REVENUE GENERATION AND UTILIZATION FOR COMMUNITY DEVELOPMENT :A STUDY OF NIGER STATE GOVERNMENT OF NIGERIA

BY

YAHAYA ISAH DANLADI

MBA/ADMIN/15834/97-98

OCTOBER 1999.

TITLE PACE

REVENUE GENERATION AND UTILIZATION FOR COMMUNITY DEVELOPMENT, A STUDY OF NIGER STATE GOVERNMENT OF NIGERIA.

BY

YAHAYA, ISAH DANLADI Bsc. ACCT. (HONS)
A.B.U. ZARIA 1994

A THESIS SUBMHTED TO THE POST GRADUATE SCHOOL A.B.U ZARIA, IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF THE DECREE OF MASTER OF BUSINESS ADMINISTRATION (M.B.A..)

DEPARTMENT OF BUSINESS ADMINISTRATION FACULTY OF ADMINISTRATION A.B.U ZARIA

OCTOBER, 1999.

(All rights reserved, A part from being used for aeademie purpose , no part or whole of this project may be reproduced, stored in any form or by any means, electronic photocopying, recording, or otherwise, without prior knowledge and permission of the copyright owner.)

DECLARATION

I do hereby declare that, this research work is original, and a product of my research findings. (A1 & A2) All materials used have been duly acknowledged accordingly in the footnotes and bibliography.

ID. Yahaya (4.97.BAP.7129)		10/10/99.
Name and Number	Signature	Date

CERTIFICATION OR APPROVAL SHEET

This project report, titled (Revenue Generation and Utilization for Community Development- A study of Niger State Government of Nigeria). By Yahaya, Isah Danladi meets the regulations governing the award of the Degree of Master of Business Administration (M.B.A) of Ahmadu Bello University, Zaria and is approved for it's contribution to knowledge and literary presentation.

Signature of Supervisor	14/12/99
	Date
Signature of external examiner	24/7/2000
	Date
Head of Department	17/10/00
	Date
Dean, post Graduate school A.B.U Zaria.	26/02/03
	Date

DEDICATION

I dedicate this project to my lovely and respectful wife JAMEELAH EL-HAJJ And my little sons late Adamu (Alh./mal) Ibn Isah and Rilwan Ibn Isah (Hajji / Kawu) .

ACKNOWLEDGEMENT

Praise be to Allah, the unique, the subduer. And peace & Blessing of Allah be upon the most infalliable prophet Mohammad, his families and his righteous companions

My gratitude goes to my parents - Alhaji Yahaya Danladi Mai -Pan-Uku and Hajia Maryam (Ladi) Ibrahim (Baban/Kanti) who brought me up to become what I am today. Similar gratitude goes to my brothers, sisters, cousins (especially Mal M. N. Maiturare, A.B.U Zaria), friends, colleagues at place of work and my course mates whose company and support I really enjoyed through out the duration of my M B A course. And whose names are too numerous to mention.

My appreciation goes to the finance Guru, Mallam Ibrahim Fari Okeji (MIFO), my most dynamic supervisor who proved to be more than just a supervisor as he has also become a guardian and adviser.

My regards to the entire staff the ministry of finance, office of the Accountant General (A.G), the Board of internal Revenue, the Budget department and establishment Department for their immense contributions in one way or the other to the success of my research work for this project.

Finally, my profound love for my wife Jameelah El-hajj and children Late ADAMU (ALH/MAL.) Isah and Rilwan Isah who beared my weekend absences with a high sense of understanding and great morale.

To all the categories mentioned above I say a 'BIG THANK YOU!.

ABSTRACT

It is the duly of every Government to maintain law and order among it's citizens. To provide the necessary infrastructures which includes among others Education, Health, Pipe borne water, Electricity, Good drainage system, sewages c.t.c. The question is how does the Government get revenue to meet all these requirements.

Generally, Government generates it's revenue for public utilization from a number of sources, internally and externally. With regards to our situation the greatest drawback to our developmental efforts has not only been the inadequacy of revenue generation sources, but the lack of properly established strategics for effective revenue collection and administration. Really with the current socio-economic and political dispensation in the country, the need to look for a more effective and efficient modalities for revenue generation and utilization for community development cannot be over emphasized.

The existing methods for revenue generation and utilization has been analyzed and found to be grossly inadequate and insufficient to meet the present day government requirements for funds for the ever expanding public expenditure (e.g. the minimum wage rigmarole) .A detailed analysis of the data collected is carried out and a lot of findings regarding inefficient performance and solutions to the problems of the various sources are made .Reliable **suggestions for** in-depth **revenue generation and** utilization for community development **are put** forward which may possibly benefit Government policy makers and implementers.

LIST OF THE TABLES

1.	TAXES	1993 – 98	45
2.	FINE AND FEES	1993 – 98	47
3.	LICENCES	1993 – 98	48
4.	EARNINGS FROM SALES	1993 – 98	49
5.	RENT ON GOVERNMENT PROPERTY	1993 – 98	50
6.	INTEREST AND DIVIDENDS	1993 – 98	51
7.	REIMBURSEMENT	1993 – 98	52
8.	MISCELLANOUS	1993 – 98	53
9.	ANALYSIS OF TOTAL INTERNAL REVENUE TRENDS	1993 – 98	54
10	TAXES IMPOSED BY NIGER STATE GOVERNMENT	(1993 - 98)	56 - 60
11.	CUMULATIVE TABLE (1993 -98) TAXES		60 - 61
12	OTHER SOURCES OF REVENUE (1993 - 98)		70 - 73
13	RECURRENT EXPENDITURES OF SUBHEADS (1993 - 98)		84
14	BREAK DOWN OF CAPITAL EXPENDITURE INTO SECTORS (1993 - 98)		87

LIST OF GRAPHS

1.	Graphical representation of Taxes	1993 – 98	46
2.	Graphical representation of Fines and fees	1993 – 98	47
3.	Graphical representation of licenses	1993 – 98	48
4.	Graphical representation of Earnings from Sales	1993 – 98	49
5.	Graphical representation of Rent on Govt. property	1993 – 98	50
6.	Graphical representation of Interest and Dividends	1993 – 98	51
7.	Graphical representation of Reimbursement	1993 – 98	52
8.	Graphical representation of Miscellaneous	1993 - 98	53
9.	Graphical representation of Total Internal Revenue Trends	1993 – 98	54

LIST OF BAR CHART

(1)	Representation of Cumulative Taxes	1993 – 98	61
(2)	Representation of Recurrent And Capital Expenditure	1993 – 98	90

TABLE OF CONTENTS.

CONTENTS.....PAGES
TITTLE PAGE.....I
DECLARATION.....II
CERTIFICATION.....III
DEDICATION.....IV
ACKNOWLEDGEMENT.....V
ABSTRACT.....VI
LIST OF TABLES.....VII
LIST OF GRAPHS.....VIII
LIST OF BAR CHARTS.....IX
TABLE OF CONTENT.....X-XII

CHAPTER ONE (I)

INTRODUCTION

1.1 A GENERAL OVERVIEW.....1 - 2
1.2 STATEMENT OF THE PROBLEM.....2
1.3 OBJECTIVE OF THE STUDY.....2 - 3
1.4 SIGNIFICANT OF THE STUDY.....3
1.5 SCOPE OF THE STUDY.....4
1.6 LIMITATION OF THE STUDY.....4 - 5
1.7 ORGANIZATION OF THE STUDY .....5 - 6

CHAPTER TWO (II)

LITERATURE REVIEW

2.1 INTRODUCTION.....7
2.2 THE ORITICAL FRAMEWORK..... 8-10
2.3 DEFINATION OF KEY TERMS.....10-16
2.4 EXPLANATION OF RELEVANT CONCEPTS..... 16-28
2.5 CONCLUSION.....28-29

CHAPTER THREE (III)

RESEARCH METHODOLGY

3.1 INTRODUCTION.....32

3.2 METHODS USED IN COLLECTING DATA.....32

3.2.1 PRIMARY DATA.....32

3.2.1a PERSONAL INTERVIEWS.....32 - 33

3.2.1.b QUESTIONNAIRE.....33 – 34

3.2.1c OBSERVATION.....34

3.2.2 SECONDARY DATA.....35

3.2.2a STUDY OF DOCUMENTS AND RECORDS.....35

3.3. CONCLUSION.....35

CHAPTER FOUR (IV)

DATA PRESENTATION AND ANALYSIS

4.1 INTRODUCTION.....36

4.2 HISTORICAL DEVELOPMENT OF REVENUE COLLECTION AND ADMINISTRATION.....36-42

4.3 EXISTING STRATEGIES FOR REVENUE COLLECTION AND ADMINISTRATION..... 42 - 44

4.4 TRENDS OF REVENUE COLLECTION..... 45 – 55

4.5 ORGANS OF TAX ADMINISTRATION..... 55 – 56

4.5.1 TAXES IMPOSED BY NIGER STATE GOVERNMENT..... 56 – 62

4.5.2 PERSONAL INCOME TAX PROCESSES..... 62 – 65

4.5.3 PERSONAL INCOME TAX OPERATION..... 65 - 69

4.5.4 OBSTACLES TO PERSONAL INCOME TAX OPERATION..... 69 - 70

4.6 OTHER SOURCES OF REVENUE.....70 - 74

4.7 CONSTRAINTS TO REVENUE GENERATION.....74 - 83

4.8 REVENUE UTILIZATION..... 83 - 90

4.9 PROBLEMS OF REVENUE UTILIZATION..... 90

4.10 FINDINGS.....91 - 92

CHAPTER FIVE (V)

SUMMARY, CONCLUSION AND RECOMMENDATION

5.0 INTRODUCTION..... 93

5.1 SUMMARY.....93 - 95

5.2 CONCLUSION..... 95 - 96

5.3 RECOMMENDATIONS..... 97 - 100

Meaning of Abbreviations and Signs

Bibliography

Appendixes

CHAPTER ONE (I)

INTRODUCTION

1.1 A GENERAL OVERVIEW

Adequate revenue is the bed rock of achieving development goal. Without adequate revenue, Government performance stagnates. Because, of the enormous task of primary and secondary developmental projects performed or carried out by the state Government, they are given monetary subvention by the federal Government in addition to the revenue raised internally by them. This subvention is usually received every Quarter during each during fiscal year.

Probably because of the poor economic situation in the country, these subventions from the Federal Government are no longer received frequently. Mostly the State Government do not get these subventions at the time they are needed them most or most of the times the statutory allocation is never enough to meet the financial commitments the state sought to believe.

In respect of this unreliability of the normal subvention from the federation account, must state Governments no longer rely mainly on this subvention, instead, priority is given to improving their internal sources of revenue Generation.

With the constraints in revenue generation by the state Government, the state Government tend to ration it's spending, that is utilization of the Generated Revenue only priority projects.

The intention of this research work is to consider how Niger State Government of Nigeria Generates and utilize it's revenue for community development.

Externally generated revenue includes Federal Government Subvention from the federation account, external loans and returns from outside investment. Internally generated revenues are those, whose determination, assessment and collection are solely the

responsibilities of the state Government. Therefore mentioned sources of revenues are the state Government Revenues.

1.2 STATEMENT OF THE PROBLEM

Government sources of revenue generation for public utilization consists, of personal income tax, other state taxes, licences and fines, fees, earnings and sales rent on Government properties, interest and repayments. Reinbursements, federation account and miscellaneous.

However of all the above sources, taxation would be the main topic for discussion. This is because the main focus of this study is to examine and evaluate the internally generated revenue by the state government and that is to look at all forms of taxes imposed by the state Government.

More ever, it should be noted that taxation is not only concern with personal income tax but also includes the company income tax import duties, exercise, sales tax petrol and tobacco taxes, tin and oil royalties, motor and other license are all part of the structure of taxation in Nigeria.

Furthermore, with the global recession and the world heavily geared or leveraged economy, Nigeria as a whole and Niger state in particular are no exceptions.

Finally, the questions to ask therefore, is how can the collection of internally generated revenue be improved? How can the strategies of collections and efficient utilization of revenue for community development in Niger state be improved?

1.3 OBJECTIVES OF THE STUDY

Inspite of the Government efforts to provide it's citizens with essential infrastructure like schools, hospitals, improved living standard, still some citizens do not see the logic in paying heir taxes as at when due.

These functions entails collosal expenditure and this justifies the need for all citizens to effectively pay heir taxes. Any short fall in revenue generation will bring with it a negative multiplier effect within the economy. Hence for the less infrastructures which will certainly effect negative the productivity of the people.

Therefore, it is the objectives of this research work to examine and analysis the various sources of revenue available within Niger State. It will also examine how effective these source revenues are being utilized. Problems and constraints being encountered would be highlighted and suitable recommendations proffered.

1.4 SIGNIFICANCE OF THE STUDY

The need to write a research project on the generation and utilization of revenue for community development in Niger State is significant for the following reasons:

(a) When the study is successfully carried out, it would fill the missing gap of non-availability of any literature on the topic of study.

(b) The findings from the study would go a long way in assisting policy makers to take prompt action s in order to hasten the process of revenue generation and utilization.

(c) The study is the first its kind to emphasize and evaluate the performance of the strategies of revenue generation and utilization in Niger state

It is my hope that information contained in his project would be of great use to students of Business Administration. To enlighten the Niger State populace of their civic responsibilities regarding the continuous payment of taxes. To draw the attention of the Niger state Government to use tax payers money judiciously in the provision of primary and secondary amenities. To further educate the Niger State Board of internal revenue staff on strategizing their efforts of revenue drive. And finally for the contractors handling Government projects to have the effective efficacy of discharging their jobs diligently.

1.5 SCOPE OF THE STUDY

This research study is principally concerned with the administration of revenue in Niger State. The study also considers such sources of revenue available to the State Government such as subvention from the federation account, external loans and returns from outside investments.

The source of internal revenue available to the Sate Government is accruing from various forms of taxes, which shall form the bulk part of the study. Emphasis would therefore, be given to taxation in all its ramifications. In the work that follows. This means an in-depth assessment of the process, operation and organisation of tax administration in the State Government.

The way and manner in which the generated revenue is utilized shall also be highlighted. The study covers a period of six (6) fiscal years from 1993 to 1998.

1.6 LIMITATION OF THE STUDY

Indeed there is no research study that is free from all forms of weakness. The fact that nobody had ever attempted to undertake my meaningful research work on the strategies of revenue Generation and utilization for community development in Niger State further compounded the problems of this project.

The Government secret syndrome, which characterizes dealing on such sensitive matters as revenue, has being a major inhibiting factor, because some vital documents which are very relevant to the research work could not be easily reached even by an insider. Some cold not be released at all to the researcher inspite of assurance that all secrets would be kept and treated as such. A3

The time limit within which the research was conducted was very short. This did not permit me to interview more taxpayers of the State Government as I wanted the weak

Government tax officers response to questions thrown at them. In that circumstance one cannot be sure of having obtained a bias free response from them. Generally, the level of cooperation was not high.

However, some useful information has been obtained and relevant data collected from the relevant Government departments precisely the internal revenue board, the Accountant General's office of the State ministry of finance. Also a sizeable and reliable information and data on related topic especially through Newspapers, speeches, pamphlets, Gazettes and periodic Government reports had also been obtained.

The above limiting factors not withstanding a lot of efforts have been put in order to realize the objectives of this study and indeed meaningful achievements have been recorded with regards to this project.

1.7 ORGANISATION OF THE STUDY.

This research work is divided in to (v) chapters to make it more detailed and in order to have a more elaborate study in each aspect of the research.

The first chapter of the project forms the introductory aspect of the study. It treats the General overview of the topic of study and goes on to state the problem, the objective of the study, significance of the study. It also specifies the scope of the study, the study limitations and the chapter ends with the presentation of the study.

The second chapter of this project is the literature review chapter. The chapter starts with introduction followed by the theoretical framework. Definitions of key terms as well as explanation of relevant concepts are highlighted here. The chapter closes with conclusion.

The third chapter also starts with introduction, it explain the methods of research used in conducting the study which is subdivided into primary data source (personal interviews

questionnaire and on the spot observation) and secondary source of data (study of documents, records and reports releases). The chapter ends with conclusion.

The fourth chapter forms where the data collected is presented and analyzed for the purpose of the study. It starts with introduction and looks at the historical development and existing strategy for revenue collection and administration. Trends of revenue collection for a period of six (6) years 1993-98) are highlighted. Organs of the tax administration with emphasis on taxes imposed by the State Government, personal income tax processes and operations as well as obstacles to personal income tax operation are mentioned. Other sources of revenue, constraints of revenue Generation revenue utilization and it's problems are discussed. The chapter is concluded with findings.

The last chapter of this study which is the fifth chapter starts with introduction then the summary of the study and continuos with general conclusion made and ends with useful recommendations offered.

CHAPTER TWO (II)

LITERATURE REVIEW

2.1 INTRODUCTION

Money plays an important role in any organisation be it cultural, political, religious or administrative organisation. This is due to the fact that all undertakings of the organisation are being carried out with money, without which no organisation can manage it's affairs successfully.

Therefore, revenue collection and it's administration is an important aspect that should be paid more attention to, in order to get sufficient money to enable that organisation undertake it's services smoothly and efficiently for the purpose of achieving It's stated goals and objectives.

State Government needs revenue for carrying out its goals and objectives. It therefore means that the state Government will not expect money to come on it's own. Efforts have to be made in order to raise what is needed to perform the task ahead.

The source of revenue has to be identified first followed by instituting the efficient and effective mechanism to collect it. Revenue collection and its administration could be traced back to as far back as the eighteenth (18^{th}) century in Nigeria when the whole northern region was under the control of the Fulani Empire.

The fulani set up their administration in conformity with (Islamic laws (sharia) whereby, the emirate councils were subdivided into districts and villages for effective and efficient administration of revenue with special recognition to taxes. The District heads are the ' Hakimai" and village Heads are the "Dakatai".

Its in view of this importance of revenue that the researcher wants to look at the key terms and important concepts in revenue generation and utilization for community Development and it's theoretical frame-work.

2.2 THEORETICAL FRAME-WORK

Given that income distribution, the income tax revenue is a function of the tax base, the tax rates and the effectiveness and quality of tax administration. The tax base is established by the legal structure of exemptions and allowable deductions from gross income used in arriving at the chargeable income. The tax liability is then determined by applying the taxable rates to the taxable income brackets. In this context the amount of tax paid by a person is the function of the efficacy of tax administration in properly enforcing the codified tax - all element of deduction, exemptions and the likes are built into the analysis through this relationship.

This has been rightly pointed out by Harold Graves in 1959 "An income tax is like a stool with three legs, if anyone of them is defective the other would not save it from defective performance. The first and the simplest which gets most attention is the rate. The second is the base, it involves all the issues of tax avoidance the third is administration."

The theory of tax structural development postulates that at the early stages of economic development the basic features of taxation are the narrowness of the personal income tax (PIT) base, the operation of poll tax, the scarcity of height of indirect taxation on foreign trade in the structure. In addition the tax revenue to the gross domestic product (GDP) ratio is low. However, these basis features are more in opposing directions as the positive measures by government propel the economy sooner or later, beyond the stagnation level.

Moreover, overtime, some taxes are likely to grow in importance while others are almost certain to decline. PIT provide a good example of the former since PIT revenue is expected to increase as per capital income rises. Consequently, in the

progressive tax system PIT Revenue has a high degree of elasticity in terms of income.

Furthermore, for the self-employed, his tax is based on the income under-declaration is quite rampart in Nigeria. As a matter fact, the self employed individual in Nigeria so under-declared their income that 80% percent of them fall within the lowest income group either paying one percent of their total income as tax or completely exempted following the abolition of the flat income rate by almost all stage state governments. In a system with ineffective tax administration, it is easy for the wealthy self-employed to evade tax completely.

Voluntary compliance is not only low, PIT enforcement is also poor. This largely explains why the PIT is over 50 percent in Nigeria compared to about 14 and 15 percent in the united kingdom (UK) and united state of America (USA) respectively. The fault is not with are tax officials as such but it's the tax system and the environment under which the tax system operates. Referring to the U.K. Tom Birgham in his book Tax Evasion " has this to say, and we agree that the continued existence of tax evasion is none reflection on the ineffectual efforts of the revenue development which is :

"faced with a virtually impossible task in age when standards of honesty appear to have declined and tax dodging has become, if not respectable, at least acceptable in a society which now appears to regard the tax evader with good humored envy. The unacceptable face of capitalism is unacceptable no more.

Our earlier study further reveals that PIT efforts in Nigeria is less than two percent, indicating the existence of excess taxable capacity, especially for the self employed professionals and wealthy business men who only pay PIT an less than 20 percent at their total income.

The unsatisfactory PIT efforts in Nigeria. Is due not only to low per capital income (PCI), but also to other factors which essentially reflect on the weakness in PIT administration.

Consequently, the emphirical evidence in Nigeria reflect the hypothesis that PIT revenue is income elastic in an upward direction as the economy progresses. Hence there is a statistically significant difference between the progressivity of the statutory PIT rates and the realized progressivity. In order wards, PIT is not therefore, suprising that PIT has little or no effect on the re-distribution of income in Nigeria.

To further increase PIT rates will only imply a relatively greater burden on the conscientious tax payer who are mostly under the pay As you earn (PAYE) system. It is even necessary to reduce the maximum tax rate of fifty percent to about 40% so that PIT payers in the highest income bracket would have a maximum tax rate which is dose to the companies income tax rate of 45 percent. The maximum tax rate in the U.K. was reduced from 83% in 1978/79 to 60% in 1979/80. In 1979 the maximum PIT rate was 60% in France and 56% in Western Germany: it was 44% in Denmark (1978). The higher the marginal tax rate, the more profitable it is to avoid and/or evade tax.

The political will within the context of PIT revenue maximization in Nigeria has to be mainly exercised with respects to the self employed taxable persons who evade tax, thereby, reducing both the PIT effort and revenue.

