43,840
	635,220	28,610	67,315	63,470	107,095	108,640	196,650	194,650	178,245	45,150	43,600	66,199	1,744,210
	0	169,410	62,145	44,540	215,315	11,140	0	0	34,329	667,235	3,305,091	3,267,135	6,477,002
	0	0	1,750	490	0	0	0	0	0	30,145	109,710	152,220	294,315
	0	41,715	0	550	0	0	0	0	0	0	0	33,956	76,721
	0	32,425	16,360	140,425	850,705	315,060	462,093	462,092	67,085	358,790	60,925	578,204	3,443,504
	200,000	516,610	539,796	318,332	169,110	94,100	192,335	192,335	246,560	119,420	47,460	317,450	2,954,228
	0	0	0	0	0	0	0	0	104,500	3,500	7,700	0	116,000
	0	0	42,180	0	263,065	0	0	0	0	0	0	0	305,245
	9,418,294	13,122,536	20,353,046	15,253,739	16,202,567	29,650,434	20,062,602	20,061,161	18,856,149	32,356,781	23,145,895	40,228,202	269,917,798

P Dyt ; B.I.R. (HQs), Kaduna.

BOARD OF INTERNAL REVENUE - KADUNA STATE.

Statement of Internal Revenue Collections - 1995

BUDGETED FOR 1995	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
150,000,000	6,518,524	8,571,538	12,750,562	6,454,723	11,410,721	9,622,527	12,599,055	15,748,710	9,647,902	14,324,120	12,70[illegible],214	14,283,176	137,320,771
100,000,000	384,476	835,869	534,554	311,155	297,571	507,609	359,046	259,984	574,393	210,805	78[illegible],695	938,706	6,291,574
80,000,000	10,580,409	10,640,541	12,662,109	5,527,619	15,146,902	10,838,662	8,632,919	6,770,579	10,838,899	15,825,102	9,[illegible]4,668	8,641,204	124,491,149
6,000,000	348,400	514,925	658,975	403,081	409,905	452,957	471,242	424,345	307,945	787,280	[illegible] 12,783	621,690	5,353,777
100,000,000	5,103,144	2,612,745	461,763	209,400	3,836,475	1,515,247	14,555,545	8,184,245	8,841,776	23,042,251	18,[illegible]19,768	9,587,768	85,155,351
24,850,000	1,644,715	110,700	153,462	193,350	480,810	104,940	146,250	1,248,700	555,400	462,350	1,[illegible]55,460	3,079,550	9,655,597
5,000,000	40,110	43,170	55,370	44,690	54,310	42,410	52,011	51,600	37,300	21,125	39,[illegible]26	42,425	552,546
1,000,000	16,815	15,315	15,075	25,395	109,650	24,990	28,804	34,995	34,315	22,453	28,583	169,100	524,344
3,000,000	139,733	95,954	245,535	82,695	202,324	176,252	1,011,252	527,296	412,267	637,121	410,238	365,840	5,653,557
350,000	40,630	18,230	1,600	29,120	6,670	12,600	52,750	4,980	7,410	3,150	1,330	24,125	211,645
9,000,000	210,365	270,710	466,535	557,481	525,555	425,650	446,250	695,345	597,537	609,750	1,[illegible]87,170	1,911,510	8,175,919
5,000,000	30,021	15,950	1,600	37,600	46,800	15,310	33,620	75,200	105,570	121,450	256,210	554,150	1,288,481
0	0	1,450	0	35,200	1,119	2,450	8,490	0	300	100	0	0	48,079
5,500,000	26,500	14,700	43,310	134,515	283,740	57,550	38,200	61,650	141,800	12,900	12,600	9,100	836,365
20,000,000	321,650	1,666,761	255,555	55,530	956,717	249,810	114,165	16,950	163,250	126,200	763,650	3,917,749	8,664,788
0	597,650	35,950	6,550	1,250	0	0	0	0	0	0	63,920	514,470	1,220,820
0	0	11,650	0	15,350	0	0	19,100	0	0	0	0	62,033	108,353
0,000,000	446,535	324,450	555,427	185,284	169,020	364,265	477,200	375,674	115,555	35,600	38,600	2,956	3,089,166
8,000,000	451,520	223,447	819,555	525,516	169,110	276,500	526,550	2,261,450	1,620,425	2,100,525	4,587,515	7,711,660	21,393,929
0	1,700	5,100	5,250	30,000	0	0	0	1,500	76,700	200	2,500	1,500	131,550
0	600	12,555	35,100	0	0	147,000	0	0	177,550	0	0	0	388,145
3,600,000	28,273,368	25,440,358	28,740,779	15,305,602	35,418,440	25,555,559	40,305,550	41,669,209	34,245,394	55,574,526	45,031,551	58,454,807	421,075,902

Unit of RAP Dept., B.I.R. (Hqs) Kaduna.