A CRITICAL APPRAISAL OF THE STRATEGIES AND EFFECTIVENESS OF REVENUE COLLECTION IN KADUNA STATE

BY

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DEDICATED

To my Parents - Late Alh. Tanko Kauru
Mal. Yunusa Tanko, Dauda Tanko and Zainab Yunusa Tanko
who brought me up to become what I am today.

To my wife Maryama Umar Balarabe who's company
contributed alot to the success of my M.B.A.
programme.

To the entire members of the M.B.A. class 1991/1992
session whose company gave me alot of courage during
a short period we stayed together for M.B.A. Programme

DECLARATION

I do hereby declare that, this research work is original and a product of my research findings, all material used have been acknowledge accordingly in the footnotes and bibliography.

CERTIFICATION

This project titled "A CRITICAL APPRAISAL OF THE STRATEGIES AND EFFECTIVENESS OF REVENUE COLLECTION IN KADUNA STATE" By Yunusa Ya'u Tanko meets the regulations governing the award of the degree of MASTERS OF BUSINESS ADMINISTRATION (M.B.A) of Ahmadu Bello University, Zaria and is approved for its contribution to knowledge and literarcy presentation.

SIGNATURE OF SUPERVISOR	DATE
SIGNATURE OF EXTERNAL EXAMINER	DATE
HEAD OF DEPARTMENT	DATE
DEAN, POST GRADUATE SCHOOL A.B.U. ZARIA	20/5/97 DATE

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ABSTRACTS

In a developing economices like Nigeria, Government is expected to maintain law and order, provide sound education, provide functional infrastructural facilities, like good roads, constant water supply, efficient electric power supply, functional and good health services, create employment opportunities and many other function. These functions cannot be perfomed without adequate financial backings. The financial backing comes through Taxation, charges, levies and fees and external aids.

Government largely depend on taxation in executing and financing its expenditure. But the major problem tieing down the exercise is the inability of all the tiers of government to established an effective strategies for Revenue collection. The prevailing economic situation of the country further neccessiated for the evaluation of the strategies.

The essence of the research is to examine and analysed the existing strategies for revenue collection in Kaduna state with a view of proposing and developing new strategies that could help in the improvement of the general revenue collection in Kaduna state. There are many sources of revenue collection in state, some of the major sources include Direct assessement, pay as you earn, sales tax, entaintement tax, withholding taxes, motor vehicle licencing fees,court fees and fines and the development levies.

The existing strategies for Revenue collection has been analysed and formed inadequate and insufficient to meet the present day government requirement for the ever-expanding public expenditure.

A careful study of the lapses in both revenue collection and accounting. The researcher forwarded certain suggestions.

1. The Board should be transferred to the office of the state executive and should supervised, monitor and control its activities.
2. Special grants should be provided to the board or certain percentage should be kept atleast 10% of its total yearly collection for the smooth running of the organisation, and staff salaries should be taking away from civil service structure to the equivalent of the states, established commercial banks and financial houses.
3. The establishment of Board members for revenue Board should be avoided, because in the histroy of the Board, there is nothing worth writting home about as regard to the achievement of the board members. If there is anything, is the constitution of the Board into a forum of confused ideas, and the final effect is the further deterioration of revenue collection.

There is the need for motivating the staffs to contribute to the achievement of the organisational objectives. This should be inform of incentives, security and promotion. Because no matter what the organisational objective would not be achieved without self motivation,also staff placement, training,should conform with Board structure, posting base on Godfather-ism, lobbyism, or to the highest bidder should be avoided.

The historical background of Kaduna state internal revenue Board would be discussed from the former Northern Nigeria Revenue Department of the then finance ministry to the present day. Various data collected from 1989 - 1991 are analysed and recommendation and suggestion for the successful, revenue collection for the state have been advanced for the state government to implement.

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CHAPTER ONE

PRELIMINARY CONSIDERATION

1.1 INTRODUCTION

This chapter consists of eight parts and the first chapter involves the identification of the problems (statement of the problems) under discussion. The second and the third parts of the chapter deal with the purpose and significance of the study respectively. Part four and five deals with the scope and the research methodology. The last three sections of the chapter covers the limitation of the study; definitions of the terms and organisation of the study.

STATEMENT OF THE PROBLEMS

There are many sources of revenue for public expenditure of government, some of the sources are:

a) Statutory allocation from the Federal Accounts
b) Taxation
c) Special grants by the Federal Government
d) Fees and specific charges
e) Dividends, rents and royalties
f) Loans grants by banks
g) Aids from outside countries and Organisation.

Taxation, however, form the basis of our discussion, but its should be noted in this context taxation covers all aspect of levies which includes company income tax, sales tax, motor vehicle, personal income tax both Direct and

indirect, with holding taxes etc. The internally generated revenue by the state government is derived almost entirely from some of the above mentioned forms of taxation.

Nigeria as a developing nation with considerable endowment in human and natural resources, the greatest draw back to our development effort has always been the none availability of adequate resources for financing of development projects..