.3 DEFINITION OF KEY TERMS

REVENUE:

It has not been possible to provide a single definition for the terms 'Revenue" while long man dictionary simply defined it "as money received by government"

advance learners dictionary defines it as "the total annual income of a state" or money collected for public finds. It further defines inland Revenue' as "Income from taxation."

With regards to the general enterprises, the traditional definition of revenue "represents or inflow of assets or act asses into the firm as a result of sales of goods and / or services by such firm.

Revenue is further seen as a return from landed property or other sources of income. Income that accrue from investment. It is also annual or periodic yield from taxes, excise, custom duties and other sources of income.

For one, all the definitions showed one thing in common and that is the fact that 'revenue literately represents in flow or income of assets (both in terms of monetary assets and physical assets), for our purpose, we shall consider the monetary aspect of the term.

'Revenue' is therefore defined as money or physical assets collected as income to and by the state, the government or the enterprises and which accrue from various sources. The source could be taxation (all forms), tarrifs, custom ss duties e.tc. fines proceeds from sale of properties or even subventions received from allocations.

The sources available to a government or enterprises depends an the level of such a government or enterprises. Also, the revenue size accruing to a government or enterprise equally depends on the level of that government or enterprise.

For instance, the source and the actual level of revenue accruing to Niger state Government quite significantly differs from those of Local Government or those of federal Government. The concern however, is that revenue, represents inflow of income to the government or enterprise.

COMMUNITY DEVELOPMENT:

COMMUNITY

This term means "territorial bound social system within which people live in harmony, love, intimacy and share common social, economic and cultural characteristics (university of North Carolina, Ibid pg 2.)

Another definition of community is a population living within legally established city limits where the people have some social and economic futures in common which enable them to pursue common goals.

Important characteristic of any community are:

a) Population which could be large or small too.

b) Geographic limits which could be large or small too.

c) Common socio-economic problems or characteristics such as poverty or affluence, highly industrialized or agricultural, lack of infrastructure or availability of facilities high socialized or apathetic, and

d) A feeling of oneness and sense of belonging which enable them to pursue common goals such as the development of proper physical environment.

A community may contain more than are ethnic group having slightly different ways of life. The common bond that tie them together is the socio-economic problems which they fight together to resolve

DEVELOPMENT:

The university of North Carolina further defines development as a "continuos process of positive change in the quality and span of life of a person or group of persons.

Others see development as the ability to feed cloth and shelter oneself resulting from more income earned from one's occupation and from the provision of infrastructural

facilities like roads, water, electricity telecommunications and improvement in others factors of production."

Other definitions of development are:

"The ability to live much longer life as a result of diseases eradication through better sanitation and other preventive measures "

The ability to read, write and to understand forces surrounding one through provision of formal and informal education".

The ability to participate meaning fully in political activities and in policy making at governmental level.

COMMUNITY DEVELOPMENT:

The term community Development has been defined by many authors and in many ways. Each Authors definition depends upon his educational background and profession.

According to the United Nations, the term community development has come into international usage to connote "the process by which the efforts of the people themselves are united with those of government authorities to improve the economic, social and cultural conditions of communities, to integrate this communities into the life of the nation and enable them to contribute fully to national progress (community development and National development).

Murray Ross defines community development as the utilization under one single program of approaches and techniques which rely upon local communities as units of action which attempt to combine outside assistance with organized local self -determination and effort, and which correspondingly seek to stimulate local initiative and leadership as primary instrument of change . (case histories in community organisations).

A rather comprehensive definition of the term community development is one given by another author, Hillman as " A method of helping local communities to become aware of

their needs, to assess their resources more realistically, to organize themselves and their resources in such a way as to satisfy some of their needs and in so doing, acquire the attitudes, experiences, and cooperative skills for repeating this process again and again as their own initiative- the human community.

How ever, for the purpose of our study community development shall mean a process of social action in which people of a community organise themselves for identification of their needs, for planning and action to meet those needs with maximum reliance on their own initiative and resources supplemented with assistance in any form, from government and non-governmental organisations.

The common elements in all these definitions are :

1. People's initiative to find solutions of their individual and common problems.
2. Reliance on their own resources as much as possible.
3. Assistance from outside the community is necessary.

GOALS OF COMMUNITY DEVELOPMENTS :

a) To improve life at the State Government level as fast as our human and material resources can carry us.

b) To develop all aspects of community living simultaneously so as to avoid imbalance or neglect of any area of living.

c) To explore and use technical assistance available from outside the community.

d) To demonstrate special capabilities, project and resources which will be useful to other communities

e) To corporate with and coordinate the state and national development plan (Community development seminar by university of North Carrolina)

NIGER STATE GOVERNMENT A3

Niger State was created on 3rd February, 1976 from the defunct North - western State by the late Head of State, General Murtala Ramat Mohammed. The state however , came into being on 1st April, the same year. At the inception of the State Administration in 1976, there were only eight (8) Local Government Areas.

Consequently by 1999, the state had up to 19 local Government. Also in 1996 the state had 6 more local Governments bringing the total to 25 Local Government areas which is the number till date.

Niger state lies on latitude 3.20^0 east on longitude 11.3^0 North it is burdened to the North by Zamfara state, North west by Kebbi state, south by Kogi State and South-west by Kwara state. Kaduna and Federal capital Territory borders the state to both North - East and south east respectively. The state shares a common boundary with the republic of Benin at Babanna in Borgu Local Government Area. This gives rise to common inter border trade with the state.

The Population of Niger State in 1963 was 1,194,508 with the release of the 1991 population figure by the Federal Government. Niger state has a provisional figure of 2,421,581. The steady growth of the Federal capital Abuja, is also an influencing factor in the increasing population of the state in it's position as a satellite territory.

Niger state covers a land area of 74244 square Kilometers of land (7,424,400 million hectares), covering 8% of the total land area of the country. 85% of the land is arable, which represents about six million hectares of land.

Farming is the main occupation of the 85% of the states population while only 15% are engaged in other vocations such as white collar jobs, business, crafts and arts,

Niger State has always been described as a low commercial activity area presumably because of the of absence of large scale industries. However, the Government through it's

numerous agencies has put in place mouth - watering incentives to attract investors, local and foreign to tap the rich agriculture and mineral resources that are abundant in the state.

Fertile land is Niger State's most cherished asset. Whether the interest is agriculture or industry, the potentials are numerous. The even climate, rich annual rainfall and availability of variety of mineral and agricultural resources are evidence of It's capacity to sustain a broad spectrum of industries.

In addition, infrastructures necessary for the establishment of viable industries like good roads, electricity, water, communication facilities are constantly being put in place to enhance the socio-economic activities of the state.

The General Role of state Governments in Nigeria is that intermediation between the federal Government at the centre and the local governments at the grass root. Therefore placing State Government in the middle, it also serves as a medium of bringing people of almost similar cultural heritage together for harmonious co- existence. The last role is the security aspect that is, to prevent any region from seccession since it has been subdivided into states.

2.4 EXPLANATION OF RELEVANT CONCEPTS:

TAXATION:

Taxation is one of the oldest institutions on earth today. About 3,500 years ago a citizen in Iraq wrote " you can have your lord, you can have yours king, but the man fear is the tax collector".

However, lords, kings and states continued to levy taxes on persons and these persons have continued to live with tax collectors. Tax has been defined by various people and the following are few of such definitions.;

(a) Hugh Daton in his work 'Principle of Public finance: defined taxation as " compulsory contribution imposed by public authority, irrespective of the exact amount of services rendered to tax payers in return and not imposed as penalty for legal offence"

(b) Another definition of taxation is one contained in the international encyclopedia of social sciences as " a general concept of devices used by government or constituted authority to extract money or other valuable things from people and organisation by the use of the law"

(c) J.J. Hassan in his book titled Dictionary of economics and commerce defined taxes as a compulsory payment by individuals and companies to the state or appropriate authorities. It is a contribution for the services and goods which can be effectively provided by the state to the individuals themselves.

(d) Another scholar by name Bhatia see taxation as a " compulsory sum irrespective of any corresponding returns of goods or services by the government "

(e) Taxation is therefore a process of levying and collection by a public authority, with proper jurisdiction of compulsory contribution from person or body of persons to defray cost incurred by the authority in common interest of all.

In all the above definitions of taxation are one could see that the emphasis on the word " compulsory " by almost all the scholars. It implies therefore, that taxation is not willingly paid, only by a kind of force on the tax payer.

Generally taxation is seen in the following perspective by different classes of people.

i. As punishment - view of community tax payers who pay full tax.

ii. Defraying cost of service - View of the State Government officials in the ministry of finance.

iii. Necessary contribution towards achieving a common goal, view of the politicians.

In every country of the world, even in America with a strong believe in the right of private property, Government undertakes a lot of activities for common good, and government extracts in various proportions some wealth of citizens for this purpose.

As a result of the colonization of the African continent a large number of existing tax systems operating in most sub-saharan African countries have their 'roots' in western Europe. However, there has existed what one might call indigenous forms of taxations in many of these countries. The imposition of colonialism, if anything just helped to restructure and straighten the already existing form of taxation with the base of the taxation remaining largely unchanged

As a result of the process of taxation some taxpayers find themselves with less money to spend and the government finds itself with more to spend. This transfer of property right from the citizens to the government gives rise to obligation on the government to use the right in a way most beneficial to the citizens as a whole.

The above definition have made it clear that a tax in the modern content is a legal instrument which is used to extract money payments from citizens (or residents) of a country or within a "tax jurisdiction". In a sense tax could be seen as an individual's contribution to the cost of Government or to the cost of providing collectively consumed goods and services like, defense, immunization, population control, water supply e.t.c

Conceptually a tax formula continuos at three basic elements including :-

(a) Definition of the tax base i.e the object in which the tax is imposed.

(b) The rate structure i.e how it is graduated to conform to certain basic objectives of the taxing authority.

(c) The identification of the person or corporate body who bears the legal liability of the tax, particularly when it is a direct tax.

INCOME TAX

It is sometimes difficult to define income tax, precisely as income tax appears to be self descriptive i.e tax os income. Even the income Tax Management Act does not give precise definition of income tax.

A political economist had once defined income tax as the levy by public authority with jurisdiction of compulsory contributions by the citizens to detrary part of the cost of Government activities in improving the needs of society. I would like to assess to these definitions that personal income tax is the best example of direct tax, the impact and incidence of which falls on one and the same person.

In this attempt to define income tax, he question asked itself - what is income for tax purpose? To answer this question one must bear in mind the fundamental legal principle of taxation that income tax is the creation of statute and decided by lord Atkinson in the case of amoured investment V. Black (1881) " No tax can be levied on a citizen without expressed words in the statute or taxing act clearly stating the intention to lay the burden upon him" it could be reduced from this that only income, that are scheduled by the tax law are taxable income.

Income tax is chargeable on gains or profits from trade, business or vocation. This excludes isolated transactions such as winnings from football pool. But income from illegal earnings such as prostitution or soughing are income for tax purposes. The taxing of illegal income however, does not legalize the business.

Having attempted to define income, I should like to say something about the concept of PIT. In recent times, personal income tax is considered not only in relation to the revenue needed to finance government expenditure but also as an instrument of political and

economic policies as well as redistribution of income, and manipulation of the rates of tax in such a way that will benefit long term growth of the economy.

TOTAL INCOME

It is the aggregate (summation of) assessable incomes from all sources for the year after deducting losses and capital allowances

ASSESSABLE INCOME

The amount of income (after charging expanses and outings against gross income) from each in the year immediately preceding the year of assessment.

CHANGEABLE INCOME

Is the amount of an individuals total income less personal relieves. it is applicable only in the case of an individual as personal relieves are not granted to other categories of taxpayers.

ASSESSMENT YEAR

Means a period of twelve months beginning from 1st January to 31st December of the year.

PAY AS YOU CAN (PAYE)

This is a method by which an employee pays the income tax on his earning from employment and other sources in twelve months installments during the accounting year.

DIRECT ASSESSMENT

This is the process of taxing self employed individuals on the basis of a standardized income to be determined in each year of assessment by the relevant tax authority of each state.

WITH HOLDING TAX (WHT)

It is a tax deducted from rents / contracts payment and paid to the relevant tax authority. The deduction is normally made before the final payment reaches the payee. And it's rate is (10%). Ten percent flat.

SALES TAX/ VALUE ADDED TAX (VAT)

It is a tax chargeable and payable on goods and services listed in column 'A' of schedule 1 to this decree (1986 sales tax decree No. 7) at the rates specified in column 'B'. And later reviewed in 1993 to VAT which is 5% on certain consumables.

ENTERTAINMENT TAX

It is tax deducted from the sales of all forms of entertainment (e.g. cinema house, stadium e.t.c.) and paid to the relevant tax authority. The charge is normally based on percentage.

STAMP DUTIES

It is tax collected by the commissioner of stamp duties whenever he/she stamped an instrument bought by a person or body of persons as stipulated by law. E.g. sales of land property between individuals e.t.c.

JOINT TAX BOARD (J TB)

It is a body responsible for the general administration of the income tax management Act (ITMA).

The chairman of federal Board of Inland Revenue is also the chairman of J.I.B. Members are drawn from all the states revenue boards.

OBJECTIVES OF TAXATION

The primary objective of taxation is to generate revenue to defray the cost of governance. The ratio of Government spending to private spending varies from country to country. The greatest variation being between 'developed' and "Developing" countries. The proportion of the national income taken in taxation varies similarly.

ECONOMIC AND SOCIAL FUNCTIONS OF TAXATION

Even though rising revenue for the government was the original and still remains a significant purpose of taxation, taxes are also useful as instruments of economic and social policies. In some cases the non-revenue purpose of taxation may be accounted by equal, if not greater importance with it's ability to yield revenue.

A. RE-ALLOCATION OF RESOURCES

The distribution of resources is concerned with the adjustment that society decides to make in order to correct for deficiencies in the distribution of resources and wealth. This adjustment is mainly done through taxation and should involve horizontal and vertical re-distribution of income such as might favour rural against urban tax payers, s favour those with small earning over those with large ones, and it certainly favours those who abstain from liquor and tobacco against those are heavy consumers of these economic goods e.g through VAT.

In free economy for instance, a tax system can influence the pattern of resource allocation for production. In the U S A for example rates of tax on such necessities as milk, meat and similar food items are low, hence relative low price to consume a large quantity of these items.

On the other hand, prices of liqour, tobacco, household appliances are made relatively high, because of high rates of tax on them. As a result, the citizens are discouraged from consuming much of these items. The resultant pattern of demand dictates the pattern of production, which in turn directs the allocation of resources in the economy.

In Nigeria, the government attempted to do the same by introducing sales tax in 1986 on such items like tobacco and hotel services. However this may hardly become as effective

as that of U S A because of the government inability to keep the price of such necessities like milk, sugar, meat and other similar items low.

However, the government of Nigeria had from time to time given concessions to encourage business men and investors to undertake or intensity activities in certain sectors of the economy. For example, to encourage agricultural activities and establishment of agro-allied industries, import duties on agricultural machinery and equipment were abolished by the 1990 fiscal measures while excise duties were imposed for first time umbrellas and metal Crown cork also as a means of encouraging manufacturing for export, the federal Government recently established the Nigeria investment promotion council (NIPC) and gives 5 years tax holiday for newly created industries.

b) TAXATION AND ECONOMIC POLICY

It is a generally made sense for every government budget to have a main theme related to current needs of the economy. In the past many state Governments in Nigeria introduced their budgets with different insinueting descriptions as belt- tightening budget or austerity budget designed to continue the drive against over spending tendencies. To effect such drives taxation was used as a means of transferring money from the spending potential of the private sector to the spending potential of the public sector. Similarly taxation has been used at different times as instrument to avoid inflation or deflation through it's controlling influence on consumers expenditure.

To engage the growth of Local manufacturing industries custom duties has over years been imposed on certain imported items considered luxury. The general idea of the infant industry argument is that the industries of the developing countries often suffers from economies of scale, Juvenile weakness and other growing pains, such industries may be viable, in the early stages, of their development, to withstand the aggressive competition of the established industries of the development nations. To overcome this initial disadvantage,

these young industries are often accorded tariff protection against imports from the better endowed foreign competitors.

e) INCOME RE-DISTRIBUTION

The burden of taxation should be spread as fairly as possible, having regard to ability to pay. For a long time taxation has served as a tool for income re-distribution particularly In developed economics of the western world. One leading management consultant once claimed that before world war. II the top men in industries earned fifteen times the pay of the ordinary floor worker. However, today, the highest paid people in industries earn only six times the ordinary workers wage after tax.

The probable base for the claim of taxation as a means of income re-distribution are the maximum ability to pay and the concept of progressive tax rate. As people with high income pay high taxes and vice versa, the enhanced spending ability of the government is to the good of both the poor and rich.

Two conclusions deserve to be made in connection with the use of taxation for income re-distribution. First with respect to money income, a tax system is distributionally neutral if it reduces each persons income in the some proportion. Secondly, there is no agreement that taxation can be a good tool of wealth distribution. Also strong view exists that inflation is more effective in redistributing wealth than taxation.

It is difficult to see way we should strain at the giant of a wealth of tax which yield less than #500 million, when we have already swallowed the camel of inflationary policies which redistribute wealth at a rate that is more than six times as great. However, it is a truism that, but, for progressive rate of taxation the disparity in wealth between the rich and the poor would have been ever greater.

d) SOCIAL AND MEDICAL FACTOR:

Considering the fact that heavy taxes are imposed on tobacco and alcoholic drinks exemplifies the use of taxation for social and medical purpose. Similarly purchase tax was

introduce for the first time in British empire with considerable importance attached to it's use as a means of limiting civilian consumption and thus freeing certain resources for the war effort.

Furthermore, tax allowance, tax holiday or investment allowance has been used by the government to encourage the provision of scientific research facilities and re-equipment of industry, while profit tax has been used discriminatingly in favour of undistributed profit with the object of encouraging companies to plough back profits in their business.

PRINCIPLES OF GOOD TAXATION.

Generally principle of taxation are difficult to discern, and when found, are frequently contradictory in their effect. There are four accepted principles of taxation which govern must tax system. They are set out below and it would be a rewarding execise for one to consider them in relation to taxation as it affects the citizens of one's state. One should also bear in mind that taxation is concerned with more than, just PIT income it includes community tax import and tobacco taxes, oil and royalties, motor and other licences are all pat of the whole structure of taxation in this country.

(a) EQUALITY

The burden of taxation should be spread as fairly as possible, having regard to ability to pay. Equity demand that there should be no distinction between citizens, similarly, it placed all users of petrol to pay the petrol tax, but this principle is not violated by the fact that cyclist do not pay this tax. Taxes of this nature do of course, figure in the prices of all commodities which have to be transported by road of any usage, and petrol tax is therefore, indirectly borne by non- motorists in the community. One should consider how personal income tax measure up to this principle.

(b) **CERTAINTY**

The supposed tax to be paid by a person or body of a persons ought to be certain and not arbitrary. The form of payment, the manner of payment, the quantity to be paid ought all to be clear and plain to the contributor and every other person. History is replete with examples of disastrous consequence of attempts to violate this principle.

Notable, it was a tax system under which dishonest and cruel collectors extorted any amount from the peasant farmers which contributed to the French Revolution of 1789. The imposition of a tax system called ship-money contributed to the English civil war and eventual execution of king charles I in the 17th century.

In Nigeria it is alleged that various taxes imposed by chiefs and rulers before the advent of the colonialist were unwieldly, complicated and consequently lending themselves to abuses and perversion of justice, but, history does not record any violent upheaval as a result of imposition of such arbitrary taxes.

(c) **CONVENIENCE OF PAYMENT:**

Every tax ought to be levied at the time, or in the manner, most likely to be convenient for the contributors to pay it, convenience of payment requires among other things that object and time of collection of the tax be related to the habit of the people.

(d) **ECONOMY IN COLLECTION.**

Taxes cease to be a profitable source of revenue when administrative costs are too high, they should therefore, be in - expensive to administer. 'Easy' here also connotes 'convenient' - fitting in well with the habits and customs of the community.

This aspect should be considered when as often it happens as possible, new taxes are suggested to take the place of existing ones. This strange new taxes might be prohibitively difficult, therefore, expensive to administer because they do not fit in with the habits of the communities in Nigeria?

To what extent are those habits likely to change in the foreseeable future so as to make the suggested new tax more acceptable?

Finally, the 'form of payment, the manner of payment and the amount to be paid ought to be clear and plain. The possibility of conflicts between the first principles and this are already been noted.

The effort to spread the burden fairly, so that no hardship of any sort would be possible, would require legislation so intricate and full of exceptions and provisions that it would be unintelligible to the ordinary tax payer.

Many claim that the tax legislation in the 'developed countries has already reached this state and that the fourth principle is being ignored.

CLASSIFICATION OF TAXES

Taxes are often classified, according to method of payment into:-

(a.) **DIRECT TAXES** :-

Where the person so taxed makes his payment direct to the revenue authority. Examples are personal income tax, company tax, license fees.

(b) **INDIRECT TAXES :-**

This are normally taxed on goods and services collected from importer, manufacturer e.g the operation sales (VAT) tax in Nigeria, although ultimately borne by he consumer as part of the price of the goods or services. Petrol, Tobacco, Electricity and import duty are examples of indirect taxes.

In general, direct taxes are on income (and some times on capital) and indirect taxes are on outlay, although the classification is sometimes difficult to apply and services, which appear to be an outlay (e.g. license duty to a private motor car) are paid direct to the taxing authority. Classification of taxes into Direct and Indirect categories is easier applied than

defended. By popular usage, many authorities can easily identify the different types of taxes that will fall in either the direct class or the indirect class.

However, some problems arise when one has to justify why a particular item is put into one tax class and not the other. This difficulty arises because the determination of the ultimate incidence of tax is no easily determined. An imposition of reactions in the economy which no economic analysis can adequately explain. For instance when a car importer pays custom duties on his merchandise, the duty will effect the selling price of the cars.

First, simple micro-economic analysis predicts that in the short run the unit tax or custom duty on each car will raise the price per car but by less than amount of the tax so that the burden will be shared by the customer and the importer. But the proportions of the sharing in not easy to fix.

Secondly, because of the custom duty (and other taxes) paid by the car buyer/transporter, the custom duties transported will attract higher fares. The car imported will be among those paying higher prices for his food stuff or other requirements because of the increase in cost of transportation.

So one can not really say that the custom duty paid on the car was absolutely indirect tax as the agreement that the incidence was passed on, neither can one unequivocally state the ultimate location of the incidence of the custom duty.

Similarly, it may be difficult to convince a layman that a tax on salary of an employee under "PAYE" system is a direct tax. The employees may never have gone to the revenue office or government treasury to pay his tax, rather he pays his tax through his employer. Yet taxes on salaries and wages are generally classified as direct tax.

2.5 CONCLUSION.

Academic literature reviewed on this topic is very wide and in-exhaustible. The more Facts are read the more it is discovered that only little has been done despite the numerous work done and the age long revenue collection and utilization history.

There is no doubt or denying the fact that this work should be considered a terminable study rather it should be seen as a stepping stone for further studies in the subject area which will of cause build a sound foundation for developmental effort of Niger state Government.

LIST OF REFERENCE CONSULTED IN RESPECT TO LITERATURE REVIEW.

1 Personal income Tax in Nigeria - by O.T Odiangeyi.

2 The law of Northern State of Local Authorities.

3 Public finance and Budgeting - by Abubakar Haladu.

4 The political economy of Nigeria Taxation by Borat Zuwaghu.

5 Nigeria income tax management Act 1961 sec 4 (1) , sec 17

6 Nigeria Federal finance (Hatching on Educational) Pg 187. Adebayo Adedeji

7 Context of taxation, Cambridge University Press Encyclopedia of social sciences - Bathia R(1977)

8 Dictionary of economics and commerce - Mac Donald and Evans

9 Community Development : The backbone for promoting socio - economic growth by S. Bola Oni and I.O BELLO.

10 Chambers Dictionary - (Universal learners) international students Edition

11 Community Development senior by University of North carrolina (U.S.A)

12 Constitution of the Federal Republic of Nigeria (1989)

13 Release by Niger State Government Gazettes 1976, 1986, & 1996.

14 Northern States of Nigeria: study noes for revenue inspectors Government Printer Kaduna

15 A critical Appraisal of the strategies and effectiveness of collection and Administration in Katsina State - By Dalhatu Abba Garba

16 students companion in Nigeria income tax; 21 Abiodun street, P.o box 369 Shomolu, Lagos Obembe T. Ade:

17 Nigerian Tax services No 1 Gaskia corporation Limited, Zaria. Abdullahi Zubairu :

18 The Nigeria Tax system : A critical Review issued by the Federal inland Revenue Department.

19 general theory of tax structure change during economic development. Cambridge mass. Havard law school international Tax program 1966. Pg 7- 56 Hinrichs H.H

20 Income tax Administration Natural Tax (washington D.C) 12 (i) :37 March 1959 Groves, Harold.

21 Revenue Generation and utilization for community development 'A study of Paikoro Local Government Area of Niger State (unpublished) BSC Accounting Project (1994). Yahaya Isah Danladi.

CHAPTER THREE (III)

RESEARCH METHODOLOGY

3.1 INTRODUCTION.

This research was conducted from two sources of Data, namely;

(1) Primary Source

(2) Secondary Source

Primary source involves direct discussion with the appropriate state Government Officials of the Finance Ministry and the board of Internal Revenue Division as well as the state Accountant General's office. Others interviewed were contractors who undertake capital projects (government contractors). Tax payers' response via questionnaire was also analysed.

Secondary sources include findings from journals and tax provision as released by the Federal and State Governments. Tax Books on the subject matter were also or an invaluable asset during the conduct of the research.

3.2 METHODS USED IN COLLECTING DATA

The methods used in the collection of data for this project includes personal interviews, Questionnaire and study of documents and records, which are subdivided into primary data source and secondary data source.

3.2.1 PRIMARY DATA

3.2.1 a. PERSONAL INTERVIEWS

This involves direct discussion with the appropriate ministry of finance officials and those of the Board at internal revenue office. The officers here include the chairman /chief executive and the zonal inspectors of revenue the cashier and the book keeper of the Board of internal Revenue were also interviewed. The Accountant internal was also consulted regarding the states financial statements (1993-98).

Revenue collectors and the payers of different zones and towns in the state were interviewed. The zonal towns are Bida in zone A suleja in zone B and kontagora in zone C.

Other individuals interviewed were some Government contractors of the state projects. Officials of the federal pay office at the federal secretariat minna who are in charge disbursing the federal government subvention from the federation Account and other federal Government special grants as need be.

The interview approach was adopted to enable the researcher have a face contact with the respondents for more reliable information and data.

An advantage of this method is that some points which were not very clear were explained in detail. Another advantage is that issues of great concern to the research work were discussed during the interview.

Though, some respondents either avoided some questions completely or give half way answers, some even claimed they were new on the job as such could not say much, the information and data obtained were sufficient enough for this project work.

3.2.1.b QUESTIONNAIRE

The questionnaire method was administered to both management staff and those engaged in the practical collection of revenue and taxes for the state Government. (A4), at back of the project is the sample of the questionnaire used.

with the questionnaire there was every possibilities of obtaining first hand information from the respondent. Since during the time of filling the questionnaire, the respondent fills them with he information they felt were true. And because there won't be any trace to them since there's no column for name and position or rank of the person filling the questionnaire also motivates them to give time response or answers.

The questionnaire also saves the times of the researcher, since the researcher had some few people to fill these questionnaires. Therefore, it would still not have been possible

to interview each and every person because of the time constraints. Another, advantage of the questionnaire is that the answers are either yes/No or very brief explanation.

However, the questionnaire was not without it's short comings some of which are:-

Lack of allowing face to face communication, at the time the respondent might have wanted to ask the author an explanation regarding a question he does not understand.

Inspite of the attempt to avoid anbigious question and the meticulous efforts towards this direction, some answers were completely useless as the questions has been misunderstood.

The questionnaire method also proved slow because of the heavy task involved in the analysis of these data, since some answers were not delivering any meaning at all.

Despite these short comings of the questionnaire the information obtained proved an invaluable asset to the researcher.

3.2.1c Observation

This was the briefest of the research techniques used as the observation was only restricted to the sites of capital projects and because of the cost of transportation constraint, the researcher only restricted himself to one project per zone. At Minna I visited the Minna General Hospital to verify the expension works done at the hospital. At Suleja zone I visited the Paiko water works from Chanchaga river to Paiko Township. At Bida and Kontagara I visited 15 KM State road and Secondary school rehabilitation respectively.

The main constraint here was the cost implication and my lack of knowledge of real estate valuation and since I'm not a quantity surveyor, I couldn't ascertain with absolute certainty the percentage of completion on each of the jobs and whether they have been over costed or not.

However, as on the spot visit enabled me established the fact that the projects are actually been executed as stated in the records.

3.2.2 Secondary Data

3.2.2a Study of documents and records.

This method embarked on sourcing information and data from official records such as annual budgets, recurrent budgets, financial memoranda comprehensive income statements and estimates available and other state Government publications.

Journals and tax provisions as released by the Federal, and Sate Governments. Journals include newspapers and magazines, files kept by the Ministry of finance of the State Government, and at the Federal pay office, Federal Secretariat, Minna.

Text books written on taxation, revenue and community development were also consulted in the review of Documents and records. Also the P.K.L of A.B.U Zaria provided materials of vital help for this research project.

3.3 Conclusion

For any research project to be valued there is the need for a systematic way of collecting information and Data. To this and research materials have been gathered from different sources.

However, the aim is to get enough sufficient and reliable data from these sources of Revenue Generation and utilization for community development in Niger State including the problems inhibiting it's smooth operation.

CHAPTER FOUR

DATA PRESENTATION AND ANALSIS

4.1 INRODUCTION

One of the main purpose of establishing any State Government is serve as on intermedtion between the federal Government at the centres and the local Authorities at the grassroots as indicated in the third schedule of the 1967 decree establishing state governments. Niger State Government is one of the 36 states that were eventually created for this purpose.

Various sources of internal revenue generation and external sources are available to the state government. Internal sources of revenue here includes taxes, state licenses fees, rent on state owned properties and earnings from commercial activities. External source other than the statutory allocation from the federation account by the federal government are interest payment and dividends. And these sources shall be considered in greater detail in this chapter. With these sources the state government competes effectively, with other states.

It is a known fact that though revenue generation has been on the increase in recent years but it does not match with the increasing population. Increase in population is geometrical and if not accompanied with a drastic break through, it is likely that there would be low per capital income, poverty and disease. For this fact the generated revenue which is usually insufficient has to be judiciously utilized for community development. This also shall be looked into in this chapter.

4.2 HISTORICAL DEVELOPMENT OF REVENUE COLLECTION AND ADMINISTRATION IN NIGER STATE

The notion of revenue collection in Niger started in the former northern Nigeria, long before the coming of the British to Nigeria. The North has possessed its own system of revenue collection. This system was based on the following forms;

'Zakat' or alms paid by the muslim faithfuls and fixed in relation to the wealth owned by the payer (i.e one fortieth of total money held above a certain minimum).

'Jangali':- Tax paid on live stock (on every goat, cow, sheep e.t.c.)

'Kharaji':- Tax paid on land

'Jizya'or 'gandu' a capitulation tax paid to chiefs by conquered tribes usually non musilims.

The first step taken towards the improvement of revenue generation was the proclamation of a revenue ordinance of 1904 entitled 'land revenue proclamation; This ordinance stipulated that the chiefs were to pay one forth of the revenue collection through traditional methods to the government. Also resident officers of the provinces were instructed to look into methods of assessment and collection of the traditional taxes. This led to the elimination of 'Zakat' and 'Jizya,' while 'Kharaji' were retained and modified.

The next important development in the field of revenue was the proclamation of the revenue ordinance of march, 1906 by sir Fredric D. lugard. This ordinance was titled 'native proclamation of the revenue ordinance of march 1906'. The clause indicated that instead of being tax an income shall now be tax or profits. The proclamation was aimed as a source of providing revenue for the government and the native authorities. This direct taxation was the financial foundation upon which the native Authorities were build.

Further development that took place in revenue Generation was the proclamation of another revenue ordinance in 1917 titled 'revenue ordinance of 1917'. The purpose of this was to correct the defects in the taxes that were paid in the southern part of Nigeria before the amalgamation for instance, the poll tax and the direct taxes payable in the south were found to be very inequitable and very unpopular. In short, the main aim of the ordinance was to introduce a uniform system of taxation between the south and the North.

It's worth mentioning here that these stages of development in revenue generation as it was experienced in the Northern part of Nigeria was also experienced in Niger state under which the state belonged then.

In 1940 a bold step was taken when the direct ordinance was enacted. The purpose was to integrate income tax with the direct tax. There were proposals to tax persons with income above £200 (₦400) under the income tax which would be administered by the department of Inland Revenue, irrespective of where the affected people lived. Those with low incomes would be taxed under the direct tax system. This proposal was aimed at eliminating tax discrimination that existed between Africans and expatriate tax payers. For instance all Africa throughout the country with the exemption of those resident in Lagos were subject to income tax.

However, failure of this ordinance to achieve its main objective gave rise to some political agitations in the regional legislation after Nigeria became a Federation in 1954. Calling for review of tax system, it was finally agreed that the tax system should be re-examined and a fiscal commission headed by Mr. Raismen was appointed by the Federal Government in 1958. The commission was among other things given the mandate to examine the following, division of powers between the regions and the Federal Government to levy taxation and the allocation of revenue between the government of the regions and that of the federation.

The six Northern states (North-western state inclusive out of which Niger state was created in (1975), which were created out of the further northern regions inherited the personal tax low of 1962. It is this law that formed the basis on which the assessment and collection of personal income tax in Niger State is done. It is however, necessary to know that the law is always applied side by side with income tax management Act (ITMA) and the amendments there to.

In 1962 the Northern Nigeria personal income tax law was enacted, and a new sharing formula of sharing the revenue between the former Northern Nigeria government and the then Native Authorities was also introduced. The regional Government allowed the native authorities to retain twenty percent of PAYE and Direct assessment proceeds which they collected in accordance with the commissioner of revenue division of the then ministry of finance. The remaining eighty percent then goes to then Northern Nigerian government treasury.

With the creation of twelve autonomous, states in 1967 by the then federal military Government to remove the imbalance in the political structure of the country. As soon as the twelve states government settled with their new military Governors, decree No. 15 was promulgated which gave financial provision for all states and each of the six states created out of the former north was to receive from the federation account 7/42 of the amount going to the former northern regional government. With this new position former kontagora province still remained part of the former north-western states which was later renamed Niger state.

In 1970, the personal tax law (amended) edict conferred the power of distrait 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, therefore deprived of the twenty percent share of revenue. This particular act, made the various states internal revenue Boards more functional.

The 1973 decree No. 7 repealed the personal tax law edict of 1970 and transferred the powers to the Director of the states Board of internal Revenue and such other persons as may be necessary (sec. 3(t) have therefore, been given the legal backing to levy tax on taxable persons defined by the law as any individual having an income which is chargeable with tax under the provision of part III)

In 1976, the then Murtala / Obasanjo Government created seven additional states (Niger state inclusive)which changed the federal structure from twelve to 19 states in the federation up to the time Niger state was created, the state authority responsible for internal revenue generation and collection remained the revenue division of the ministry of finance. And at the ime it only administered the PAYE and the direct assessment.

However, the government of N. P.N. under the Governorship of Alhaji Awwal Ibrahim in 1980 converted or transformed the board of internal Revenue to a full parastatal out of the ministry of finance and empowered it to assess and collect revenue, litigate and advise the government on rates, advise various ministries on revenue collection and query any ministry that does not meet its target.

In 1991 zonal offices were commissioned with minna having paiko, maikunkele, kuta and wushishi under it. Bida zone has Agaie, kutigi, mokwa, lemu and edati local offices under it. Kontagora zone administers the activities of the following township offices, kagara, Rijau, Nasko and marigi. Finally suleja overseas revenue collections at lapai, Gawu-Babangida and Tafa (wuse).

Moreover, in 1993 an Area office which is neither up to a zone but more than a local or township office was commissioned at new Bussa to coordinate the activities of revenue collection at Agwara and Borgu.

Furthermore, in 1994 external consultants were contracted to boost revenue generation for it's current and capital expenditure. This was achieved as revenue increased from #4,000,000=00 to 18,000,000=00. The contracted firm is given 13% of the excess revenue generated above set target plus all expenses.

COMPOSITION OF THE BOARD

Section 3 of the Niger state edict No. 6 as amended stated that the number and composition of the Niger state Board of internal revenue as follows;- "the Board shall consists of the following members;-

1. The chief executive of the state internal revenue Board who is also the chairman of the Board to be appointed by the governor.
2. The secretary of the internal revenue Board who is also the secretary of the board.
3. One representative of each of the following ministries:-
   a. Finance
   b. Local Government
   c. Justice
   d. Commerce and industries.
4. Chief vehicle inspection officer, ministry works and housing.
5. Director lands military governor's office.
6. Two representatives of the private sector who shall be a businessman and a chartered Accountant/Banker to be appointed by the Governor.
7. At least three representatives of the traditional institution.

FUNCTIONS AND POWERS OF THE BOARD

Section 5 of the same edict states the functions and powers of the board as follows

"The Board shall have the powers to :-

a. Administer the provision of the personal tax law in the state.
b. Assess, collect and account for all taxes in the state and why do all such things as may be deemed necessary or expedient for the assessment and collection of such taxes.
c. Supervise the collection of all revenue to the state which other ministries or departments collect;
d. Revise all obsolete rates collected by the Board; and

e. Liase on tax and revenue matters with the federal and all other state Governments through the Joint tax Board."

4.3 EXISTING STRATEGIES FOR REVENUE COLLECTION AND ADMINISTRATION IN NIGER STATE:

Meaning strategy:

The term strategy is derived from the Greek word 'STRATEGOS meaning general. In a military sense, it involves the planning and directing of battles or campaigns. In the business sense however, the term refers to actions by management to off-set actual or potential action of competitors.

Kenneth E. Runyon expressed that the term is used to describe how objectives are to be accomplished. This strategy statement communicate the principles used in selecting and/or utilising ways to achieve a set of objectives. According to W.F. Gluek (1980) page 8), is a unified comprehensive and integrated plan relating the strategic advantage of the firm to the challenges of the environment of the enterprise are achieved

Therefore, for any organisation to succeed there must be some established strategies in pursuance to achieve it's goals and objectives. In Niger State there are three basic ways to which this is done;

1. **Tax drive;**

   This requires unscheduled drive or visit from shop to shop and other business premises to assess and collect revenue on the sport from tax payers.

2. **Revenue Consultants:**

   The state uses external consultants to boost revenue Generation in the state. This is a successful strategy in the sense that consultants from outside the state use aggressive ways in collecting revenue because they don't seem to know so many tax payers in the state .

3. **Court Actions:**

Litigation by way of court suit is used as a last resort to get stubborn Tax Payers pay their taxes.

The State use the above ways to pursue the following strategies in Revenue collection and administration;

a. The issue of tax clearance certificate (TCC) in order to make people pay adequate tax an earnings TCC was introduced mainly to improve tax collection. Therefore, TCC is demanded in respect of the following transactions in Niger state;-

- Tender for award of government contracts
- Approval of all building plans.
- Candidates for election
- Issue and renewal of a market stalls
- Issue and renewal liquor licenses
- Application for registration vehicles.
- Application for government quarters
- Bank Loans
- Application for foreign exchange
- Application for certificates of occupancy.

Because this particular strategy has become very effective should not be used as a punitive measure, that some states, don't recognize TCC from other states of the federal other than theirs. Because, this will be contrary to the law and of course the spit of unity. The problems of double taxation should be checked and people be made to pay tax only in their right places of residence.

The delay often encountered in obtaining TCC. Definitely calls for a review. Therefore, the state should not use TCC to collect tax in advance and the innocent employee

should not suffer for the delay or failure of his employer to remit PAYE tax to the tax authorities. The result of course would be everybody for himself and God for us all.

b. Advertisement in local T.V. and Radio stations:

This is another strategy recently employed in Niger State internal revenue Board. This has shown results.

c. Collection visits and tours - as the economy is biting hard both in the public and private sectors. In recent the board has intensified efforts for collection visit and tours, this has indeed helped to improve collection remarkably. Vehicles are provided to all zones to enable them speed the tax collection and administration.

d. Cashiers control: This is an important strategy and is given a lot of attention in recent time. All officers in charge of collection and accounting are checked thoroughly to prevent fraud and maximize revenue collection. This is because man is a complex animal and hard to predict.

e. Operating separate bank accounts: the decision to direct every revenue office to separate bank account is indeed a wise decision in the right direction. This checks fraud and encourage accountability .

f. Period checking of ledgers pay record cards and various books of account of the paying organisations to ascertain and ensure that correct tax is deducted and paid at the right time.

g. Period checking of vehicles particulars by vehicles inspection officers. The idea of license offices going with V.I.OS to check and sell on the sport vehicle licenses as practiced by the revenue board is an important strategy for maxinising revenue collection.

h. The use of local government council to collect the annual fixed flat rate development levy per adult in towns and villages is another strategy that is economical both in terms of cost, time and resources.

4.4 TRENDS OF REVENUE COLLECTION (1993 - 1998)

This subhead intends to examine the trends of revenue collection with regard to the following sources.

- Taxes
- fires and fees
- Licenses
- Earning from sales
- Rent on government property
- Interests, Dividends and Repayment
- Re-Imbursement
- Miscellaneous

For the period of six years (1993-1998) as per data collected from the revenue board with a view to finding ways and means b improvement.

The researcher also intends to examine the internal control system of collection and accounting section of the board with a view to exposing lapses if any, so that solutions could be provided.

The effects of income tax evasion and avoidance will be examined in order to find out all it's possible and probable problems relating to the tax collection and administration.

A. TAXES

Taxes here includes pay as you earn, Direct Assessment, entertainment tax., tax an dividends, tax on rent income, sales tax, stamp duties, pools betting tax, gaming machines tax, tax on contracts, tax on interests and Toll gate.