The downtrend of oil market and the global economic recession experienced world wide leds to a decline in the nation main sources of revenue (oil). Therefore most state Government are faced with problems of empty treasury and Kaduna state is not an exception.

The question asked here is, how do we improves the collection of the internally generate revenue? How do we improves the strategies of collection of revenues? How do we improve the strategies of collection of revenue in Kaduna State? To answer all the questions, there is the need for the Government to effectively revise the current methods of revenue collection with the aim of coming out with a more effective and efficent strategies for revenue collection in the state. The government should therefore seriously check the large scale of tax evasion and avoidance by self-employed individual and corperate bodies which are sometimes aided by the Unpathrotic accounting firms and accountants.

PURPOSE OF THE STUDY

Inspite of the government efforts to provide to its citizens with some of the essentials facilities like schools hospitals, improved infra-structures and alot of other essential services, still som,e citizens do not see any logic in paying their taxes. These and many other Government function entails collosal expenditure and this justify the need for all citizen to effectively pay tax. Any short fall in revenue collection will bring with it a circular effects within the economy, hence less provision of infra-structures which may also affect the productivity of the people.

The following are some of the objective of the study:-

a) To examine the rational of theoretical aspects of taxation.

b) To enumerate and discuss the major sources revenue by giving their definitions, historical background, tax rates and tax bases and economic effects.

c) To examine the structure, administration, organisation and the general operation of tax.

d) To examine the [illegible]e existing strategies for collection and administration of taxes with a view to improved upon them.

e) To analysed the existing main sources of revenue and the relationship between revenue and expenditure.

SIGNIFICANCE OF THE PROJECT

The project is significant for the following reasons:-

a) If the project is successfully carried out it will boasten the literature on revenue collection in Kaduna state.

b) The findings from the project will go a long way in assisting policy makers to take prompt action in order to hasten the process of revenue collections.

c) The project is the first to emphasis in evaluating the performance of the strategies of revenue collection in the state at this level.

SCOPE OF THE STUDY

The problem of revenue collection is not particular to only one state but could be a subject of discussion in the entire state of the federation. However, this study is intend to review the strategies for revenue collection in Kaduna state with particular reference to the period of January 1989 to December 1991. Although, the research finding will be specially useful to Kaduna state, objectives will not be raised, should other states finds it useful too.

RESEARCH METHODOLOGY

Both primary and secondary sources of research collection of data are adopted in this project and are discussed under the following sub-headings.

PRIMARY DATA

Data for the project would be acquired through the following.

Visits to the headquarter of Board of Internal Revenue Kaduna to collect some vital documents and some existing literature

An interview with the some Directors and Senior staffs. Director, investigation, Monitoring and Auditing Director, Field and Technical services, zonal Officers, Kakuri and Doka.

Pamphet from federal inland revenue for guidan ce on revenue collection, presidential budget spent 1990 and 1991 etc.

The data collected from various sources was careful y studied and analysed in order to come out with meaningful recommendation that are aimed at assisting policy makers take appropriate decisions for improving the performance of revenue collection and administration in Kaduna State.

LIMITATIONS OF THE STUDY

Virtually all research are subjected to some weakness. Although attempted has been made to research into strategies for revenue collection in Northern Nigeria Revenue section that matomorphorsedinto Kaduna state revenue Board and the changing economic policy further compounded the problems of this project.

The "Secret syndrome" which characterise dealing on such sensitive matter as revenue has been a major inhabiting factor, because some vital document which are very important to the research work could not be easily reached in spite of assurance that all secret would be kept and treated confidential. However some were attainable through revenue board and some through periodicals that make the research objective possible.

ORGANISATION OF THE STUDY

The project commences with preliminary consideration which includes statement of the problems; purpose of the study; significance of the project; scope of the study. The second chapter is concerned mainly with the reasons for taxation, theoretical frame work of Taxation, definations of relevants concepts, objectives of Taxation, principles of good taxation and tax classifications. The third and fourth chapter mainly centered in examining the existing strategies for revenue collection, historical/ Background of revenue collection and the general operation were properly analysised and discussed. Finally, the summary, conclusion and recommendation of the project in the final chapter (five).

CHAPTER TWO

2.1 LITERATURE REVIEW

INTRODUCTION

This chapter is divided into five sections. The first section deals with theoretical frame-work of taxation. Definitions of relevant concepts are discussed in the second part while objectives and principles of taxation are explained in section three and four respectively. Finally, classification of taxes are given in the last section of the chapter.

2.2 THEORETICAL FRAME-WORK

The theoritical frame-work of 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 usual structure of exemptions and deduction from Gross income used in arriving at the Chargeable income. Tax ability is then determined by applying the taxable rates of the taxable income brackets. In this context the amount of tax paid by a person is the function of the efficiencyof tax administration in properly enforcing the classfied tax (all element of deductions, exemptions and the like are brought into the analysis through this relationship. As right pointed out by Harold Graves (1959).