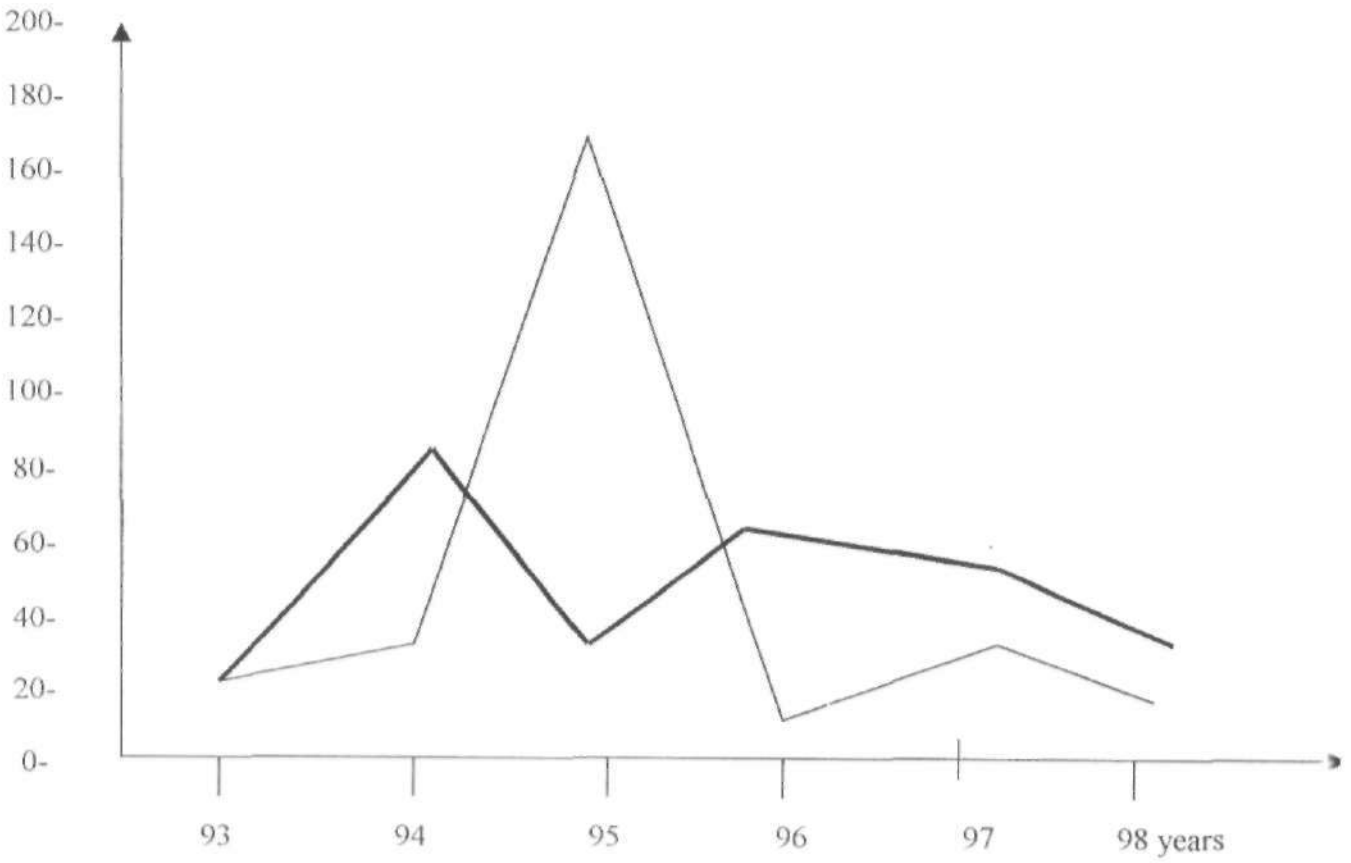
Year	*Approved* Estimates	*Actual* collections	*Percentage of estimate*
1993	17,840,020	18,457,436.18	104%
1994	27,265,000	93,391,009.43	343%

1995	162,300,000	25,836,6688.90	16%
1996	19,750,000	60,378,621.75	306%
1997	37,250,000	60,371,654.50	162%
1998	17,850,000	40,322, 649.85	226%

Source: Approved estimates of the government of Niger state 1993-98

Amt. in million (₦)

Graphing of Taxes 1993 – 1998



Key: ——— Estimate

▬▬▬ Actual

There is a remarkably positive trend from 1993 to taxes collected in 1994 followed by a downward trend in 1995, then upward again in 1996 with no much change in 1997 and a negative trend in 1998.

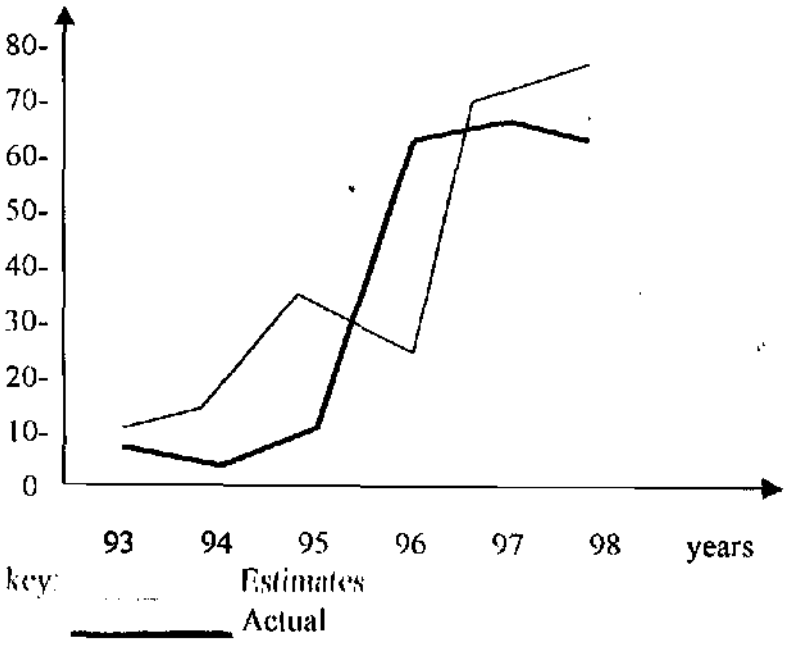
b. Fines and fees:

Items inclusive here are boarding and lodging fees liason office, Boarding Accommodation fees for health training institutions and their application forms day care centre fees, registration & renewal fees for private schools. Examination & school fees scholarship application forms fees, court fees and fines declaration/Appeals, Affidavit fees, rent tribunals levy, registration of contractors, processing of contract fees, general levy, search fees, Irrigation fees building plan approval fee, grading fees e.tc.

Year	Approved est.	Actual coll.	% of estimate
1993	8,316,700	3,984,797.40	48%
1994	12,446.000	1,995,956.51	16%
1995	37,231,500.00	10,565,609.63	28%
1996	29,132,313.05	59,674,981.48	205%
1997	69,692,825	4,35,585.00	93%
1998	73,932,500	60,858 291.30	82%

Source: approved estimates of the government of Niger state 1993-98

Graphical representation of fines and fees 1993-98



The trend here is slightly negative between 1993 and 1997, there is a slightly positive trend between 1994 and 1995, followed by a tremendous improvement between 1995 and 1996 followed by a slight upward movement between 1996 and 1997 and finally a very slight downward movement between 1997 and 1998. It can undoutably be said that the graphical representation of fees & fines (1993 -1998) takes the shape of an integral symbol

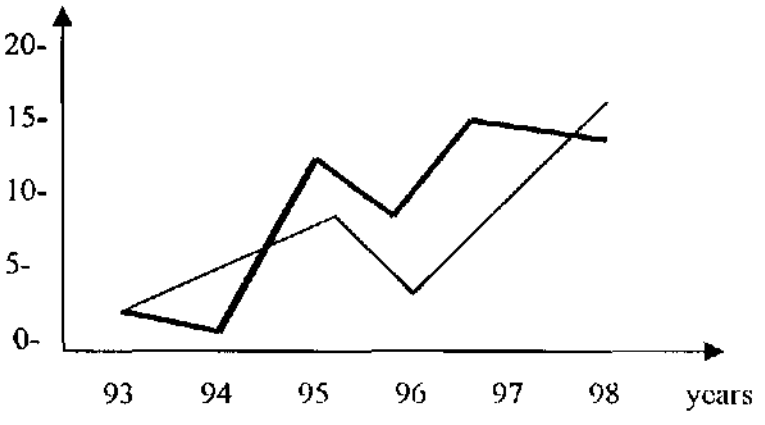
c. **LICENCES**

Items here consist of pool betting licenses, gaming machine licenses, motor cycle licenses, auctioning licenses, driving licenses and learners permit, royalties and permit for tree in the forest reserve, trophiles hunting licenses, cattle trading licenses (Jebba, mariga, suleja and T/mallam), patent medicine licenses renewal, cinematography licenses, fishing licenses etc.

Year	Approved est.	Actual coll.	%age of estimate.
1993	2,631,400	2,542,321.85	97%
1994	5,293,000	1,834,83.15	35%
1995	8,599,000	13,832,483.00	161%
1996	6,475,000	9,580,454.06	148%
1997	9,328,500	15,857,804.17	170%
1998	16,272,000	15,502,672.00	95%

Sources: Approved estimates of the govt. of Niger state 1993-98
Graphical representation of licenses (1993 -98)

Amount in millions of #



key: _____ Estimates
_____ Actual

The trend here between the years 1993, 1994, 1995, 1996, 1997 and 1998 is that of slight negative trend, improved positive trend, negation trend, positive trend and slightly negative trend respectively in respect of actual collection of licenses.

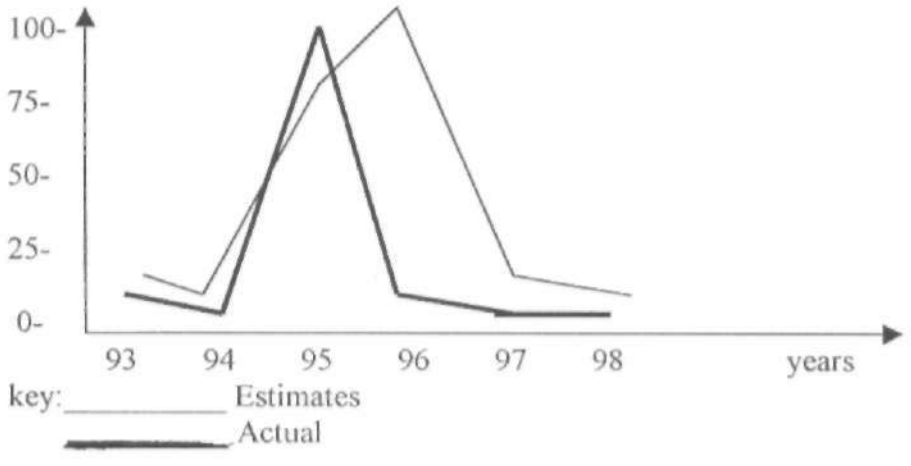
d. **EARNING FROM SALES,**

Sale of maps, sale of horticultural products, tractor hiring services, mechanical land clearing, sales of fishing materials, clinical treatments (sales of drugs), sales of plants from nurseries trpanosomiases treatment, sales of grains, sales of law books, sales of pest control, chemicals, lithographic printing works, Repayment of tractor sales of Local Government. Etc.

Year	Approved est.	Actual coll.	%age estimate.
1993	7,271,000	1,570,464.75	22%
1994	3,548,500	117,550.50	3%
1995	78,648,500	100,805,160.00	128%
1996	105,092,000	7,153,337.13	7%
1997	20,220,000	5,768,521.30	29%
1998	19,253, 280	10,758,235.00	56%

Source: Approved estimate of the govt. of Niger State (1993-98)

Amount in millions of #



The trend here between the years 1993-1998 is indicated by the conical shape of both the actual earnings from sales: collected and the approved estimates.

c. **RENT ON GOVERNMENT PROPERTY**

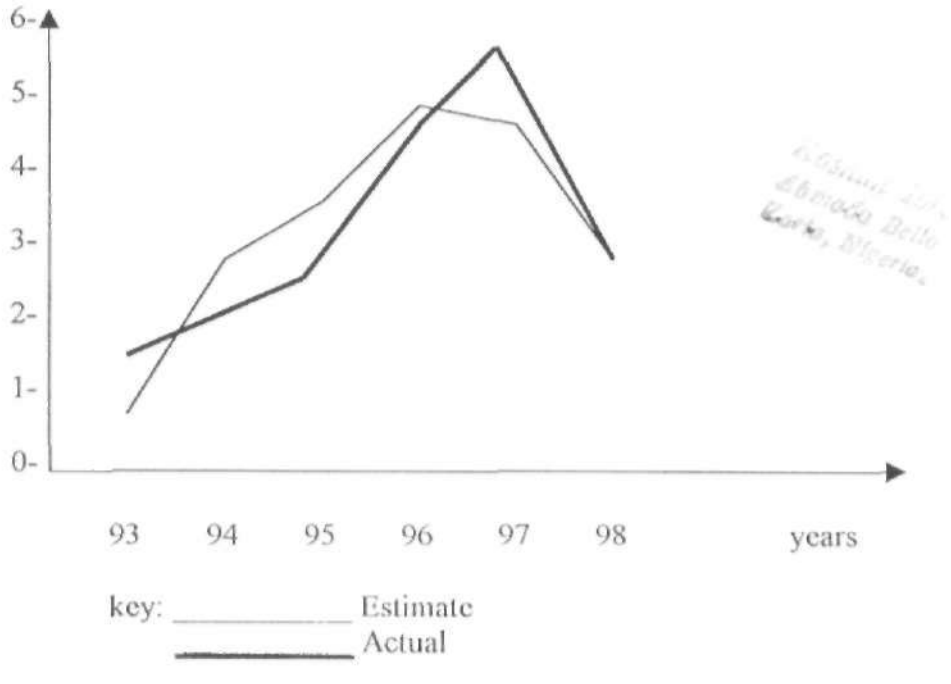
This is made up of plant, government organisation, rent of staff quarters, penal Rent, temporary certificate of occupancy, petrol filling stations, ground rents and hire of government vehicles.

Year	Approved est.	Actual Coll.	Percentage of estimate.
1993	990 020	1 867,000.00	189%
1994	2,865,000	2,462,992.91	86%
1995	3,365,000	2,623,054.86	78%
1996	5139,200	4946 474.56	96%
1997	4 419 200	5 951 335	135%
1998	2 896 700	2 709 296.36	94%

Sources: Approved estimates of the govt. of Niger State.

Graphical Representation

Amount in millions of #



There is a close relationship between estimate and actual in the years 1993 -1997 all showed a steady rise in both estimates and actual collection while 1997-1998. Showed a downward movement of both estimates and actual collection.

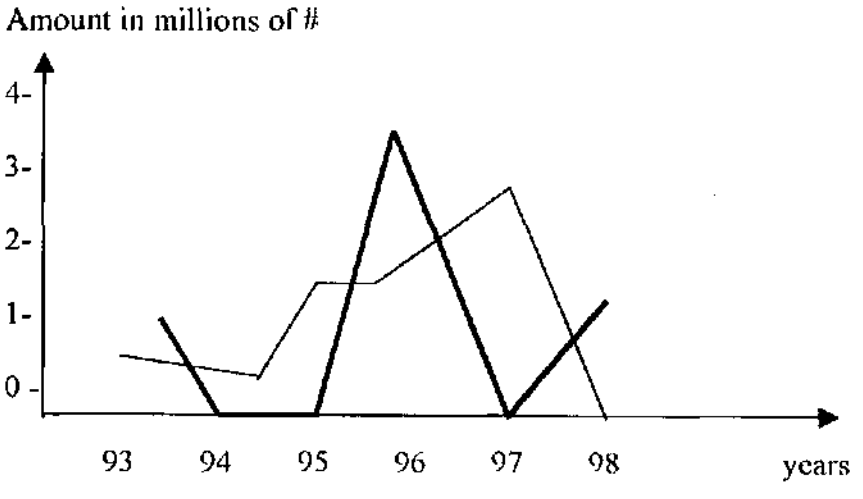
f. INTEREST /DIVIDENDS

Bank deposit interest, repayment of motor cycle and Bicycle loans, staff housing scheme, repayment of administrative Charges, repayment of govt. motor vehicles loans, dividends & govt. share.

Year	Approved est.	Actual coll.	Percentage of estimates
1993	400.00	10674 94.38	26%
1994	200 000	-	-
1995	1,500,000	-	-
1996	1,500,000	4383 553.49	292%
1997	3,150.000	-	-
1998	-	100500	-

Source: Approved estimates of the govt. of Niger state 1993-98

Graphic Representations



key:_____ Estimate
_____ Actual

Nil collection in some years could be explained by the fact that not all companies declare dividend every year.

g. **REIMBURSEMENT**

This consists of only two items namely;

1. contribution in respect of seconded officers retired
2. contribution by federal Government on retiring .

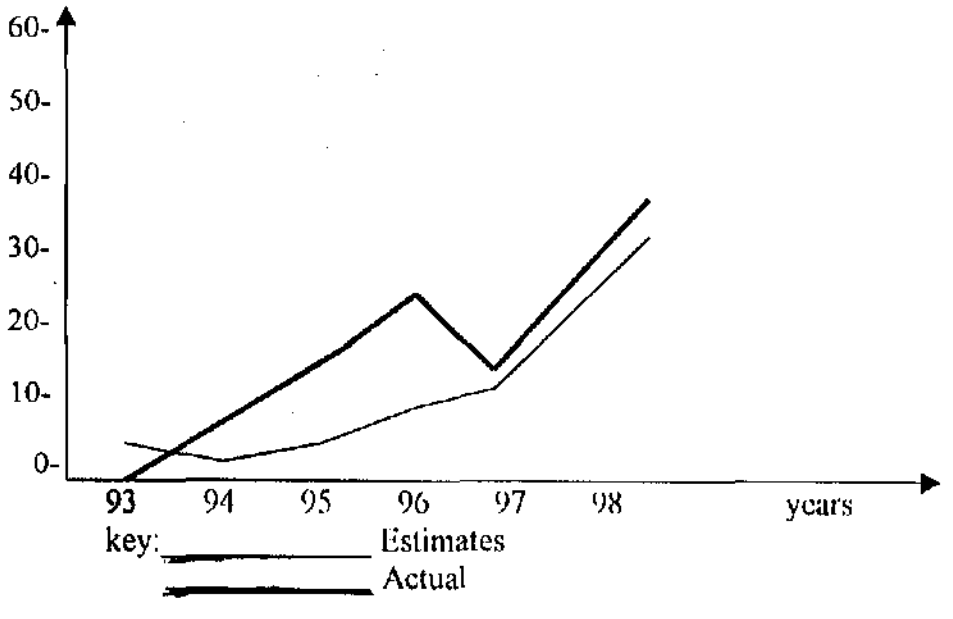
Table 7

Year	Approved est.	Actual coll.	Percentage of estimate
1993	200,000	-	Nil
1994	4,708,000	6721 002.60	143%
1995	4,708,000	19 694 379.06	418%
1996	9 416 000	34, 732 829.67	369%
1997	15, 000.000	17 712 988.79	118%
1998	37 878 940	52 737 883.24	139%

Source: Approved estimate of the govt. of Niger state 1993-98

Graphical representation

Amount in millions of #



Apart from 1993 where there was no actual collection, 1994-1998 showed a surplus of actual over estimates.

g. **MISCELLANEOUS**

This includes deposit of right of occupancy, composition recovery, scholarship from federal government, registration fees mortgages, dubbing of video cassette etc.

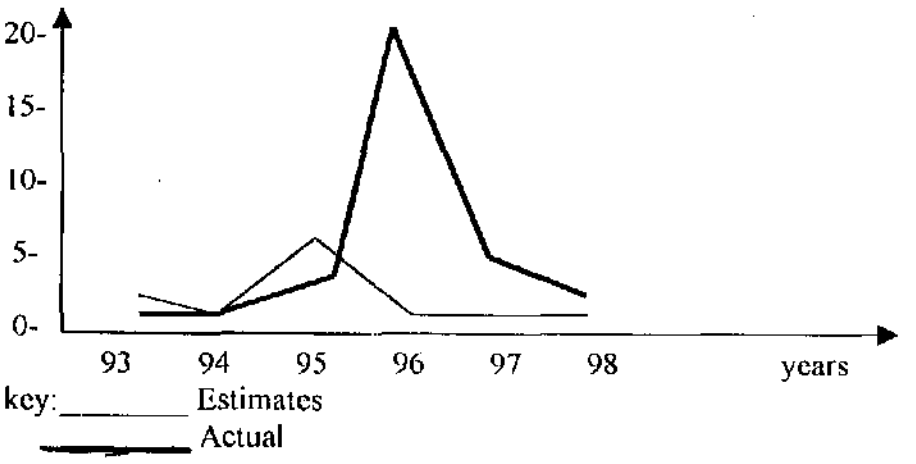
Table 8

Year	Approved est.	actual coll.	% of estimate
1993	850 000	626339.88	74%
1994	650 000	466 182.00	72%
1995	3 255 000	1 289 942.00	40%
1996	855,000	19 553 327.41	2287%
1997	850 000	2,887,201.00	340%
1998	980 000	981 822.50	100%

Source: Approved estimate of the govt. of Niger state 1993-98

Graphical Representation

Amount in million of #



The shape of both the estimate and the Actual collection curves are conical in shape.

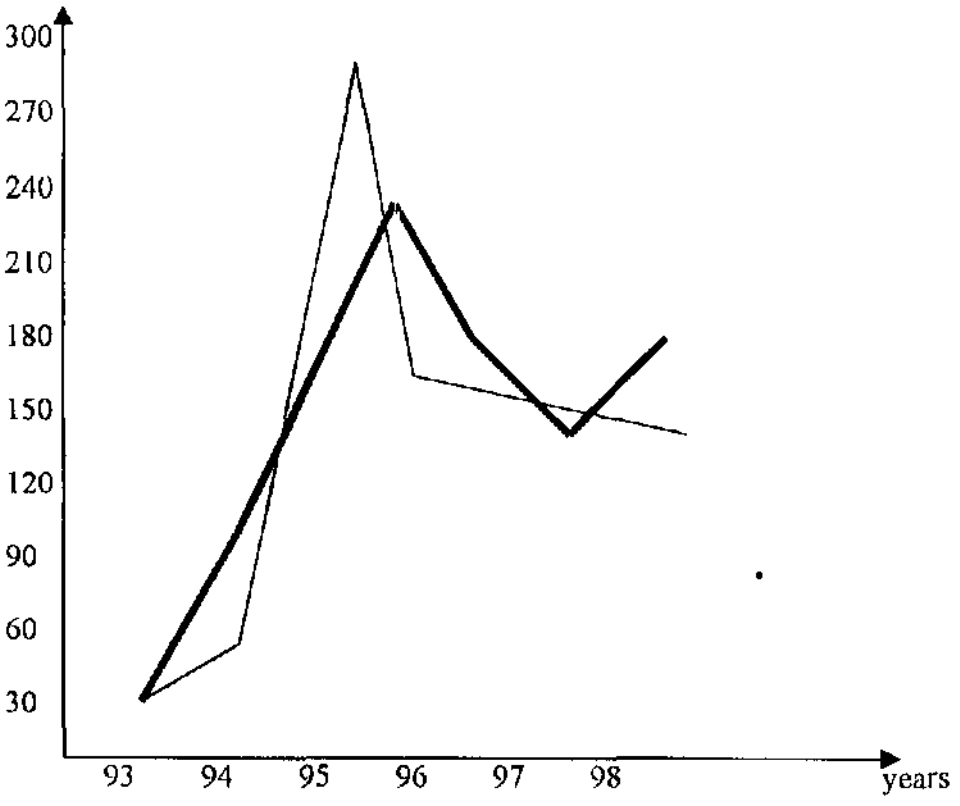
ANALYSIS OF TOTAL INTERNAL REVENUE TRENDS (1993-1998)

Year	approved est.	Actual	% of estimate
1993	36 304 100	38 773 966.41	107%
1994	56 565 500	104 989 535.10	186%
1995	299 607 000	250 834 872.10	84%
1996	1 773 59513.05	196 403 579.55	111%
1997	159 910 525	159 322 320.90	100%
1998	169 463 420	200 175 850.25	118%

Source: ***Approved estimate and unaudited financial statements of Niger state govt.***

Graphical representation 1993 -98.