"An income tax is like a stool with three legs... if anyone of them is defective the others would not save it from defective performance. The first and the simplest

which gets more attention is the rate. The second is the base, it involves all issues of tax avoidance... The third is administration".

The theory of tax structure development particularly that at the early stages of economic development, the basic features of taxation are the narrowness of the personal income tax base, the operation of poll tax, the problem of indirect taxation on foreign trade in the tax structure. In addition the tax revenue to gross demostic product ratio is low. However, these basis feature more in opposite direction as the positive measures by government propel the economy sooner or later, beyond thestagnation level.

Overtime, therefore, some taxes are likely to grow in importance while others are almost certain to decline, personal income tax proceds a good example of the former since personal income tax revenue is expected to increase as per capital income rises. Consequently, in the progressive tax system, personal income tax revenue has a high degree of elasticity in terms of income.

For the self employed the tax is based on the declared income at the end of the tax year and income under declaration is quite rampant in Nigeria. As a matter of fat the self-employed individual in Nigeria so under-declared their income. that 80% of them falls within the lowest income group either paying one 1% of their total

income as tax on completely exempt following the absolutely of the flat income rate by almost all 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 on Personal income Tax (pit), enforcement is also poor, this largely explains why the PIT evasion is over 50% in Nigeria compared with about 14% in the United Kindgom. The fault is not our tax officials as such but is the tax system and the environment under which the tax system operates. Referring to the U.K. Tom Bingham in his book"TAX EVASION" has this to say and we agreed, that the continued existance of the tax evasion is none reflection on the in-effectual efforts of the revenue department which is:-

"Faced with a virtually impossible task in an age when stardards 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 humoured envy. The unacceptable face of capitalism is unacceptable no more."

Our earlier study further reveals that personal income tax effort in Nigeria is less than 2%, indicating the existance of excess taxable capacity expecially for the self-employed professionals and wealthy businessmen who only pay PIT on less than 2% of their total income.

A PIT effort of under 2% in Nigeria does not compare favourable with the 14 and 15% in the U.K and U.S.A. respectively. The unsatisfactory PIT effort in Nigeria is due not only to low per income but also to other factors which essentially reflect on the weakness in PIT administration.

Consequently, the emphirical evidence in Nigeria rejects the hyporthesis that PIT revenue is income elastic in an upward direction as the economy progresses. Hence there is a statistically significant differences between the progressivity of the personal income tax rates and the realized progressivity. In other words, PIT is not, therefore surprising that PIT has little or no effect on the re-distribution of income in Nigeria.

As pointed out earlier in this section, a low PIT effort of under 2% capacity is an indication that excess taxable capacity exists, but until the last few years of the military, political view, to tax appeared weak in Nigeria while the means have not been adequate. The will to tax as such does not neccessarily mean that policy measures should be directed to further increases in "PIT" rates, but it largely involves the political veiw to enforce the tax law.

To further increase the PIT rates, will only imply a relatively greater burden on the conscrentious tax payers who are mostly under the pay as you earn (PAYE) system. It is even neccessary to reduce the maximium tax

rate of 50% to about 40% so that PIT payers in the highest income bracket would have a maximum tax rate which is close to the companies income tax rate of 45%. The maximum tax rate in the U.K. was reduced from 83% in 1978/79 to 60% in 1979/80.

Although tax rate tend to fluctuate greatly in recent year particularly in Nigeria. Every year the federal government changes the rate to reduces such burdens. The political will within the context of PIT revenue maximization in Nigeria has to be mainly exercised with respects to self-employed taxable person who evade tax, thereby reducing both the PIT effort and revenue.

2.3 DEFINATIONS OF RELEVANT CONCEPTS

REVENUE

It has not been possible to produce a single d defination for the concept "Revenue" which Longman Dictionary simply defined it "as money received by the Government". Advance Learner's Dictionary defines it as "the total annual income of a state", or "money collected for public funds. It further defines "Inland Revenue" as "income from Taxation".

With regards to the general enterprises, the traditional defination of revenue ... "represents an inflow of assets or net assets into the firm as a

result of sales of goods or services by such firm. For one, all the defination show one thing in common and that is the fact the "revenue" literally represents 'inflow' or 'income' of assets (both in terms of monetary assets and physical assets). For our purpose we shall consider the monetary aspect of the concept.

Revenue is therefore defined as money or physical asset collected as income to and by the state, the government or the enterprise and which accrue from various sources. The sources could be taxation "all forms", tarriffs, custom duties, etc, fines, proceeds from sales of properties or even subvention received from allocations. The sources available to a government or enterprise depend on the level of such a government or enterprise. Also, the revenue size accruing to a government or enterprise equally depends on the level of that government or enterprise.

The source of revenue tends to differ due to the federal system of government operated in Nigeria as such Federal, State and Local Government have specific areas to tap as their income or revenue vis-a-vis state and local government.

TAXATION

Taxation is one of the oldest institutions on earth today. About 3,500 years ago a citizen in Iraq wrote:-

"You can have a Lord, you can have a king,
but the man to fear is the tax collector."