Amt. In millions



Key: _____ Estimate

_____ Actual

In all the years (1993 -1998) showed that actual collection is more than estimated revenue except in 1995 where actual collection is less than estimate by 16% and in 1997 where there is almost a bracket between estimate and actual collection of revenue.

4.5 ORGANS OF TAX ADMINISTRATION

Generally, the administration of tax laws at the federal level lies with the joint tax Board. (J.I.B). According to sec. 27 of the Act, the board shall consist of a chairman who will be the chairman of the federal Board of inland revenue and a representative from each state of the federation who must be a person of experience in income tax matters and nominated from time to time by the commissioner of finance charged with the responsibility for income Tax matters in the state in question. The Board shall have a secretary and there shall be non-member officers in attendance at each meeting of the board.

However, at the state level organs in charge of tax laws in Niger state is left in the hands of the Board of internal revenue which is a parastatal in the state ministry of finance. At the top of the affairs of the board is the chairman/chief executive of the Board and eleven other members, six of which are based on state finance ministerial representation while two are political appointees by the governor, among the rest, one is the secretary of the board and the other representing the traditional rulers.

The chairman of the board is also the chief executive of the internal Revenue Board. In respect to his function section 3(1 &2) and see 39 (1) Niger state edict of 1979 (as amended) conferred on him the responsibility for the administration of revenue (tax) laws.

Head of department and zonal heads are in charge of all technical operations of taxation and are directly responsible to the chairman/chief executive of the Board.

The secretary is responsible for the finance and accounts of personnel, establishment matters and management services of the board. He or she also coordinates the activities of all the finance and administrative matters of all the technical staff.

4.5.1 TAXES IMPOSED BY NIGER STATE GOVERNMENT

Taxes imposed by Niger State Government are as follows:

1. PAYE 2. Direct Assessment 3. Entertainment tax 4.Tax on Dividends

5. Tax on Rent income 6.Sales Tax 7.Stamp duties 8.Pool Betting Tax

9.Gaming machine tax 10.Tax on contracts 11.Tax on interest 12.Toll gate.

1993 Table

S/NO	DETAILS OF REVENUE	ESTIMATE	ACTUAL
1.	Pay As You Earn	6 500 00	8 363 737.94
2.	Direct Assessment	300 000	234 828.94
3.	Entertainment Tax	5000	540.00
4.	Tax On Dividends	100 000	125 363.81
5.	Tax On Rent Income	300 000	210 266.20
6.	Sales Tax	5 000 .00	14 594 892.92
7.	Stamp Duties	40 000	23 775.00
8.	Pools Betting Tax	250 000	160 000.00
9.	Gaming Machine Tax	-	-
10.	Tax On Contracts	1000 000	2371 588.85
11.	Tax On Interests	350 000	1085 410.28
12.	Toll Gate	-	-
	TOTAL	**13,845,000**	**27,170,404.28**

SOURCE: Approved estimates and unaudited financial statement of the Govt. of Niger state 1993

1994 Table

S/NO	Rev. Details	Estimate	Actual
1	Pay As You Earn	6 500,00	33'368758.88
2.	Direct Assessment	300,000	481 844.90
3.	Entertainment Tax	3000	63 448.00
4	Tax On Dividends	150 000	632 588.52
5.	Tax On Rent Income	2 000	1117 4657.16
6.	Sales tax	10 000.00	142,283 711.94
7.	stamp duties	100,000	3 36 854.94
8.	pools Betting tax	312 000	401 000.00
9.	Gaming Machine Tax	-	-
10.	Tax On Contracts	4 000	4645895.22
11.	Tax on interest	3 900,000	3,693 259.30
12.	Toll gate	-	-
	TOTAL	**27,265,000**	**186 782 018.90**

Source: 1994 approved estimate of the Niger State Government

1995 Table

S/NO	REVENUE DETAILS	ESTIMATE	ACTUAL
1.	Pay As You Earn	18 500 000	18 403 130.92
2.	Direct assessment	2 500 00	1 365 711.20
3.	Entertainment tax	500 000	-
4.	Tax on dividend	500 000	482 829.64

5.	Tax on rent income	2 000.000	37 131.68
6.	Sales tax	-	-
7.	Stamp duties	100.000	20 088.00
8.	Pools betting tax	312 000	132 000
9.	Gaming mach. Tax	-	-
10	Tax on contract	6 000.000	2 844 783.34
11.	Tax on interest	2 500 000	2550 994
12.	Toll Gate	1 200 000	-
	TOTAL	**33 612 000**	**25 836 668.78**

Source: 1995 approved estimate of the Niger State Government.

1996 Table

S/NO	REVENUE DETAILS	ESTIMATE	ACTUAL
1.	Pay As You Earn	10 000.000	34 257 394.99
2	Direct assessment	1 080 000	1 828 300.15
3.	Entertainment tax	-	-
4.	Tax on dividend	500.000	1 995 807.15
5.	Tax on Rent Income	1 000 00	903 547.03
6.	Sales tax	-	-
7.	Stamp Duties	550.000	1 301 788.67
8.	Pools betting Tax	500.000	1 163 358.15
9.	Gaming machine Tax	-	-
10.	Tax on contract	3 000.000	11 741 902.15

11.	Tax on interest	2 000.000	3 783 165.31
12.	Toll gate	1 200.000	3 403 358.15
	TOTAL	**19 830 000**	**60 378 621.75**

Source: 1996 approved estimate of the Niger State Government

1997 Table

S/NO	REVENUE DETAILS	ESTIMATE	ACTUAL
1	Pay As You Earn	25 000.000	35 174 309.61
2.	Direct Assessment	150 000	3 062 271.10
3.	Entertainment Tax	-	-
4.	Tax on dividend	600 000	450 364.92
5.	Tax on Rent income	100 000	56 366.67
6.	Sales Tax	-	-
7.	Stamp Duties	300 000	-
8	Pools betting tax	250 000	797 000.00
9.	Gaming machine Tax	-	-
10.	Tax on contract	5 000.000	18 831 342.20
11.	Tax on interest	1 500.000	2 000 000.00
12.	Toll gate	3 000.000	-
	TOTAL	**35 900.000.00**	**60,371,654.50**

Source: 1997 approved estimate of the Government of Niger State.

1998 Table

S/NO	REVENUE DETAILS	ESTIMATE	ACTUAL
1	Pay As You Earn	9 000.000	20 459 889.00
2.	Direct Assessment	1 500 000	1479 700.00
3.	Entertainment Tax	-	-
4.	Tax on dividend	500 000	471 284.01
5.	Tax on Rent income	50 000	80 548 .00
6.	Sales Tax	-	-
7.	Stamp Duties	50 000	57 000
8	Pools betting tax	250 000.00	233 000
9.	Gaming machine Tax	-	-
10.	Tax on contract	5 000.000	23 879 484.85
11.	Tax on interest	1 500.000	5 607 743.99
12.	Toll gate	-	-
		---	---
	TOTAL	**17 850 000.00**	**52,268,649.85**
		---	---

Source : 1998 approved estimates of Niger State Government.

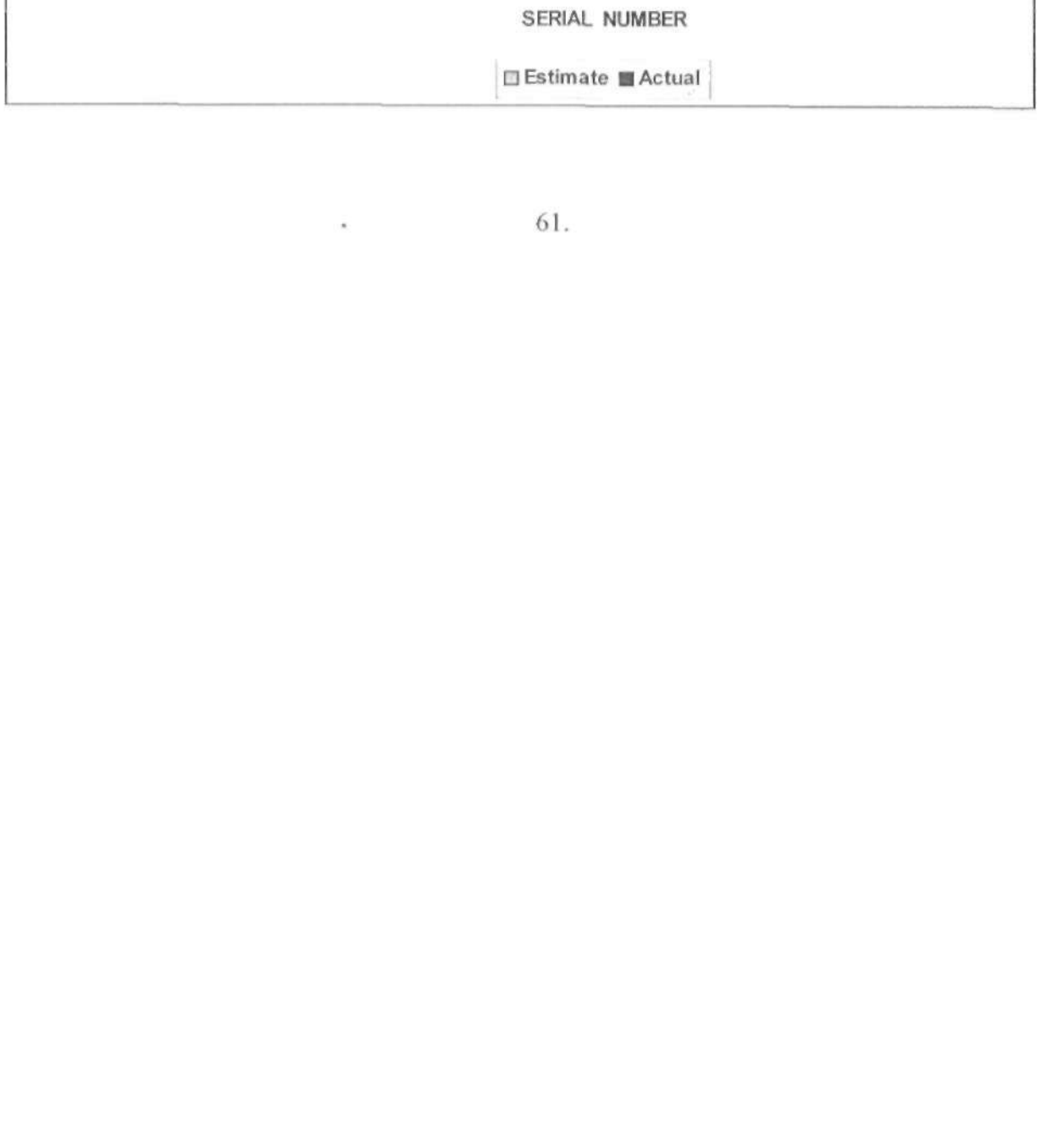
CUMULATIVE TABLE (1993 - 1998): TAXES.

S/NO	REVENUE DETAILS	ESTIMATE	ACTUAL
1	Pay As You Earn	75,500.000	150 027 221.30
2.	Direct Assessment	5 830 000	8 452 656.29
3.	Entertainment Tax	508 000	63 988.00

3.	Entertainment Tax	508 000	63 988.00
4.	Tax on dividend	2 350 000	4 188 238.05
5.	Tax on Rent income	5 450 000	12 462 516.74
6.	Sales Tax	15 000 000	156 878 804.80
7.	Stamp Duties	1 140 000	1 439 506.61
8	pools betting tax	1 874 000	2 886 358.15
9.	Gaming machine Tax	-	-
10.	Tax on contract	24 000 000	64 314 996.61
11.	Tax on interest	11 750 000	18, 720,573.22
12.	Toll gate	5 400 000	3 403 358.15
	TOTAL	**148,802,000**	**422 808 017.90**

source: Approved estimates and un-audited financial statements of the Government of Niger State 1993 – 98.

BAR CHART REPRESENTATION OF THE ABOVE INFORMATION.



It can be seen that item 9 i.e gaming machine tax did not exist in Niger state between the period of study (1993 -98) and Toll gate on Minna - Bida Road was introduced in 1996 and abolished in 1997 when the federal Government stopped toll gate charge by State Governments. Sale tax was abolished and replaced by values added tax (VAT) in 1994.

In all the items of taxation enumerated above actual collection out passed estimate except in 3 and 12 i.e entertainment tax and toll gate tax. And this can be explained in either the Board deliberately under stating it's target which is unfortunate or the Board works extra hard to beat it's target which is very fortunate.

4.5.2 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 is one of the major tasks of revenue authorities.

According to the provision of section 20 (1) of ITMA of 1961 (as amended up to 1993) state that "the income of an individual for each year of assessment from each sources of his income (here in after referred to as assessable income) shall be the amount of income of the year immediately proceeding the year of assessment for each of such source, not withstanding that he may have ceased to produce income. This provision is made to enable both the tax authorities and tax payers determine whether there is a profit or loss in business. The assessment is done whether or not the source of income has ceased to exist or has ceased to produce income.

A tax payer, however, has the right to object to an assessment and appeal against same. But section 28 of PIT law of North states of Nigeria as amended has empowered the tax authorities to refuse to amend an assessment as well. Sec. 15 of I.T.M.A. states that any appeal with respect to assessment of income arising from a decision or direction of the J.I.B.

under sub section (2) of sec. 14, shall lie only to the federal supreme court at the instance of the person in whose hands that income is assessed to tax and no shareholder shall have any right of appeal with respect to any amount deemed to be his income under the provisions of subsection (2) of sec. 9 15 of this act.

1. **Liability to pay tax**

A person that is resident or to be resident within the state on the 1st January of the year of assessment is liable to pay tax. According to sec. 3 (2) of the first schedule of I.T.M.A which states that for any year of assessment tax may be imposed only by the state in which the individual is deemed to be resident for the year.

Sec. 1 of the first schedule sub section 3 (2) states that "place of residence" in relation to an individual means a place available for his domestic use in Nigeria on a relevant day, and does not include any hotel, Rest-house or other place at which he or she is temporarily lodging unless no more permanent place is available for his or her use on that day.

Principal place of residence in relation to an individual with two or more place of residence on a relevant day not, being within any are temporary, means.

a) In case of any individual with no source of earned income other than a Pension in Nigeria that place of those in which he usually resides.

b) In the case of an individual who has a source of earned income other than a Pension in Nigeria, that place of those which on a relevant day is nearest to his usual place of work;

c) In the case of an individual who has in source of earned income in Nigeria, that place of those in which he usually resides'

2. **Income Exempted from Tax:**

Not all incomes are taxable, however, some incomes are exempted from tax and they are as follows;

a) The official emolument of the head of state and the state Governor and their deputies and of any person (s) performing their functions received by such persons (s) in that capacity.

b) The establishment allowance of a chief

c) Income of persons engaged by various overseas aid agencies such as USAID, UNESCO, ICRC etc.

d) Income of ecclesiastical charitable or educational institution a public character, as far as such income is not derived from trade or business.

e) Income of any local Government institution

f) Interest paid or credited to any person by Nigeria post office saving Bank.

g) Income of any trade main registered under the trade loans ordinance in so far as such unions income is not derived from trade or business.

h) Gratuity payable to government officers subject to a maximum in case of services not accounting to five years or 1,000 per year of service, any excess is taxable.

i) Income of any statutory or registered friendly society in so far as such income is not derived from a trade or business carried on by such a society.

j) Investment income of bodies running approved pension, provident retirement benefit scheme.

k) The remuneration of any consular office of employment of a foreign country except where the employee is engaged in domestic duties or he ordinarily resides in Nigeria.

l) Income of any registered cooperative society.

m) The emolument payable from United Kingdom funds to an individual in the permanent service of the United Kingdom government in Nigeria except where employee is a citizen of Nigeria and he ordinarily resides in Nigeria.

n) Wound and disability pensions granted to members of the armed forces or any recognized national defense organization or to persons injured as a result of enemy action and

o) Death gratuities.

4.5.3 PERSONAL INCOME TAX OPERATIONS

P I T operations in Niger state centered mainly in the following sections;

1. Direct assessments section and
2. Pay as you earn section (PAYE)

1. Direct assessments section

The tax assessment of traders, self employed persons and partnership are all under the jurisdiction of this section. At the beginning of each year of assessment these group of tax payers are issued forms and are required to submit returns of income latest at the end of three months in the relevant year of assessment. The practice in Niger state revenue board are as follows;

Before the commencement of the tax year of assessment usually in December, this category of the payers are normally served with relief forms in which they are advised to declare their incomes and returns the forms within a period of three months beginning from the first month of the year of assessment.

When completed and returned, notice of assessment are then sent to the tax payers which serves as the first 'Demand notes' for the tax due. The notice will indicate a tax payer's assessable income, the tax payable and the place at which payment is to be made. Tax payer's right to object the assessment, if he does not agree with the assessment is also indicated.

Best Of Judgement Assessment (BOJA) when tax payers refused to declare their incomes as demanded by law at the beginning of the year of assessment after they might have

been served with the relief forms, then the tax authority are covered by law to assess such stubborn tax payers on BOJA.

However, where a tax payer makes false declaration of income (fails to give accurate information), the law stipulated that the income be re-assessed and the penalty sum equal to the amount of tax in default is chargeable and payable to the director of internal Revenue. Where a tax payer defaults in the payment of tax due, a penalty equal to tax in default plus the cost of the action taken to recover that tax will be paid by the tax payer.

The law also empowers the authority to levy claim to the property of the taxpayer which could be disposed through public auction in order to recover the outstanding taxes and in this case, tax liability takes priority over all other claims.

2. **PAY AS YOU EARN (PAYE) OPERATION.**

This is a system by which an employee pays the income tax on his earnings from employment and other sources in twelve monthly installments during the accounting year. Income earned during each year of assessment, which is the year commencing on 1st January and ending 31st December, will be subject to tax deductions under the system, and earnings including salaries, wages, fees, bonuses, commissions and allowances payable in money except amount which represent re-imbursements of expenses inquired by the employee or office in the performance of his duties.

Under this scheme, the estimated amount of personal income tax due for any year is collected through the employer who deducts the tax from payments or remuneration made to the employer.

According to sec 3 (2) of the personal tax laws of northern states of 1962 (as amended) only those employers who have been directed to operate the scheme of PAYE have the right to deduct the income of the employers. Any employer that has not received a notice of direction has no authority to operate the P A Y E scheme.

In the PAYE scheme of the board, there are some forms that are usually supplied to the employers free of charge such forms include:-

a) Tax relief forms

b) Tax Deduction cards

c) Tax Tables

d) Annual return forms

e) Leaving certificates

f) Monthly remittance card etc.

a. <u>Tax Relief form</u> Ag

This is a working sheet for computing a tax payers free pay allowance. It is from this form that the allowances is entered on the tax deduction card. 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 figures.

b. <u>Tax Deduction Cards (TDCs)</u> Ag

This card shows among other things, the monthly free pay allowance of the tax payer and provide columns for recording total gross pay and monthly tax deduction. It is forwarded to the employer after the employee has completed the tax relieves form showing the employee's free pay allowance an it. The figures taken into account exclude any income from other sources (a part from the employment income) set against the free pay allowance figures. The net figure is entered in column 4 of the T D C on cumulative basis.

c. <u>Tax Table:</u>

The tax table used by employer as issued by the appropriate tax authority is designed an a commutative basis and covers only the tax calculated at the scheduled rates. It should be notified that the tax due on any taxable pay to date for 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. Consequently, the user of such 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 tax payer for the month dealt with.

The tax table for PAYE and direct assessment is given as follows;

Total chargeable income:

1st 20,000 at 5%

next 20,000 at 10%

Next 40 000 at 15%

Next 40 000 at 20%

Over 120 00 at 25%

For instance, given an employee with income ₦250,000 per annum and has 4 children and 2 dependents.

Personal relief is 20% of annual income plus N 5000

P. R. 250000 x 20% x 5000 = 55, 000

C. A. 2500 per child = 10 000

D. A. 2000 per dependant = 4 000

Total Relief ₦ 69 000

Total income 250 000

Less total relief 69 000

Taxable income 181000

1st 20 000 @ 5% 1000

Next 20 000 @ 10% 2000

Next 40 000 @ 15% 6000

Next 40, 000 @ 20% 8000

Next 61 000 @ 25% 15 250

32 250

Therefore, total tax to be paid is N 32,250.00 that is N 2,687.50 monthly in 12 equal installment.

(d) **Leaving Certificate**

This is used when an employee is leaving one employment for another within the country or is leaving Nigeria completely. It is made in triplicate one for the present revenue office, the other for the present employer and the third for the new employer. In it, the total income earned up to date of leaving and total tax paid are shown.

(e) **The monthly Remittance card**

This type of card shows the amount of the overall monthly deduction from the employee's pay forwarded to the tax office with a covering cheque or cash for the amount stated on the card for the month. The card is later returned to the employer after the total or details of the receipt issued have been entered on it.

It should however, be noted that the revenue offices have for their use various types of forms for their day-to-day operations which are too numerous to mention here.

4.5.4 OBSTACLES OF PERSONAL INCOME TAX OPERATION.

The problems associated with assessment of personal income tax of self-employed person and partners are:-

a. The gross understatement of income and the refusal of tax payers to render returns are on a large scale and with this, the associated problems of best-of judgement assessment culminating to taxpayers complainants of losses in business and other stories of woes and misfortunes.

b. The problem of lack of voluntary compliance by peole until perhaps events and circumstances forced them to.

c. Many tax offices often run short of return of income forms, tax deduction cards income tax receipts and income rate receipts.

d. Greed of some tax officers who for little 'tip' would give a taxpayer 'super relief' thereby depriving the Board of proper tax amount.

e. Delay by employers to remit PAYE taxes of their staff to the Board of Internal Revenue, sometimes they even trade with the money before remitting.

4.6 OTHER SOURCES OF REVENUE.

A part from internal sources of revenue to Niger State Government other sources of revenue also exist. This include federal government grant or subvention from the federation account, the state's share of VAT. Other receipts to the state Government are loans and Aids from foreign organizations.

Table 1 1993

S/No	Details of Revenue	Approved Estimate
1.	Internal Loans	-
2.	External Loans	149,950,404
3.	Grants	1,194,000
4.	Miscellaneous	3,255,352
	TOTAL	**154 399 756**

Source: Approved estimates of the Govt. of Niger state 1993

Table II 1994

S/No	Details of Revenue	Approved Estimate
1	Internal Loans	6,926,220
2.	External Loans	214,130,581
3.	Grants	5,741 762
4.	Miscellaneous	3 038 141
	TOTAL	**229 836 704**

Source: approved estimates 1994 of Niger State Government.

Table III 1995.

S/NO	Revenue Details	Approved Estimates
1.	Internal Loans	106,926,220
2.	External Loans	214,130,581.
3.	Grants	16,241,762.
4.	Miscellaneous	2,000,000.
5.	Statutory Allocation	827,538,500.
6.	V.A.T	127,000,000.
	TOTAL	**1,293,837,063**

Source: 1995 approved estimate of Niger State Government

Table IV 1996

S/No	Details of Revenue	Approved Estimate
1.	Statutory Allocation	1 148 661 200
2	Value Added Tax	150,265,900

3.	Internal Loans	50,000,000
4.	External Loans	94 100.00
5.	Grants	827 538 500
6.	Miscellaneous	2 530 124

	TOTAL	**1,470,557 224**

Source: approved estimates of Niger state government, (1996)

Table V 1997

S/No	Revenue Details	Approved Estimates
1.	Statutory Allocation	1,538,833,039
2.	V.A.T	272 423 097
3.	internal Loans	50,000,000
4.	External Loans	71 380 630
5.	Grants	-
6.	Miscellaneous	86,294 282

	TOTAL	**1 876 169 788**

Source: 1997 approved estimate of the Government of Niger State

Table VI 1998

S/No.	Revenue Detail	Approved estimate
1.	Statutory Allocation	2,635,757,219
2.	V. A T.	491,029,880
3.	Internal Loans	-
4.	External Loans	197 019 200

5.	Grants	-
6.	Miscellaneous	2,000,000

	TOTAL	**3,325,806,299**

Source: approved estimate of the Niger State Government (1998)

A BREAKDOWN OF THE ABOVE MENTIONED SUB-HEADS, BELOW;

INTERNAL LOANS;

1. Development loan stock
2. Commercial/Merchant Bank Loan
3. Other Loans

EXTERNAL LOANS;

1. World Bank
2. Bilateral capital market
3. International capital market
4. Others.

GRANTS

1. Agricultural Development Project (ADP)
2. UNICEF (RUWATSAN)
3. Industrial Development Fund
4. Disaster Relief Fund
5. E. E. C.

MISCELLANEOUS

Repayment of tractor sale by Local Govt. Areas.

Opening Balance from provision financial year.

Stabilization fund reserve.

Stabilization ~~for~~ fund reserve from previous financial year.

In 1993 and 1994 there is no information on statutory allocation from the federation Account and V. A. T. was not in effect then. However, Externally generated revenue estimate increased from N 154, 399, 756 in 1993 to N299,836,704 in 1994 indicating upward difference of N145 436 948.

From 1995 -98 there is complete data on externally generated revenue and V. A. T. the trend showed a steady growth in the total of the amount estimated. For instance there is an upward increase of N176,720,161 between 1995 and 1996 and of N 405,612,564.00 between 1996 and 1997 and of N1,449, 636, 511 between 1997 and 1998.

In 1997 and 1998 no grant was estimated to be received and no anticipation of collecting any internal loans. Actual figures were not available for this analysis because of their unavailability, but there was assure that there is very little or no different between the estimates and the actual. And even where the difference exist, it is mostly in supphus of the estimates.

4.7 CONSTRAINTS TO REVENUE GENERATION:

The purpose of this research is to examine or assess the system of Revenue Generation and utilization for community Development in Niger state and as earlier pointed out revenue generation here are mainly from two sources; internal and external sources.

Our empirical analysis of constraints to effective revenue collection and administration begins with their identification. These constraints are generated by endemic factors such as;

MISCELLANEOUS

Repayment of tractor sale by Local Govt. Areas.

Opening Balance from provision financial year.

Stabilization fund reserve.

Stabilization ~~for~~ Fund reserve from previous financial year.

In 1993 and 1994 there is no information on statutory allocation from the federation Account and V. A. T. was not in effect then. However, Externally generated revenue estimate increased from N 154, 399, 756 in 1993 to N299,836,704 in 1994 indicating upward difference of N145 436 948.

From 1995 -98 there is complete data on externally generated revenue and V. A. T. the trend showed a steady growth in the total of the amount estimated. For instance there is an upward increase of N176,720,161 between 1995 and 1996 and of N 405,612,564.00 between 1996 and 1997 and of N1,449, 636, 511 between 1997 and 1998.

In 1997 and 1998 no grant was estimated to be received and no anticipation of collecting any internal loans. Actual figures were not available for this analysis because of their unavailability, but there was assure that there is very little or no different between the estimates and the actual. And even where the difference exist, it is mostly in supphus of the estimates.

4.7 CONSTRAINTSTO REVENUE GENERATION:

The purpose of this research is to examine or assess the system of Revenue Generation and utilization for community Development in Niger state and as earlier pointed out revenue generation here are mainly from two sources; internal and external sources.

Our empirical analysis of constraints to effective revenue collection and administration begins with their identification. These constraints are generated by endemic factors such as;

where there is an acute shortage of trained tax administrators as in Niger State in particular and Nigeria in general.

A poor legal structure is a constraint to the objective of maximizing PIT and other revenues. The last lap in the uniformity rate is the unification of the principal PIT law of the federal Government and the thirty six states and Abuja in accordance with the current constitution of the federation of Nigeria. The earlier this is done the better for effective PIT administration.

SHORTAGE OF TRAINED PERSONNEL

The issue of personnel is important in the general revenue administration and collection. Shortage of staff is capable of impairing the objective of maximizing collection. Up to this moment several trained staff are still learning the Niger state revenue board for other better paid jobs elsewhere in the country. The implication of this kind of situation is that in the bid to cover much ground, the few available trained staff is so over stretched and thinly spread that effectiveness is impaired

Available evidence indicates that the existing PIT officials collect on the coverage over twenty times their annual salaries and they have not reached a point of diminishing return where by extra hand will bring in less than the average collected. Additional assessment and collections with or will more than justify the extra cost.

For effective PIT administration whose objectives is to maximize revenue, is therefore recommended that vacancies should not be only quickly filled, every effort should also be made to train and retrain the already recruited staff. It is my considered opinion that management function and law should be added to the technical functions of the internal revenue Board of Niger state to enhance the effectiveness of PIT administration.

LOW VOLUNTARY COMPLIANCE:

This reduces PIT coverage and revenue in attempting to increase enforcement on the self employed, the problems involved include the identification of the tax evaders, the

determination of their true income and the enforcement of tax payment. Available evidence indicates that the differences between the income of, as well as the PIT paid by, the PAYE individuals and self employed individuals in like economic circumstance, are highly significant.

The application is that conspicuous display of wealth by some self-employed individuals in Niger state is not reflected in their PIT base and the amount of tax paid. Moreover, the income data obtained from any field survey shed light on the degree of income under-declaration by some wealthy self-employed individuals in the state. The PIT coverage is not only poor, the self-employed persons who pay tax at all, grossly understate their income. The existence of large PIT arrears gives the impression that some of the self-employed persons assessed to tax, are defaulters

Weak PIT administration therefore, tends to accentuate the problems of balance in the relative PIT burden before by the PAYE persons and the self-employed in similar economic circumstance. As PIT on persons under the PAYE is deducted at source, administration efforts to maximize PIT revenue basically aim at increasing the compliance of those whose income is not withheld at source. Low voluntary compliance as reflected in the problems of assessment and enforcement would now be discussed in details;

a. PROBLEMS OF ASSESSMENT.

Tax assessment problem centre around the collection of the PIT payer and the determination of his assessable income. Effectiveness within the context of PIT administration may be measured in terms of the ratio of actual to potential coverage. The aim is to bring all the eligible taxable adult into the PIT set and ensure that they are not only been taxed but also that the tax is collected.

I. PIT COVERAGE

The first step in PIT administration is to locate the tax payer. The wider the effective coverage the tax revenue and the smaller the extent of PIT evasion.

PIT coverage could be expensed in terms of the member of tax payers or in terms of total revenue on the basis of the ratio of the "actual " to the 'potential.' Using the ratio of actual coverage to potential coverage, the degree of effectiveness of PIT administration is under fifty percent in Niger state.

The policy recommendation to increase the performance of the PIT authority in each of the 36 state is to increase the quality and quantity of PIT personnel and physical facilities with a view to not only bring the taxable population into the tax net but also to correctly assess them effectively enforce PIT collection.

ii. **INCORRECT RETURNS AND INCOME UNDER-REPORING**

The taxable self-employed persons who are normally expected to submit returns, rarely maintain accounts of their business. As the other problem of assessment starts from the under-reporting of income which also narrows the tax base and reduces the tax payable. In income tax terminology, this is referred to as 'tax evasion.' This term is often used erroneously as a synonym for 'tax avoidance.'

The levying of PIT is purely a statutory exercise. The PIT laws, however contain loopholes which some smart taxpayers have not hesitated to exploit with a view to reducing their tax liability. A person may, for example, take an additional life assurance policy or decide to marry in order to increase his tax relief thereby reducing his tax liability. This action is legal because the tax law makes provision for such relief subject to a defined maximum an individual who takes advantage of such legal provisions is merely "avoiding" tax. All he does is to schedule his transaction in such a way that his PIT liability is smaller than what could have paid.

Tax evasion is a term which covers not only cheating and fraud of various kinds, but also those of failures to comply with the law due to ignorance, under-declaration of, this

understanding of tax regulations or negligence is safely guarding records. Tax evasion is a criminal act aimed at reducing tax liability. This aim is only achieved by breaking the tax law.

PIT administration cannot be blamed for tax avoidance since the law provides loopholes for successful tax avoidance. Ineffective tax administration and collection, however, is the main factor responsible for large-scale tax evasion in Niger state in particular and Nigeria in general. The prevention of tax evasion should become a major area to which tax administration should direct, it's efforts.

In the words of Philips: "one of the ultimate tests of administrative effectiveness is the extent to which tax administration can prevent tax evasion" I could say without any apology that the tax administration of Niger state does wholly prevent tax erasion. evasion

b. ENFORCEMENT PROBLEMS;

There are indications that inspite of the provisions in the International Tax Law the use of PIT clearance certificates and the various methods for the recovery of PIT change plus penalty after the due date of payment a sizeable proportion of arrears remain uncollected in Niger state. More importantly no effective sections civil or criminal appear to have been imposed against the PIT defaulters. This is certainly a poor reflection on the effectiveness of PIT administration.

However, in an interview with the chairman/chief executive of Niger state internal revenue board, he assured that the senior officers of the board that arrangement with the ministry of justice has been concluded in line with the prosecution of tax defenders.

The production a PIT clearance is an effective weapon to enforce PIT. Unfortunately, this costless device of consulting PIT defaulters did not receive the political backing it deserved until very recently. Government Departments and their agencies should

know that it is their bounded duty to insist on the production of PIT clearance certificate before providing certain official services to self-employed individuals.

It is unfortunate that to date, some Government officials particularly at Local Government level award contracts to individuals without demand for T.C.C. there is abundant evidence, that given a choice between paying and not paying, individuals would elect not paying PIT. In a system with ineffective PIT administration as in Niger State it has been easy for some wealthy self-employed individuals to evade tax completely.

In using the tax clearance the objective is not only to minimize the evasion and ensuring that all eligible taxable adults are brought into the tax net and correctly assessed, but also to ensure that the tax is promptly paid. This painless method of tax enforcement is certainly generating greater voluntary compliance, which is very low in Niger state.

The other problem of PIT enforcement centres around inadequate personnel particularly in terms of quality. The shortage of qualified and committed PIT personnel is partly responsible for poor enforcement.

In conclusion here both assessments and enforcement problem are very rampart in Niger state, being a state that has over twenty retired army generals and their cohorts with their abundant wealth but certainly don't pay taxes. These category of citizens are called the "untouchables" by the Niger state Board of internal revenue officials. They claim that mere visitation for tax matters to this individuals could lead to instant dismissal of revenue staff.

LOGISTIC PROOBLEMS

Inadequate communication system is another factor that hinder the effective collection of revenue in Niger state. Because, the process of conveying men and material to and fro. The condition of roads to most areas of Niger state still leave much to be desired and as such the revenue officers always find it difficult to police tax defaulters around. Some villages are not even assessable to because of lack of motorable roads, the result is that many tax payers are not reached before the close of the financial year.

Problem of work surface imply the offices where the Board of internal revenue of Niger state which looked just a little bit more than a mechanic workshop that is there is no corporate image at all in it's out look. The implication of this is that potential tax payers are not impressed in fact, they assumed that the officials there are hungry and only need to be bribed rather then pay their taxes. Usually this bribes are very tempting.

Working materials here referred to motor vehicle motor cycles computers. The Board of internal Revenue of Niger state has very few vehicle and motor cycles which are not very road wordy. The board has no computers at all.

COST OF ADMINISTRATION AND BORROWING

In discussing the problems of revenue administration and collection, the question of cost is generally neglected. It is however, important to stress that the revenue that really matter is the revenue net the cost of administration. Where the cost of tax administration and collection is high, the net revenue would be relatively low.

Efficiency of PIT administration may be measured by the ratio of cost to revenue. An attempt to computer the cost of administering PIT faces conceptual and practical problems cost in this context is more than the expenditure provision (direct cost) in the budget for PIT administration includes the direct budget cost, indirect cost, opportunity cost and compliance cost.

The other aspect of cost l regarding revenue generation is that of interest cost on loan both internal and external. This cost definitely cause constraints to loan as a source of revenue generation. This costs includes cost of principal capital, compensation balance, cost of used portion and the cost of unused portion. All these costs combined make borrowing almost impossible and very uneconomical.

IMPROPER APPLICATION OF TAX LAW

The tax laws are never implemented as they are formally prescribed. There exist in every state of the federation a great difference between what is officially prescribed and what

is effectively practiced for instance, in Niger state Board of internal Revenue some revenue officials tend to be very partial in the application of the tax laws. And friends and relatives of revenue officers hardly pay any tax. There is high degree of permissiveness in the administration.

Hence, revenue officials are wholly influenced to make arbitrary decision in discharging taxes that have been assessed. Thus, the laws, rules, regulations and procedure are one thing and actual behavior of the revenue officers is another.

CORRUPTION

Another factor that affect revenue generation is the social malaise, that is corruption. Corruption is a canker worm that has eaten deep onto every institutions in this country. It is more common in the civil service in which civil servants are paid slave wages. In contemporary Nigeria, the stride to get rich quick and fast has morosed the nature of the service particularly clerks and revenue collectors embezzling thousands of Naira collected as revenue for the state Government. Some enrich themselves by fraudulent means such as falsifying records of collection and forgery. There has been cases the this nature in the Board of internal revenue where revenue collectors forge receipt and collect revenue for themselves. Cases of this kind is punishable by summarily dismissal from the board.

DELAY IN RELEASING STATUTORY ALLOCATION.

The statutory allocation from the federation account is never released as at when due or where most needed and in few situations when released on time or as at when due it's never enough to cover most expenditure for projects that are in dire need of completion and this absolutely constitute some constraints to revenue in Niger state.

COUNTERPART FUNDING.

This mainly constitute constraint to grants from world organizations who insist that the sate fulfil part, of it's obligation to the execution of joint venture project. For instance UNICEF had to abandon a project half-way because of lack of counterpart funding from the

state. And A D P left the state a year before their 5-year term stay and left some project uncompleted for the same reason. The counterpart funding is in ratio of 4:1 that is a project with a total cost of N100, 000, 000, the state is only expected contribute 20% of such in this case N20,000,000 only while the foreign organisation supplies the bulk of 80% which in this case is N80, 000, 000.

4.8 REVENUE UTILIZATION

Generated Revenue in Nigerian state is utilized mainly in the following ways,

1. Recurrent expenditure
2. Capital expenditure

RECURRENT EXPENDITURE

This, otherwise known as defraying cost of services, includes the following expenditure heads; Government House, house of Assembly, governor's office, Deputy Governors office, audit department, civil service commission, ministry of justice, judiciary; ministries of finance, works and transport Agriculture, Education, Health commerce & industry; judicial service committee, office of the local Government Auditor, 10% Local Government due, payment of subvention, local Government service commission, ministry of information, youth, sport and culture 2.5% contribution to Local Government pension fund, ministry of women affairs.

RECURRENT EXPENDITURE OF SUBHEADS/BREAKDOWN

YEARS	GENERAL PERSONNEL COST	ALLOWANCE, LEAVE GRANT INCLUSIVE	OVER HEAD COST	CONSOLIDATED REVENUE FUND CHANGES	TOTAL
1993	22% 95,837 560 8%	9% 39,845,090 4%	50% 214 904 287 11%	19% 83 624 604 5%	100% 434 211 541 7%
1994	29% 166 739 955 13%	7% 45,039 528 5%	47% 274 303 788 14%	17% 97 879 674 6%	100% 583 962 945 10%
1995	21% 183 750 015 15%	7% 52 111 923 6%	34% 307 563 407 16%	38% 343 345 738 19%	100% 886 771 085 15%
1996	22% 224 420 365 18%	17% 109 186 115 67 000,000 L.G. 19%	32% 330 642 971 17%	21% 293 519 990 17%	100% 1 024 768 441 18%
1997	20% 255 266 584 20%	21% 231 250 368 28 801 916 L. G. 29%	28% 351 357 568 18%	31% 399 887 710 23%	100% 1 266 564 146 22%
1998	20% 332 259 809 26%	21% 300 999 849 37 489 119 L.G. 37%	28% 457 333 650 24%	31% 520 501 400 30%	100% 1 648 583 827 28%
	100% 1,258274,288 21.5%	100% 911 723 904 15.5%	100% 1,93 6105 673 33%	100% 1,738758 116 30%	100% 5,844,861,985 100%

Source: Niger state budget 1993 - 98 Niger state Government

The expenditure heads in 1993 was only up to Local Government service commission, the ministry of information youth, sports and culture was created 1994. In 1995 the 2.5% contribution to Local Government pension fund came into being and the ministry of women affairs was only created in 1997.

From the table above it can be seen glaringly that recurrent expenditure continuos to rise steadily from 1993 - 1998 in all the four component parts of the recurrent expenditure except in the case of a sub-component, that is annual leave grant which was introduced in 1996 (N67,000,000) but dropped to N28, 801,916 in 1997 only to rise again in 1998 N37 189 119 and consolidated revenue fund changes which also dropped in 1996 but only to rise again in 1997.

In 1993, personnel cost was 22% of total Recurrent cost, allowance was only 9%, over head cost takes the bulk of 50% and consolidate revenue fund change takes 19% of total Recurrent expenditure. out of the total personnel cost (1993 -98) of 1258 274 288 1993 - 8% 1994 -13% 1995 -15%, 1996 -18%, 1797 -20% and 1998 has 26% totaling 100%.

In 1994 personnel cost was 29%, Allowance 7%, overhead cost 47% and consolidated revenue fund charges 17% making 100% of the total amount of N 583,962, 945 Recurrent Expenditure. out of the total Allowance (1993 - 98) of N911, 723, 904, 1993 had 4%, 1994-5% 1995 - 6%, 1996- 19%, 1997 - 29% and 1998 - 37%. This shows a steady rise over the years.

In 1995 personnel cost was 21%, allowance 7%, over head cost 34% and consolidated revenue fund charges 38% making 900% of the total amount of N 886 771 085 art of the total over head cost (1993 -98) of N1,936, 105,673 1993-11%, 1994 -14%, 1995 - 16%, 1996 - 17%, 1997 -18% and 1998-24% also showing a steady rise.

In 1996 personnel cost had 22%, allowance 17%, over head cost 32% and consolidated revenue fund charges 29% making 100% of the total amount of N 1,024,768,441 of the recurrent expenditure of the total amount of N1,7 38, 758,758, 116 of

the consolidated revenue fund charges (1993 - 98), 1993 - 5%, 1994 - 6%, 1995-19% 1996-17%, 1997-23% and 1998-30%. Showing a slight variation of consistency between 1995 - 1997.

In 1997 personnel cost had 20%, allowance 21%, over head cost 28 and consolidated revenue fund charge 31% of the total N1 266 564 146, recurrent expenditure. In 1998, personnel cost was 20%, Allowance 21%, overhead cost. 28% and consolidated revenue fund charges was 31% of the total amount of N 1, 648,583,827.

Hence, of the total amount of N5,844, 861,985 of total recurrent expenditure 1993 - 98, total personnel cost (1993 -98) was 21.5% allowance (1993 - 98) - 15.5%, over head cost (1993 -98) -33% and consolidated revenue fund charges (1993 - 98) - 30%. Total recurrent expenditure in 1993 was 7% of the overall total, 1994-10%, 1995 -15%, 1996 – 18%, 1997 - 22% and 1998 -28% indicating a continuos increase of recurrent spending over the years.