In Nigeria even prior to almalgamation of North and South, taxation was operational. However, globally, lords, kings and states have continued to levy taxes on persons and these persons have continued to live with tax collectors. Tax has been defined by various peoples and the following are few of such definations:-

"A compulsory contribution of the wealth of person or body of person for the services of the public powers.

"A contribution from the citizens to the support of the state.

"A compulsory contribution from persons to the government to defray the expenses incurred in the common interest of all without reference to special benefit conferred."

Taxation is therefore a process of levying and collection by a public authority. With proper jurisdiction if compulsory contribution from person or body of persons to defray costs incurred by the authority in common interest of all. In every country of the world, even in America with a strong belief in right of private property, government undertakes a lot of activities for common good, and government extracts in various properties some wealth of citizens for this purpose.

As a result of the colonization of the Africa continent a large number of existing tax systems operating in most sub-sahara Africa countries have their roots in western Europe, however, there has existed what one might call indigenous forms of taxation in many of these countries. The imposition of colonization, if anything has just help to re-structure and straighten the already existing form of taxation with the base of the taxes remaining largely unchanged.

As a result of process of taxation some taxpayers find themselves with less money to spend and the government finds itself with more money to spend. This transfer of property right from 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 definitions have made it clear that tax in the modern content is a legal instrument which is used to extract money payment from citizens or residents of a country or within a 'Tax jurisdiction'. In a sense, tax could be seen as an individual contribution of the cost of government or to the cost of providing collectively consumed goods and service like defence, immunization, pollution control, water supply, etc.

Conceptually, a tax formula contains at least three basic elements including:-

(a) A defination of the tax base i.e. the object on

which the tax is imposed.

(b) The rate structure i.e. how it is graduated to conform to certain basic objectives of tax 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 sometime difficult to define income tax, precisely as income tax apprears to be self-descriptive - that is tax on income. Even the income tax management Act (ITMA) does not give any precise defination of income tax. Justice Rowlaft had once defined income tax simply as Tax Income. A political economist had once defined income tax as levy by public authority with jurisdiction of compulsory contribution by the citizens to defray part of the cost of government activities in providing the needs of the society.

The researcher would like to add to these definition that personal income tax is the best example of direct tax, the impact and incidence of which fall on one and the same person. In this attempt to define income tax, the question one asked - 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 stature and as decided by Lord Arkinson in the case of

"Ormond Investment Coy. vs Black (1881) "No tax can be levelled on a citizen without expressed words in the stature or taxing act clearly stating the intention to lay the burden upon him". It could be deduced from this that only income that are scheduled by the tax law are taxable income.

Income tax is chargeable on gain or profits from trade, business or vocation. This excludes isolated transactions such as winning from football pool. But income from illegal earnings such as prostitution or smuggling are income for tax purposes. The taxing of illegal income however does not legalize the business. Having attempted to define income, one should like to say something about concept of personal income tax. In recent times, personal income tax is considered not only in relation of the revenue needed to finance government expenditure but also as well as re-distribution of income, and manipulation of the rates of tax in such a way that will benefit long term growth of the economy.

2.4 OBJECTIVES OF TAXATION

The primary objectives of taxation is to raise revenue to defray the cost of running government activities. The ratio of government 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 similary.

ECONOMIC AND SOCIAL FUNCTIONS OF TAXATION

Even through raising 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 if equal, it not, greater importance with its ability to yield revenue.

(a) RE-ALLOCATION OF RESOURCES

The distribution of resources is concerned with tne adjustment that society decides to make in order to correct the 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 re-distribution might for instance favour rural against urban tax payers. It might favour those with small earnings as against those with large ones, and it certainly favours those who abstain from liquor and tobacco against those who are heavy consumers of these economic goods e.g. through sales tax.

In a free economy for instance, a tax system can influence the pattern of allocation of resources 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 the citizens are encouraged by the accompaning relative low prices to consume a large

quantity of these items.

On the other hand, prices of liquor, tobacco, household appliances are made relatively high, by the high rate of tax on them. As a result, the citizens are discouraged from consuming much of these items. The resulting 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 liquor, tobacco and hotel services. However, this may hardly become as effective as that of U.S.A because of the government's inability to keep the prices of such necessities like milk, sugar, meat and other similar items low. However, the Government of Nigeria had from time to time given tax concession to encourage business men and investors to undertake or intensify activities in certain sectors of the economy. For example, to encourage agricultural activites and establishment of agro-allied industries, import duties on agricultural machinery and equipment were abolished by the 1980 fiscal measures while excise duties were imposed for the first time on umbrellas and metal crown cure. Also as a means of encouraging manufacturing for export, the Federal Government in the 1980 budget, introduced additional grant of 5% annual allowance on plant and buildings of any company engaged in

manufacturing of goods for export.

TAXATION AND ECONOMY POLICY

It generally makes sense for every government Budget to have a main theme related to the current needs of the economy. In early 1980s, many state Military Administrators in Nigeria introduced their budget with different insinuating descriptions as belt-tightening budget or austerity budget designed to continue to drive against over-spending tendencies. To effect seen drive, taxation was used as a means of transfering money from the spending potential of the private sector to the spending potentials of the public sector. Similarly, taxation has been used at differnt times as instrument to avoid inflation or deflation through its controlling influence on consumer's expenditures.

To encourage the growth of local manufacturing industries custome duties has over the years been imposedon certain imported items considered luxury: The general idea of the infant industry argument is that the industries of the developing countries often suffers from economics of scale, juveling 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 developed nations. To overcome these vital disadvantages, the young industries are often accorded tariff protection against imports form the better endeved foreign competitors

INCOME REDISTRIBUTION

The burden of taxation should be spread as as possible, having regard to ability to pay, for along time taxation has served as a tool for income re-distribution particularly in developed economies of the western world. One leading management consultant once claimed that before world war II, the top men in industries earned fifteen times than the pay of the or ordinary worker wage after tax. The probable base for the claim of taxation as a income re-distribution are the maximum of ability to pay and the concept of progressive tax rate. As people with high incomes pay high taxes, and vice versi, the enhanced spending ability of the government is to the good for both poor and rich..

Two conclusions deserve to he 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 person's income in the same proportion. Secondly, there is no agreement that taxation can he a good tool of wealth distribution. Also strong view exist that inflation is more effective in redistributing wealth than taxation. It is difficult to see why we strain at the grant if a, weath tax which will field less than ₦4 million when we have already swallowed the camel of inflationary policies which redistribute wealth at a rate which is more than sixteen as great. However, it is a triusm that

but for progressive rate of the disparity in wealth between the rich and the poor would have been even greater.

D. SOCIAL & MEDICAL FACTOR

Considering the facts that heavy taxes are imposed on tobacco and alcoholic drinks exempted the use of taxation for social and medical purpose. Similarly, purchase tax was introduced for the first time in British empire with considerable importance attached to the use as a means of limiting civilian consumption and thus freeing certain resources for war effort. Furthermore, tax allowance, tax holidays, investment allowances have been used by the government to encourage the provision of scientific research.

2.5 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 which governed most tax systems. They are set out below and it would be a rewarding exercise for you to consider them in relation to taxation as it affects the citizens of your state. It should be borne in mind that taxation is concerned with more than just personal income tax, it includes community tax, import tax, sales tax, oil and tin royalties, motor and other vehicle licences are al[1] part of the whole structure of taxation.

a. **EQUALITY**

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

b. **CERTAINTY**

The supposedly tax to be paid by a person or body or 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 and every other person. History is replete with examples of disastrous consequencies of attempts to violete this principles. Notebly, 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" and similar contribution to the English civil war and eventually execution of King Charles I in the 17th century. In Nigeria, it is the alleged that various taxes imposed by the chiefs and rulers before the

advent of the colonisers were unwieldly complicated and consequently leading 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, convenient 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 profitable sources of revenue when administrative costs are too high. They should therefore be inexpensive to administer. "Easy" here connotes "convenient" fitting in well with the habits and customs of the community. This aspect should be considered when, as often happens, possible new (sources) taxes are suggested to take place of existing ones. Would strange new taxes 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 foreseable future so as to make suggested new taxes more acceptable.

Finally, the "form of payment", the manner of payment and the amount to be paid ought to be clear and

and plain". The possibility of conflict between the first principle and this one has 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 so full if exceptions that it would be unintelligeable 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.

2.6 CLASSIFICATION OF TAXES

According to Personal Tax Law and Income Tax Management Act 1962, taxes are grouped into two, direct and indirect taxes.

Direct Taxes: "Where the person taxed makes his payment direct to the revenue authority example are personal income tax, company tax, licence fees"; and Indirect Taxes: "These are taxes on goods and services normally collected from the importer, manufacturer, although ultimately borne as part of the price of the goods and services, by the consumer. Petrol tax, tobacco tax and import duty are examples of indirect taxes".

In general, direct taxes are on income (and sometimes on capital) and indirect taxes are on outlay although the classification is sometimes difficult to apply and some levies, which appear to be an outlay (e.g. licence duty on a private motor car) are paid direct to the taxing authority.

But modern tax policy are scientific in nature which are subject to amendment usually at the begining or a new year. However, it modities the laws and classifies them into either direct taxes and personal income taxes. In other words "Direct Taxes" are concerned with all income which the burden are transferable. "PERSONAL INCOME TAX" is concerned with non burden transferable, that is income on salaries and direct earnings of self employed.

But some problems arise when one has to justify why a particular item is put in one tax class and not the other. This difficulty arises because the determination of the ultimate incidence of a tax is not easy. An imposition of reactions in the economy which no economic analysis can adequately explain. For example, when a car importer pays custom duties on his merchandise, the duty will affect the selling price of the cars. First simple micro-economic analysis predicts that in the short run the car tax or custom duty on each car will raise the price of car but less than the amount of the tax so that the burden will be shared by the customer and the importer. But the proportion of sharing is not easy to fix.