CAPITAL EXPENDITURE.

This is where the real revenue utilization for community development is done. It involves plans and scheme of permanent nature and involving large sums of money under taken by the state government. Capital expenditure that are aimed at community development in Niger state are basically into four sectors;

1) Economic sectors;

a. Agriculture and Rural Development

b. Livestock

c. Forestry

d. Fisheries

e. Manufacturing

f. Energy

g. Commerce, finance and Tourism

h. Transport.

2) Social sector;

a. Education

b. Health

c. Information

d. Social Development, youths and sport

3) Regional Development Sector;

a. Water supply

b. Sewage and planning

c. Housing

d. Survey and mappings

e. Urban Regional Planning

4) Administration sector;

- General Administration.

Break down of Capital Expenditure into Sectors

	Economic	Social	Regional Develop.	Administration	Total
1993	23% 316,563,400 19%	27% 367,650,074 23%	14% 189,000,000 19%	36% 501,761,744 49%	100% 1,374,975,218 26%
1994	25% 102,490,000 6%	33% 134,380,000 8%	22% 88,940,000 9%	20% 80,410,000 8%	100% 406,220,000 8%
1995	46% 212,285,000 13%	30% 134,263,980 8%	13% 60,300,000 6%	11% 50,000,000 5%	100% 456,848,980 9%
1996	32% 192,905,000 12%	30% 181,614,502 11%	25% 154,941,212 15%	13% 77,447,162 7%	100% 606,907,876 11%
1997	27% 238,134,453 15%	32% 229,592,984 17%	23% 203,765,637 20%	18% 153,944,252 15%	100% 875,437,326 17%
1998	36% 566,438,108 35%	33% 523,667,462 33%	20% 309,211,743 31%	11% 167,469,668 16%	100% 1,566,831,981 29%
TOTAL	31% 1,628,860,961 100%	31% 1,621,169,002 100%	19% 1,006,158,592 100%	19% 1,031,032,826 100%	100% 5,287, 221,381 100%

Source: Budget of the Niger State Government 1993 - 98

In 1993 the Administration sector takes the bulk of 30% of the total amount of capital expenditure followed by the social sector with 27%, then economic sector with 23% and costly regional Development with 14%.

In 1994 social sector takes the largest share of 33% followed by economic with 25%. Regional Development was allocated 22% and administration sector which was allocated the highest percentage in 1993 was allocated the least of only 20%.

Economic sector was allocated highest percentage of 46% in 1995 followed by social sectors with 30% and regional development and administrative sector were allocated 13% and 11% respectively.

In 1996, economic sector was again allocated highest percent of 32%, social sectors 30%, regional development sector 25% and administrative sector 13%

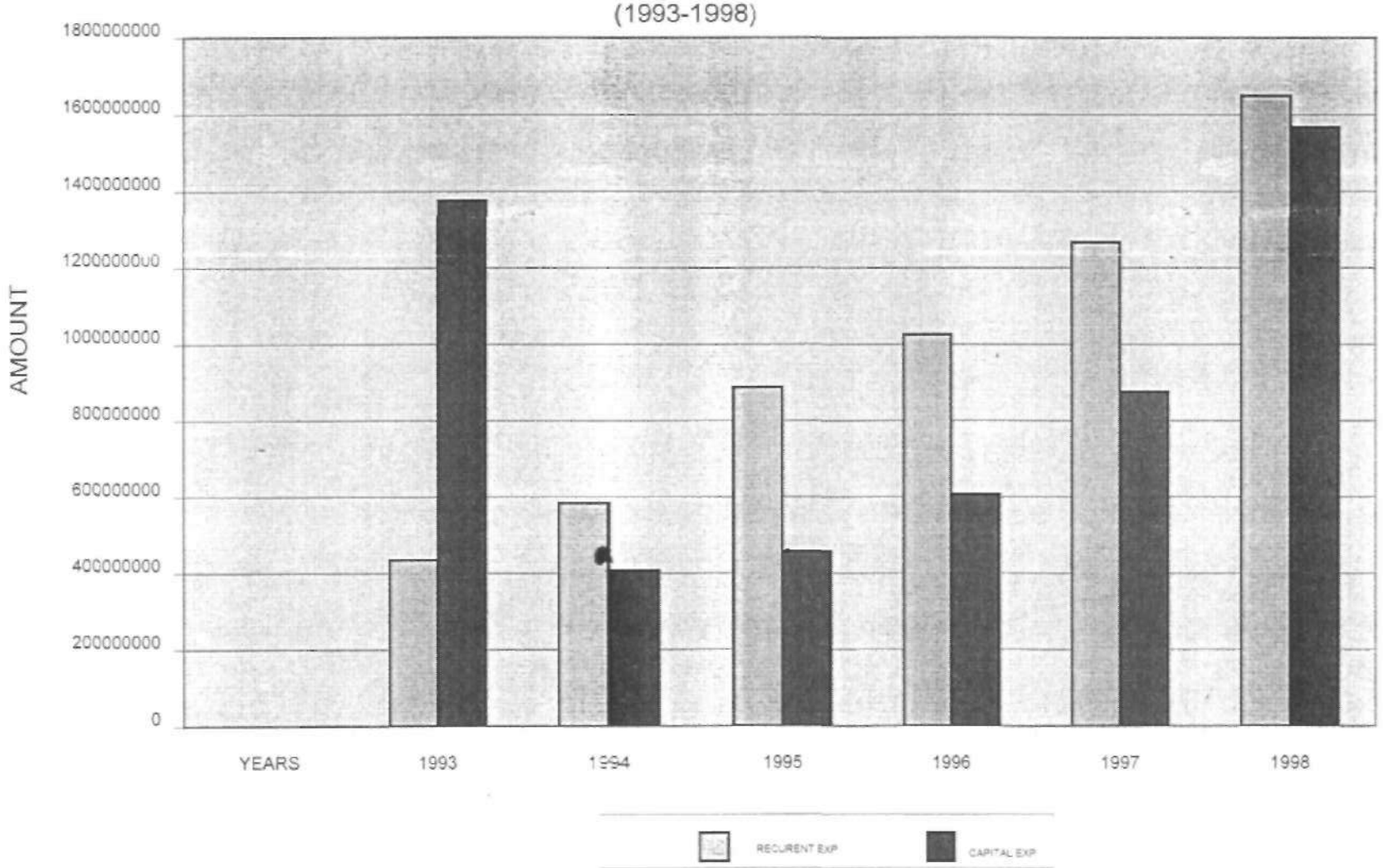
In 1997 social was allocated highest percentage of 32% followed by economic sector which was allocated 27% then regional development, 23% and finally Administrative sector with 18%.

Economic sector was first in 1998 with 36%, social sector 33%, Regional Development 20% and Administrative sector 11%

Of the N 5 287 221 381 allocated to capital expenditure for the years 1993 to 1998. 1993 got 26% of this, in 1994 it dropped to 8%, then rise again to 9% in 1995, 11% in 1996,17% in 1997 and in 1998 29%.

BAR CHART REPRESENTATION OF RECURENT AND CAPITAL EXPENDITURE

(1993-1998)



From the whole years under review (1993 -98) only in 1993 is capital expenditure allocated more than recurrent expenditure while in all other years recurrent expenditure is more than what was allocated to capital expenditure. And while allocated to recurrent expenditure shows a steady rise over the years under review, allocation to capital expenditure shows a remarkable decrease in 1994 from what was allocated in 1993 from 1994 there has been a steady increase over the years to 1998.

4.9 PROBLEMS OF REVENUE UTILIZATION

The major problem of revenue utilization for community Development in Niger state lies with the inadequately of funds to execute the desired projects in the state.

Insufficiency and inadequacy of revenue bring about the problem of rationing the very limited available revenue among the many unlimited project within the large state Government territory.

Political sentiment is another problem of revenue utilization in that areas that should have specific projects sited in them are neglected in favor of area that have representation in the ruling party. Such of this projects for community development like Hospital, water project, school etc.

Tribal factors constitute another problem of revenue utilization though the state is principally dominated by the Nupes, the Hausa/Fularis and Gwaris, there are other minor tribe like kwarawa, Kadara, Kakanda, Kambari, Kamuku, Gade etc.

The three major tribes stochastically dominate other minorities in employment, awarding of contract and in construction of infrastructure projects in areas of need.

Religion also constitute another constraint in the fair distribution of projects. Muslims and Christian which constitute over 95% of the state population. And naturally these category of people are preferred in terms employment and project erection.

4.10 FINDINGS

From our analysis we have been able to among other things, highlight certain points which are imperative to our discussion on the effectiveness of revenue generation and utilization for community development in Niger state.

We have been able to understand that the degree at which the existing strategies of revenue collection and administration contributed to the effectiveness of revenue collection which varies from one source to another. For instance the periodic visits and tours work more effectively for direct assessment as it enables on the sport assessment and reduces the

constraint of self-employed tax evaders.

Again it has been revealed by our analysis that the trends revenue collection and utilization under the period of review (1993-98) have been very progressive even though at on arithmetical rate rather than at geometrical pace. Even though some revenue items have been dropped over the years some new ones have been introduced.

The real course of the poor performance of these classes of taxes may be the absence of any meaningful industries and refutal financial institutions in the state as well as the inntomechability of certain category of wealthy individuals.

In our analysis, we have also been able to establish that although there is a fairly strongly internal control system in the collection and accounting section of the revenue board, there are still some lapse that could make fraud possible. Therefore, there is a need to provide more awareness of checking and controlling the revenue cashier to minimize frauds

It has been established that are a lot of problems regarding the effective administration of the personal income tax. One of the problem of PIT, we observe is the absence reliable income returns and financial records.

We have also seen the best of Judgement BOJA as a method of assessment of income which is to be used as a last resort because it's subjective. Another method which is objective to some extent is the standardization of income. We have observed that this method has not been effectively used to the extent that members of the profession and trades whose income have been standardization continue to be taxed on income far below the standardized minimum.

On the whole we have also seen how externally generated revenue far outweigh the internally generated revenue source. It has also been exterblished that allocation to recurrent spending is more than capital expenditure allocation. And both problem of revenue generation utilization were examined.

CHAPTER FIVE (V)

SUMMARY, CONCLUSION AND RECOMMENDATION

5.0 INTRODUCTION

This chapter presents a summary of all that have been discussed in the last four chapters and they include the main objective set to achieve the main analysis and the findings from such analysis. Conclusion an these findings vis-a vis the objectives set are also drawn. Finally, recommendation are made with regards to the policy measure that should be formulated and adopted to enhance the efficiency and effectiveness of revenue generation and utilization for community development in Niger state in particular and other states of the federation in general. In effect this chapter is divided in three sections.

5.1 SUMMARY

This project has been able to look at the theoretical frame-work with regard to what revenue generation and utilization for community development is. Here it can be summarized in three (3) activities which can be recognized as follows:

1. financial analysis to the government body and in this case Niger state Government as regards the loopholes in revenue generation efforts in the state.
2. Financial information to aid policy implementation and formulations especially in the areas of budgeting for the state government.
3. Thirdly, adequate precautionary measures to be taken in efficient utilization of the generated revenue in order to secure quantitative and qualitative administration.

Tax administration has been defined as a concise process of assessment, collection and accounting for the various types of taxes levied at the state Government level and this taxes are administered by financial personnel with the knowledge of the various spheres of discipline like taxation, finance and management.

This exercise has found out that organisational structure of the ministry of finance and the Board of internal revenue have become more and more complex and highly dynamic. There are sharp difference in existing strategies and trends and other issues such as substituting one person for another, one thing for another or even one system subtituting the other.

Taxation, policy and the tax drive within the state government has been examined needless to say that the situation has not been encouraging, the greater emphasis placed is why revenue do not come into the treasury of the state Government as expected. This is analysed in the form of problems of revenue generation and utilization.

Very little has hitherto been done to reduce the incidence of tax evasion and avoidance. While existing policies are not drastically enough, lack of dynamism in the approach has made it possible for perpetrators of the evil act to indulge in new devices of tax evasion and avoidance almost at a faster rate than those of developers or initiators of stringent policies.

Synchronizing internally generated revenue and externally generated sources has been undertaken in the study and was found out, that externally generated sources far gives higher contribution to the state treasury than internally generated sources.

It was also apparent that the amount of money allocated to capital expenditure is less than that allocated to recurrent expenditure for the six years (1993 -98) period under review which is not very pleasant for community development.

Hence, the research work can be summarized thus, that the project which is subdivided into five sections has chapter one which explained the preliminary considerations or the introductory aspect of the study. The detailed literature review part of the project. The third aspect merely explained the research methodology used in undertaken the research. The fourth chapter is the longest and it takes the bulk part of the study as the data collected is presented and analysed here. The last and final component parts of the project is one that ~~of~~

summarizes all that has been written, draw conclusion and offer suggestions or recommendations.

5.2 CONCLUSION

It is evident from our analysis and the resulting findings of this research work that contrary to expectations, the performances of the revenue generation and utilization for community in Niger state leave much to be desired. As shown by our findings the in-effectiveness of some of the strategies employed are largely responsible for this state of affairs.

The low economic activities, particularly the absence of meaningful viable industries and the problem of gathering information about tax payers contributed to the poor performance of some classes of taxes like stamp duties, dividends and even to a certain extent direct assessment collection. The problem of tax evasion and avoidance contributed to the low revenue collection particularly in the area of PIT.

It can also be concluded from this research work that identification and evaluation of barriers to effective and efficient revenue generation and utilization are not seriously minimized. As a result of which substantial amount of revenue collected and one allocated for utilization found it's way to the pockets of some unpatriotic officials.

It is clear that management of state governments has not yet reached an acceptable standard and as such a great deal of progress in this field needs to be made during the years. The management of finance is not a matter that should be left to be handled by careless and immatured hands but by careful and matured hands. There is need to emphasize here that financial management in Niger state is still not totally positive.

The matching of obligations with resources is not been done in such a way that the sense of the state spread and economic are kept. This is but only a fair measure for the state Government to take up scheme of it's own spend more on existing schemes without having to

depend on government grants. The State Government has responsibility to the Nigerlite to put in place memingful developmentul projects in their communities.

The function of the state government as already mentioned shows that the funds available to the state Government are grossly inadequate to meet the challenging responsibilities and the numerous yearnings of the state populace.

The examination and evaluation of the revenue of Niger state focussed on areas with special relevance at this present time when great efforts are made to improve the standard of financial management in taxes, rates, commercial undertakings, federal subvention are only fair.

The answer to the question of finding new sources of revenue within the state is discouraged by the federal government intervention in revenue collection and consequent subvention from the federation account.

The study shows that management of the state Government revenue Board is full of corruption, malpractice and insincerely in the high and lower cadres of staff. Shady contracts awarded, lack of co-ordination and cooperation leading to accusation and counter accusation among state officials and staff.

Generally, the state performance and impact is not quite significant, the problem of the state government remained fairly unchanged over the years. Most revenue sources have been paralyzed and need serious re-awakening.

5.3 RECOMMENDATIONS/SUGGESTIONS

With the analysis carried out, findings made and conclusions reached, it can be said that the issue of effective revenue generation and it's efficient utilization for community development in Niger state with particular reference to the period covered (1993 -98) by the research project has almost been diagnosed and it's attendant problems highlighted and examined.

It is therefore, imperative at this juncture that in winding up the research project certain suggestions and recommendations be put forward as to improve upon the performance of revenue generation and utilization for community development in Niger state to a more effective and efficient level.

The following are my suggestions and recommendations to this effect;

1. The solutions to the problems of income assessment include keeping of accurate, records of financial transactions and the rendition of property audited accounts. The standardization of income earned by members of certain trades and professions should be undertaken with the co-operation of such organizations. It is necessary also to have a better co-ordination and more exchange of information among the statutory bodies directly or indirectly connected with PIT. In addition, the staffing of the revenue board should be strengthened, increasing the number of qualitative personnel. It is also important to add management functions to the technical functions of the tax authority.
2. To maximize revenue from PIT it is necessary to enhance enforcement and I recommend the establishment of a mobile revenue court in the state.
3. It is also recommended that political backing on a continuos basis should be given to the modern and painless method of producing PIT clearance certificate before undertaking certain activities with the Government and it's agencies.

4 Dishonest practices and forging of PIT receipt and T CC involving Revenue officials should be property handled with summarily dismissal and prosecution should be the appropriate sections to be imposed to serve as deterrent to others.

5. It is also recommended that "task force" tax committees be established in all the four revenue zones to enhance revenue collection and the newly created area office at New Bussa should also be upgraded to a full zone and also have a committee created as well.

6. The Government of Niger state should make effort to educated the public about the importance of taxation to enable them exercise their civic responsibilities. The extent to which the Government makes effort to create a cordial atmosphere by positively changing the attitude of the action towards PIT system will determine the degree of volutory compliance.

7. The Government needs of the Niger state attitude towards the developmental needs of the Nigerlites to enhance increased volutory compliance. Again where revenue utilization for community development is very high people would definitely feel that the tax paid will reach the treasury and be efficiently utilized for developing their communities. This will tend to improve volutory compliance thereby enhancing the achievement of revenue maximization.

8. It is also recommended that the revenue board be given the responsibility to collect and account for the state development levies for effective and efficient accountability.

9. The revenue board should also be given the right to coordinate and inspect all other revenues collected by other government agencies e.g ministries for proper accountability.

10. A special adviser to the governor should be appointed to over see the affairs of the revenue matters. This adviser who would report to the governor would work hand in

hand with the commissioner of finance and have the chief executive of the revenue Board answerable to him

11. Wealthy individuals and government itself must be encouraged to establish viable industries. A state like Niger with over twenty wealthy retired and serving Generals should be able to have industries littered all over the state. The state Government on it's part should give highly tempting incentives to potential industrialists as having many viable companies in the state would naturally boost revenue generation in the state. The wealthy individuals should also be mandated to undertake community development projects even if it's Just in their respective inmediate societies.

12. Powerful instruments and mechanism be put in place to checkmate the untouchables who are vast property owners and very wealthy but neither pay PIT or ground rent. Such mechanism should be provocative announcement and threat to scandalized their particularities or personalities.

13 To solve the problem of the shortage of qualified and trained personnel. A lot of money must be allocated to recruit and train a high level manpower to staff the revenue board and the ministry of finance. The training should range from chartered or professional accountants and M B A holders. A corporate immage be introduced among staff of the revenue board and the ministry of finance. Logistic in terms of motor vehicles, motor cycles and computers must be provided and working environment at the Board and ministry must be made very conducive.

14 Problem of corruption can be checked or put at the barest minimum by employing people of proven, transparent integrity, high moral ethics as revenue staff. Lack of annual increment of salary and promotion at least every two years to deserving staff of the revenue board should not be allowed bring down the staff morale as this might lead them to frustration and eventually, tempt them to corrupt practice. Provision of welfare facilities to staff and other necessary incentives like the provision of

accommodation and transportation and end of year bonuses to zones that have beaten their targets will also go a long way at minimizing corruption and embezzlement to the barest level or even complete eradication of it.

15 In order to check the problem of unfair and unequitable redistribution of health in terms of revenue utilization among communities I recommend or suggest as follows; that of total budgeted revenue for the year, at least half be allocated to capital expenditures and be spread thus, 50% at level spread, 30% at generation and the balance of 20% on absolute need of the communities.

In general conclusion, it is recognized that conversion of the whole revenue system into one that is efficient and effective in a low income country like Nigeria in General and Niger state (a civil service state) in particular is not an easy task or process. However, I submit that unless and until the Government provides the necessary political will and the taxable inhabitants realize that it is their important civic responsibility to pay tax, the revenue maximization objective of Niger state in particular and Nigeria at large may not be easy, if at all feasible to achieve.

S/NO	ABBREVIATION	FULL MEANING
1	A B U	Ahmadu Bello University
2	&	and
3	A.	Appendix one
4	M B A	Master of Business Administration
5	Alh.	Alhaji
6	Mal.	Mallam
7.	Govt.	Government
8.	'93	1993
9.	000	In thousand
10.	000 000	In millions
11.	-	To
12	#/k	Naira/kobo
13.	pg (s)	Page (s)
14.	B.sc	Bachelor of Science.
15	No. (s)	Number (s)
16.	Dept.	Department
17.	Pub.	Public
18.	Admin.	Administration
19.	V A T	value Added Tax
20	PIT	PersonalIncome tax
21.	P A Y E	Pay As- You-earn.
22	MP A	Master of public Administration
23.	I T M B	Income Tax Management Act.
24.	J. T B.	Joint Tax Board
25.	D . C.	District of Collection
26	%	Percent
27.	e.g	for example
28.	etc.	ecetera
29	P.K.L.	President Kennedy Library
30	T.D.C./S	Tax Deduction cards
31	TCC	Tax Clearance Card
32.	P.R	Personal Relief
33	C.A	Children Allowance
34.	D. A.	Dependent Allowance
35.	@	At or Per
36.	L.G.	Leave Grant.