Similarly, based on personal tax law, it may be difficult to convince a layman that a tax on salary of an employee under 'PAYE' system is direct, because the employee 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.

However, due to the changes taking place daily there is no better way to classify than Income Guideline for 1992 PAYE Collection of Personal Income Taxes and Direct Taxes.

1. Northern States of Nigeria: Study Notes for Revenue Inspectors. Government Printer, Kaduna Page 4 - 16.

2. The Nigeria Tax System A Citical Review. Issued by the Federal Inland Revenue Dept. October, 1981.

3. Abdullahi Zubairu: Nigeria Tax Series No. 1 Gaskiya Corporation Limited, Zaria.

4. Income Tax Management Act 1961. (ITMA).

5. Income Tax Guideline Collection 1990 and 1991

6. Ministerial Budget Speech 1991.

7. Dalhatu Abba Garba, October 1991.

CHAPTER THREE

INTRODUCTION

3.1 In this chapter attempt was made to present a brief history of revenue collection and administration in Kaduna State. An analysis of organisational set-up and various strategies for revenue collection and administration were also discussed.

3.2 HISTORY OF REVENUE COLLECTION AND ADMINISTRATION IN KADUNA STATE

The present Kaduna State Revenue Board has its roots from the former Northern Nigeria Revenue Division of then Ministry of Finance. It is said to be the oldest revenue section North of the Niger.It can be traced as far back as 1962 when the operation of tax was based on the Income Tax Management Act of 1961 (I.T.M.A) as amended and Personal Tax Law of 1962 (as amended).

In 1962, the Northern Nigeria Personal Tax Law was enacted, and a new formula of sharing tax revenue between the former Northern Nigeria government and the then Native Authorities was also introduced. The regional government and then Native authorities was introduced. The regional government allowed the native authorities twenty (20%) per cent of P.A.Y.E. and direct assessment proceeds which they collected in accordance with the Commissioner of Revenue Division of the then Ministry of Finance. The remaining 80% eighty per cent then goes to the then Northern Nigeria government Treasury.

According to Section 3(1) of the Personal Tax Law of 1962, it was stated that "authorities responsible for administration of this law shall be the Director of the State Board of Internal Revenue, who shall be a public officer, and such other persons as may be necessary, the Director of the state Board of Internal Revenue may however authorise any person to perform or assist or advise in the performance of the functions under the law other than some specified function".

In 1967, then Federal Military Government created twelve autonomous states with a view to removing the inbalance in political structure of the country. As soon as the twelve states governments got settled, Decree No. 15 was promulgated which gave financial provision for all states and each of the six states carved out of the former North was to receive certain amount. This development led to the creation of North Central State and revenue section of the Ministry of Finance was created.

In 1970, the Northern Nigeria Tax Law, later known as Personal Tax Law (amended) Edict conferred the power of distraint on the Director of the state Board of Internal Revenue. However, the local authorities were relieved of the responsibility for the collection of Direct assessment tax, which assumed 20% of the state revenue. This particular act, made the state revenue more functional.

In 1973, Decree No. 7 however repealed the Personal Tax Law Edict of 1970 and transfered the powers to the

Director of the State Revenue Board and such other persons as may be necessary. Section 3(1) has, therefore, been given the legal backing to levy tax on taxable persons defined by the law as any individual having any income which is chargeable with tax under the provisions of Part 111.

The creation of additional nine states could not make any difference as such the state authority responsible for internal revenue generation and collection remained the Revenue Division of Ministry of Finance. However, in 1980 the then radical government of Kaduna State transferred for effective supervision the functions of the Board to State Governor's Office but turned down during a conservative N.P.N. government. In 1991 the Board was upgraded to the rank of full ministry with Executive Adviser as the overall executive but the policy could not stay long due to some political wrangings. This trend will continue for sometime to come.

1985 was the landmark for revenue collection, with the creation of Revenue Board. These development divourced them with Ministry of Finance by Edict No. 12 of 1985 to be known as KADUNA STATE BOARD OF INTERNAL REVENUE. The board has its headquarter in Kaduna with of ices at Zaria, Katsina, Kafanchan. However, the creation of Katsina state from former Kaduna state, more offices were created in all the former local government headquarters.

COMPOSITION OF THE BOARD

Section 5 of the Kaduna State Edict No. 12 of 1985 as amended stated the number and composition of the Board as follows:

"The Board shall consist of the following members:

- The Chief executive of the state Internal Revenue Board who is also the chairman of the Board be appointed by Governor, however Director General has assumed such duties but chairman headed the Board.
- Secretary/legal adviser who is also secretary to the council.
- One representative of each of the following ministries -
  - (a) Finance
  - (b) Local Government
  - (c) Justice
  - (d) Commerce and Industry
- Director, Vehicle Inspection Unit of State Ministry of Works and Housing.
- Director, Lands.
- Representative of private sector.