BIBLOGRAPHY

1. "The board of internal Revenue" Enlistment Hand book on property tax in Niger state issued in collaboration with ministry of justice (published 1993 by information ministry Pgs 3 - 8
2. Olu C. S. (1974) Income Tax law and practice in Nigeria (oxford university press, Ibadan) Pgs. 1 - 2
3. Nigeria Employers guide to pay -As-You Earn 1981
4. Niger State Gazette No.s 1 -5 1976, 1-3 1993 7 1 - 2 1997
5. Osagiede D. U Taxation (unpublished text) on public financial management, Dept. of pub. Admin. A B U Zaria.
6. Abdullahi Zubari: Nigeria Tax Series No. 1 Gaskiya Corporation Limited, Zaria
7. Birghan, Tom. Tax evasion : The law and Reaction London, Alexander Harden financial services ltd., 22 Billiter 57- E C M 25 A. 1980 pgs 7 -8
8. Darmusa I. A. Taxation in North Central State, Unpublished M. P. A thesis A B. U Zaria pgs 16 -50
9. Employers guide to PA Y E (1961) issued by the joint Tax Board, Lagos Nigeria.
10. Grwres, Harold. Income Tax Administration National Tax Journal (Washington D.C.) 12 (7:37 march, 1959 & 43.
11. Government Printer Kaduna, Official Gazette September 1985 pgs. 2 - 7
12. Hinrichs, H . H. A general theory of tax structure charge during economic development. Conbridge, mass Havard law school international Tax pragramme 1966 pgs 7 -56.
13. Income Tax management Act 1961 (as amended upto 1993 pg. 20
14. I T M A (1961) as amended upto 1993 pg 16

15. J.F. Due government finance: Economic of the public sector 4th Edition Homewood, Ilions, Richard D.Irwin Inc 1968 p 154

16. Musthq w. lozer and aurash zahir (1984) product Rejuvenation strategies Business Horizons Nov Dec. 1984.

17. Northern states of Nigeria; study notes for Revenue Inspectors Government printer, Kaduna.

18. National symposium on taxation: The Nigeria tax system: A critical review, October 1981.

19. O.T. odirongenyi: a paper presented in a seminar VAT (1993), A B U Zaria

20. Obembe T. Ade: students companion on Nigerian Income Tax motiyege business Enterprises 21 Abioda street. P.O. Box 369 shomolu, Lagos.

21. Ogedengbe ola F. Path to success in Nigeria Taxation Revision Notes with questions and suggested soluions

22. Olu C.S. Assessment and collection of PIT. A paper presented at the National conference on income tax enforcement in Nigeria A. B. U Zaria, institute of Administration may 1973 pg.

23. Phillips, A.O. A. Notes on determination of Income Tax evasion. Nigeria Journal of public Affairs (Zaria) 4(1): 18- 24, October, 1973.

24. Rabin S.A personal income Tax in Nigeria, produces and problems, 1st edition 1981, pg 44 -47

25. The Nigerian Tax system: A critical review. Issued by Federal Inland Revenue Dept. 1981.

26. Approved estimates of the Government of Niger State of Nigeria 1993

27. " " " " " " 1994

28. " " " " " " 1995

29. " " " " " " 1996

30. Approved estimates of Revenue of Niger State of Nig. 1998

31 Dalhatu Abba Garba A Critical Appraisal of the strategies and effectiveness of revenue collection and Administration in Katsina State (unpublished) M B A project October 1991.

32 Yahaya, Isah Danladi Revenue Generation and utilization for community Development A' study of paikoro Local Government Area of Niger state (unpublished B.sc. Accounting project (1994).

33 Niger State financial statement for the year 1993 (unaudited)

34 Niger State financial statement for the year 1994 (unaudited)

35 Niger State financial statement for the year 1995 (unaudited)

36 Niger State financial statement for the year 1996 (unaudited)

37 Niger State financial statement for the year 1997 (unaudited)

38 Niger State financial statement for the year 1998 (unaudited

MINISTRY OF FINANCE NIGER STATE

In reply please quote Ref. Number and date

Cable & Telegrams: Funds Minna

Telephone: 221521 221513

MOF/STA/25/VOL.I/

Private Mail Bag 55,
Minna,
Niger State, Nigeria.

Date 7th September, 99

A1

The Co-ordinator, MBA Programme,
Head, Department of Business -
Administration.
Zaria.

TO WHOM IT MAY CONCERN

YAHAYA, ISAH DANLADI - G97BA7129

In compliance with your letter NO. DBA/SA/14/17 of 27th August, 1999,

I wish to confirm that the above named student reported to this office and was supplied with the available datq and information he required.

2. We wish him good luck.

(MOHAMMED BABA ABUBAKAR)
CHIEF PERSONNEL OFFICER
FOR: HONOURABLE COMMISSIONER

NIGER STATE BOARD OF INTERNAL REVENUE

Minna, Niger State.

In reply please quote Reference Number and date

Telegram: BIREVENUE
Telephone: 221629, 222698
222400

Ref: No. BIR/BET/171/I/xxx
Niger State Board of Internal Revenue
Headquarters
P. M. B. 28, Minna
Niger State
Date 7th Sept, 1999

TO WHOM IT MAY CONCERN - RE:YAHAYA ISAH DANLADI

Reference to your letter Ref.No. DBA/GA/14/17 dated 27th August, 19999. This is to confirm to you that the above named student with Registration No.G97 BAP/7129 has undertaken the study indicated in your letter.
Thanks.

Alh.Mohammad A.Ibrahim
For:Chairman/Chief Executive,
Niger State Internal Revenue Services,
Minna.

A3

NIGER STATE OF NIGERIA


AGWARA L.G.A
Agwara
KONSHI L.G.A
New Bussa
Nupe
MAGAMA L.G.A
Kontagora
KONTAGORA L.G.A
Rongi
MARIGA L.G.A
Nupe
Mashegu
MASHEGU L.G.A
Nupe
RAFI L.G.A
Yuta
Kaduna Town
MUNYA L.G.A
SHIRORO L.G.A
Minna
Minna
Minna

QUESTIONNAIRES

The result obtained from this questionnaire shall only be used for academic purpose, therefore, fear should not be entertained in given correct answers to the questions. The fact that there is no column for name or signature further confirms this.

Tick [] yes or no [] or brief explanation as applicable,

Q1a Does the Federal Government give you may subvention? Yes [] No []

Q1b if yes How frequent? Monthly [], quarterly []

Q1c If either monthly or quarterly, how prompt?

Very prompt [] Averagely prompt [] not prompt []

Q2 Does the sum vary durring each transfer?

Yes [] No []

Q3a Does the Local Governments in the state re-imburse any of their revenue?

Yes [] No []

Q3b. If yes what percentage ? ----------

Q4a Does the state government give any grant to it's Local Governments? yes [] No []

Q4b If yes, what proportion and for what purpose? .....

.....

Q5a is there any direct deduction from your share of the

Federation Account yes? [] No []

Q5b if yes, what proportion and for what purpose?

.....

.....

Q6a Do you train your tax administrators?.

Yes [] No []

Q6b if yes how frequent?.....

Q6c if yes is it by in house or outside specialist?.....

Q7a do you have sufficient tax administrators?

Yes [] No []

Q7b If yes -what is the quality of performance?

Poor [] Average [] Good []

Q8 do or encounter any problems with the tax payers?

Yes [] No []

Q9 How do you hope to overcome this problems if any?.....

.....

Q10a Are tshere any cases of corruption observed among your staff? Yes [] No []

Q 10b if Yes, how frequent .....

Q 10c if any, how do you takle them ?

Dismissal [], suspension [], prosecution []

Q 11a Do you have approciate records for your revenue

And expenditure ? Yes [] No[]

Q 11b if Yes what is the relationship ?

Balanced [], surpplus [] Defieit[].

Q12 what is the relationship between your Capital and reeurrent expenditure?

Balanced [] supplus [] Deficit []

Q13a Is your total revenue sufficiently adequate

To eover all your expenditures? Yes[] No[]

Q13b if not how do you argument?.....

.....

Q14a Do you have any investments? Yes[] No[]

Q14b if yes what is the rate of return and how frequent .....

.....

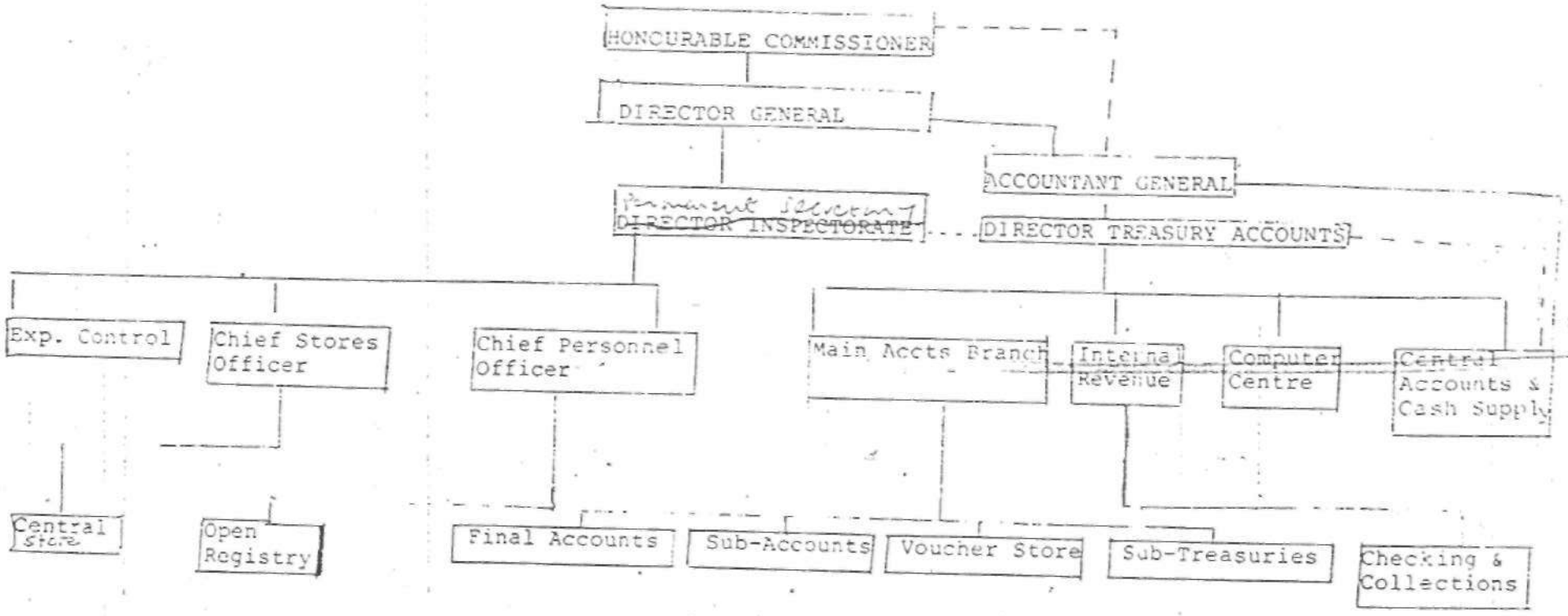
Q 15a Do you have any loans? Yes[] No[]

Q 15b How do you repay and rate of interest?

.....

APPENDIX 'A'

A$_a$



APPENDIX B

NEW STRUCTURE FOR THE BOARD OF INTERNAL REVENUE NIGER S'

CHAIRMAN

HEADS OF DEPARTMENT
1. Business Premises
2. Collection
3. Direct Assessment
4. PAYE
5. Tax Audit
6. Intelligence Resch. And Information
7. Inspectorate

SECRETARY
1. Administration
2. Personnel
3. Registry
4. Training

ZONAL HEADS
1. Kontagora
2. Bida
3. Suleja
4. Area officer N/Bussa

A6

PERSONAL INCOME TAX YEAR 19..../....

NIGER STATE

To:.....

Of:.....

.....

NOTICE OF ASSESSMENT

File No.	
Assessment No.	
Date of Issue	

INCOME FROM		N	
DEDUCT: PROVIDENT, ecc., FUND			
ASSESSABLE INCOME			
ADD: BALANCING CHARGES			
DEDUCT: LOSSES			
CAPITAL ALLOWANCES			
TOTAL INCOME			
DEDUCT: PERSONAL RELIEFS			
PERSONAL ALLOWANCE			
CHILDREN			
WIFE ALLOWANCE			
LIFE ASSURANCE			
DEPENDENT RELATIVE			
CHARGEABLE INCOME			
TAX PAYABLE.....		N	k
N_____ at 10k, in the N			
N_____ at 15k, in the N			
N_____ at 20k, in the N			
N_____ at 25k, in the N			
N_____ at 30k, in the N			
N_____ at 40k, in the N			
N_____ at 45k, in the N			
N_____ at 55k, in the N			
N_____ at 70k, in the N			
DEDUCT			
NET TAX PAYABLE			

REV. 62A

PAYMENT OF TAX

The net tax payable should be paid to:

_____

_____

The year of assessment, assessment number and file number should always be quoted.

NOTICE OF ASSESSMENT

I have made an assessment on you, as set out opposite, for the year stated above, under the provisions of Chapter 5 of Personal Tax Law, 1964.

ALH. YUSUF ABDULAHI MAKUSIDI

Executive Chairman Niger State Board of Internal Revenue

OBJECTIONS AND APPEALS

If you do not agree with the assessment you can object. To do this you must:-

(a) give notice in writing to the Office specifying the grounds of objection within of the date this Notice was posted, and

(b) if the objection is not settled by agreement with this Office, attend personally before the Provincial Tax Appeals Committee, or attend before the High Court either by legal practitioner or in prison.

While an objection or appeal is pending you are required to pay the tax assessed by the due date of payment shown.

Even if no tax is payable on this assessment, an objection should be made if the amount of the income assessed is not correct.

MUSU DA YIN APPEAL

Idan baka yarda da harajin da aka yanka maka ba kana da ikon kayi musu Yin waiwaye wajibun ka

(a) Ka bada sanarwar musunka ga Ofis nan nobuce ka bayyana duk jayayyarka da dalillanka cikin watu daya daga randa aka aika ma da sanarwar, kuma

(b) Idan ka kasa jituwa da Ofis nan kan jayyarka tafi da kanka wajen Komitin daukaka kara na lardinka ko ka tafi wajen Babbar Kotu da kanka ko ka wakilta lauya

A lokacinda kayi musu ko afil ana bukatarka ka biya harajin da aka yanka maka ranarda aka nuna ka biya

Koda ba'a nuna haraji da aka yanka ba ga takardar sanarwa, ka iya kayi musu in dai har kaga akwai kure wajen lissafin samunka.

	NOTES

NOTICE TO PAY

NIGER STATE

File No.	
Assessment No.	

COLLECTION AUTHORITY

YEAR OF ASSESSMENT 19..../....

NET TAX PAYABLE	DUE DATE OF PAYMENT
N : k	

1 NAME

2 ADDRESS

HOW TO PAY YOUR TAX

This notice should accompany a remittance or be produced at the Time of payment.

AN OFFICIAL RECEIPT SHOULD BE OBTAINED FOR EACH PAYMENT.

Payment of tax to the Tax Collection Authority may be made in cash (if tendered personally) or by Money or Postal Orders, or by a cheque drawn on a recognised Bank in Nigeria. Cheques should be made payable to the Collection Authority named, crossed "A/C PAYEE ONLY" and have your name and address printed in block capitals on the back.

A7

PART C — DEDUCTION FROM INCOME

PENSION FUNDS	If paid into an approved pension or provident fund, write here the date you entered this employment which carries a contributory pension scheme	
	Write here the name of the fund	
	Write here, the amount of your contribution in year	N K
CAPITAL ALLOWANCES	If you carried on a trade, business, profession or vocation or and you wish to claim allowances of capital assets, write "YES"	
SUBSCRIPTIONS TO PROFESSIONAL BODIES	State here the name(s) of the professional body (ies) Society (ies), etc	
Note that only Subscriptions to professional bodies the membership of which is a condition of practising the profession in Nigeria should be shown.	State the amount of your Subscriptions in the year	N K

PART D — CLAIM FOR PERSONAL ALLOWANCES, YEAR 19

1 ALLOWANCE FOR WIFE

Notes: (a) "Married woman" and "wife" include a wife married according to native law and custom where both the husband and wife are subject thereto.
(b) An allowance of £300 is given in respect of a wife living with or maintained by you or a former wife to whom you pay alimony under the order of a court.

If during the year ended 31st Dec. last you: -
(i) had a wife living with or maintained by you, write 'YES'
(ii) made payments of alimony to a previous wife whose marriage with you has been dissolved by order of a court, write 'YES'

(b) the date of any such order
(c) the name and address of the court which gave such order
(d) the total amount of any such payments made during the year ended 31st Dec. 19

2 ALLOWANCE FOR CHILDREN

(a) An allowance of N400 is given for each unmarried child maintained by you during the year ended 31st Dec. last if such child was:
(i) under 16 at any time during that year, or
(ii) over 16 but was either receiving full-time education at a school or articled or indentured in a trade or profession in that year.
(b) Allowance may not be claimed in respect of more than four children.
(c) If, in respect of the same child, two or more persons are entitled to this allowance it has to be divided proportionately between them.

Full name of child	Date of birth	If over 16, name and address of educational institution which such child attends or person to whom articled or indentured.	Child's own income in his or her own right during the year ended 31st December, 19 (exporting scholarship income)

PART D — CLAIM FOR PERSONAL ALLOWANCES, YEAR ____ 19____

ALLOWANCES FOR DEPENDENT RELATIVE

(a) An allowance may be given in respect of the amount expended by you in the year ended 31st Dec. last, on the maintenance of close relative whose income did not exceed N600 in that year if such relative was:
(i) the widowed mother of yourself or your spouse, or
(ii) disqualified by old age or infirmity from maintaining himself or herself.
(b) If two or more persons maintain such a relative the allowance will be apportioned proportionately between them.
(c) The maximum allowance is N600 for husband and wife and may be split where the total amount spent by them on all dependants exceeds N600.

Name and address of dependent relative	Relationship to you or your spouse	Age of Relative or nature of infirmity	Dependent's income during the year ended 31st Dec.	Amount expended on maintenance during the year ended 31st Dec
			N	N

RENT ALLOWANCE RELIEF

Any rent allowance paid to you by your employer in the year ending 31st Dec. last is tax Free up to a maximum of 5.0% P.A. provided that the amount claimed has been included in the gross pay figure used by your employer in arriving at the amount of tax deducted.
If you wish to claim this allowance please give the following information -

Address of property in which you live	Name and address of your landlord	Amount of rent paid or payable to your landlord	Amount of rent allowance paid to you by your employer in the year ended 31st Dec.
		N	N

ASSURANCE: Cost of insurance of contract for a deferred annuity on your own or your wife's Life Assurance Premium Certificate duly completed by the Insurance Company indicating that premium for the year ended 31st December ____ has been paid. If you are claiming this relief for the first time the Policy should be attached.

Name of Insurance Company	Whether Policy of Insurance or Annuity Contract	Date of Policy if after 1st Jan. 19_	Whether on life of "self" or "wife"	Capital sum payable on death		Amount of Premium paid in year 19	
				N	K	N	K

PART E — DECLARATION TO BE SIGNED

I Declare that this return contains a true and correct statement of my income computed in accordance with the provisions of the personal Tax Law and the Income Tax Management Act and of any rules or regulations made thereunder and that the particulars given are true and complete.

Signature _____

Full postal address _____

Date _____

BOARD OF INTERNAL REVENUE
NIGER STATE OF NIGERIA

NIGER STATE OF NIGERIA

PERSONAL INCOME TAX
RETURN AND CLAIM FOR ALLOWANCES

Reference No. _____

NIGER STATE BOARD OF INTERNAL REVENUE PRIVATE MAIL BAG No 28 MINNA

DATE _____

In accordance with the Personal Tax Law, 1962, as amended, you are required to make on this form a return of your income from all sources for the ended 31st Dec 19 ... You may also give particulars of any allowances you wish to claim for the year Dec. 19

If any space provided is not adequate then attach a statement to show the required information.
A husband should not include any income belonging to his wife. A wife with income of her own should make her own return and if she has not received a form on which to do so, she should tell the Director of Internal Revenue at once.
The declaration in Part E must be signed by you and the form returned to me within thirty days from this date.

PART A — PERSONAL PARTICULARS
Please complete this Section of the form in BLOCK CAPITALS

State here your Surname (last name)	
State here your forenames (other names)	
State here any other name by which you are known	
State here your full residential address at 1st Jan., 19 ... Do not show your business or correspondence address	
If you live in a rented house/room please state the name and the address of your Landlord and the amount of rent you paid	Name and address of Landlord
	Address at which the rented property is situated
	Amount of rent paid per month/annum N K
State "Yes" here if you are married.	
If you were not in Niger State of Nigeria for the whole of the year ended 31st Dec ... Last State here the periods of absence and the State or Countries where you lived during those periods.	

For official use only

A8

Rev. '4M

Year | Director's Reference | For Official Use

Name of Employer

Division, Branch, Depot, Contract, etc.

Nature of Employment

..... STATE OF NIGERIA P.A.Y.E.

MONTHLY SPECIAL TAX DEDUCTION CARD - RELIEFS

Employee's other Names

Employee's Surn

Month (1)	Total Pay in month (2)		Total Pay to date (3)		Total Free Pay to Date (4)	Net Total pay to date (5)		Total Tax due to date (6)		Tax deducted in month (7)		Tax refunded in month (8)	
	₦	K	₦	K	₦	₦	K	₦	K	₦	K	₦	K
1 JAN													
2 FEB													
3 MAR													
4 APRIL													
5 MAY													
6 JUNE													
7 JULY													
8 AUG													
9 SEPT													
10 OCT													
11 NOV													
12 DEC													
Deduct pay and tax in previous employemnt													
Pay and tax in this employment													

If refund, mark entry in column (6), "R"

State here the amount of contributions deducted by you in year from the employee's pay for:-

National Provident Fund =₦.....

Approved Pension, etc. Fund =₦.....

FOLLOW THE INSTRUCTIONS IN THE P.A.Y.E. HANDBOOK

DUPLICATE

Ag

NIGER STATE BOARD OF INTERNAL REVENUE

P.M.B..... STATION .....

DATE.....

INCOME TAX CLEARANCE CERTIFICATE

This is to certify that:

Alh/Mr/Mrs/Miss.....

of.....

settled his/her income tax assessments for the past three years.

(i.e. 19...../.....19..... & 19.....

2. Details of his/her assessments are as follows:

	19...../.....	19.....	19.....
Total income.....			
Tax Paid.....			
No. of Tax Receipts.....			
Date issued.....			

3. Source of Income.....

4. This certificate expires on..... 19

Official Stamp

Signature of Officer ifc Tax Authority

NSPMC