FUNCTIONS AND POWERS OF THE BOARD

Section 7 of the same Edict states the functions and powers of the Board as follows "They shall have the power 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 may do all such things as may be deemed necessary or expedient for the assessment and the collection of such taxes.

(c) Supervise the collection of all revenue of the state which other ministry or department collects.

(d) Revise all absolete rates collected by the Board.

(e) Liase on tax and revenue matters with the Federal and all other state government through Joint Tax Board".

3.3 ORGANISATIONAL STRUCTURE OF REVENUE BOARD

The Board of directors is the overall policy making body of the organisation and appointed by the state Governor and headed by a chairman. The board consists of eight members. Director General and Secretary/legal adviser who served as secretary of the board. The board has five functional departments - Field and Technical Services, Planning, Research and Statistics, Administration and Personnel Management, Finance and Supply and Investigation, Monitoring and Auditing section.

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DIRECTORATE OF TECHNICAL & FIELD SERVICES

The department is headed by a director. Under him there are two assistant directors who are stationed at the headquarter. One of them is in charge of the Collection and Accounting unit of the department, while the other is responsible for the field and outstation offices. The department involved in the revenue generation and collection exercise. The basic function is collection and accounting and field services.

COLLECTION AND ACCOUNTING

This section is sub-divided into two sub units namely:

(a) Collection and Accounting (P.A.Y.E)

(b) Collection and Accounting (Direct Taxes).

The section is responsible for collection and accounting for all taxes of the board. It is also responsible for the collection of all accounting records from all area offices. All follow up on tax arrears or defaults are being administered by the unit. It is in this section that the monthly and end-of-year collection reports are being prepared. This section is the central pivot of all the sections including outstations. All information regarding the accouting, collection and records of withholding taxes on contract, dividends and any other levy that the government of the state may decide upon are being administered.

Indirect taxes in the recent reorganisation introduced by the management to further enhance the revenue

collection and administration. It is responsible for as essment and collection of all taxes for example:

a. Entertainment tax

b. Sales Tax

c. Stamp duties

d. All withholding taxes.

Other units classification under Feild and Technical Services are:

PAY AS YOU EARN SECTION

All tax matters of all workers of both public and private institutions are being administered in this section. In so far as their taxes are being deduction from their salaries and wages by their employers, however, it should be noted that these employers must have been directed to operate the P.A.Y.E.

DIRECT ASSESSMENT SECTION

This section is responsible for identification, assessment and collection of taxes from self-employed persons, like sole proprietors, business persons, professionals, and all other self employed artisans.

VEHICLE LICENCES SECTION

This unit is responsible for administering and monitoring of all the vehicle licences offices in the state. It liases with the Office of the Director of Traffic operations of the Ministry of Works and Housing.

ADMINISTRATION/PERSONNEL MANAGEMENT

The Directorate of Personal Management is headed by the secretary/legal adviser of the board. He is also the secretary to the board. The unit is assisted by an assistant director and other senior staff. They perform the function of recruitment, selection and orientation. They also control training, discipline and promotion. Personnel management also control the liasion of the Board management, technical crew with Board of Directors.

FINANCE & ACCOUNTS

This unit is headed by a Director and assisted by some senior staff. The basic function of the unit is the control on finances of the board. They prepared salaries and wages, staff entitlements. In short, finance and accounts perform functions like every account section in the civil services.

INVESTIGATION, MONITORING AND AUDITING

As the name implied, they performed intellegence function for the board particularly in identifying tax defaulters, tax avoiders and the discoveries of new establishment and queries of tax payment. The units also monitor the general revenue collection in Kaduna state. All agencies that are supposed to generate revenue, for example, bereau of land and survey, council of Arts and Culture, Ministry of Education and Health, etc. They evaluate ways of their collection and their strategies.

Apart from investigation and monitoring, the section performed an important role of auditing the various revenue collected by the board including the zonal and outside stations. They are the secord most important section in the board.

PLANNING/RESEARCH AND STASTITIC

It is a new unit formed as a result of the new civil service popularly knows as civil service reforms. It may likely be closed in the near future, because it function might conflict with investigation section. The unit's was not available in service . but in the revenue board it is in existence long before the civil service reform.

FIELD AND TECHNICAL SERVICES

As it has already been discussed, emphasizes here would focus on the decentralized offices. Prior to March 1989. Revenue was marginally decentralized with office at Kafancan and Zaria. However with creation of new Kaduna state and it, determination to generate more revenue. More offices were created, with four offices within Kaduna metropolice, while places like saminaka, Ikara, Birnni Gwari and Kachai and Zamaru. Out of the outstation Kafancan and Zaria were zoned with greater functions and power.

However, withholding Taxes and sales Tax are centralized with headquaters, while the collection of pay as you earn, direct assessment, vehicle licence and development levy collection was also decentralized.

3.4 PERSONAL INCOME TAX PROCESSES

Personal income Tax is one of the main sources of internal revenue to allstates in the federation. Thus the determination of assessable income is one of the major taxes of revenue authorities.

According to the provision of section 20 (1) of income tax management act of 1961 (as amended up to 1979) states that "income of any individual for earn year of assessment from each sources of his income (hereinafter referred to as "assessable income") shall be the amount of the income of the year immediately preceding the year of assessable from earn such sources, notwithstanding that he may have ceased to possess any such source that any such source may have ceased to produce income. This provision is made to enable both the tax authorities and tax payers determine whether ther is a profit or loss in business. The assessment is done whether or not the sources of income 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 the personal income tax law of Northern Nigeria have empowers the tax authorities of refuse to amend an assessment as well. Section 15 ITMA states that any appeal with respect to assessment of income arising from and decission or direction of the Joint Tax Board under sub-section 2 of section 14, shall lie only to the federal supreme court at the instance of person in whose hands last income is assessed to tax, and no shareholder shall have any right to appeal with respect to any amount deemed to be his income under the provisions of sub-section 2 of section g 15 of this Act.

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 section 3(2) of the first sehedule of I.T.M.A. which states inlet for any year of assessment tax may be imposed only the state in which the individual is deemed to be resident in that year.

Section (1) 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 not include any hotel, Res-house or other place at which he is temporarly lodging unless no more permanent place is available for his use on that day.

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

a) In the case of an 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 on a relevant day is nearest to his usual place of work.

c) In the case of an individual who has a source of earned income in nigeria, that place of those in which he usually resides".

3.5 PERSONAL INCOME TAX OPERATIONS

Personal income tax operation in Kaduna Area and zonal revenues offices centered mainly in the following units:-

1) Direct assessment section
2) Pay as you earn.

DIRECT ASSESSMENT TAX OPERATION

The tax assessment of traders, self employed persons and partnership are all under the jurisdiction of this section. At the begining of each year of assessment, these group of tax pavers are issued with Rev. 49 (personal income tax form) are require to submit returns of income latest at the end of three month in relevant year of assessment.

Before the commencement of the year of assessment usually in December, this category of tax payers are normally served with relief from Rev. 49 in which are advised to declared their income and return the forms within a period of three months begining from the first month of the year of assessment.

When completed and returned, notice of assessment are 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 of which payment are made. Tax payer's right to object of the assessment, if he doe not agreed with the assessment is also indicated.

BOJA - Best on judgement Assessment. When tax payers refused to declared their income as demand by law at the begining of the year of assessment after they might have been served with the relief form (Rev.49), then the tax authority are covered by law to assess them on (BOJA) Best of Judgement Assessment.

However, where a tax payer make false declaration of income, the law stipulated that the income be-re-assessed in the light of the new information recieved. In addition, a penality sum equal to the amount of tax in default is chargeable and payable to the Director of Revenue Board, Where a tax authority to levy claim to the properly of the tax payer which could be disposed through public auction in order to recover the outstanding

taxes and in this case, tax liability takes priority over all after claims.

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 instlaments during the accounting year. Income earns 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 systems, and earnings including salaries, wages, fees, bonuses, commissions and allowances payable in money except amounts which represent re- inbursement of expenses incurred by the employee or office in the performance of his duties.

Under this scheme, estimate amount of personal income tax due for any year is collected through the employer who deducts the tax from payments or renumaration made to the employer. According to section 3 (2) of the personal tax laws of Northern state of 1962 (as amended) only those employers who have been directed to operate the scheme of P.A.Y.E. have the right to deduct the income of the employees. Any employer that has not recieved a notice of direction has no authority to operate the pay as you earn scheme.

In the P.A.Y.E. of the Board, there are vital paper issued free of charge to tax payers:-

a) Tax relief forms (Rev. 49)

b) Tax Deduction Cards (Rev. 4m)

c) Tables (Tax)

d) Annual Return Forms (Rev. 9 and 9c)

e) Leaving Certificate (Form E)

f) Monthly Remittance Card

g) Tax Clearance Certificate.

(a) TAX RELIEF FORM (REV. 49)

Tax Relief form is a working sheet for computing the taxpayer's free pay allowances. It is from this form that the allowances are entered on the Tax deduction card (Rev 4m). The allowances are set out clearly on the working sheet which is designed to provide columns for the various adjustments to the free pay allowance figures.

(b) TAX DEDUCTIONS CARDS (TDCs)

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

(c) TAX TABLE

Tax table used by the employer as issued by the appropriate tax authority is designed on a cumulative basis

and covers only the tax calculated the scheduled rates. It should be notified that the tax due on any taxable pay to date for a tax payer in a certain month is different from the amount payable by that same person on the same figure of taxable pay in another month. Consequently, the user of such table should be extra-careful to ascertain the appropriate month applicable to the case inview in order to obtain the correct tax figure applicable to that tax payer for the month dealth with.

ANNUAL RETURN FORM (REV. 9 AND 9c)

The employer of labour send the list of his employees in this form during the year of assessment, showing total salaries and wages; total tax paid by each employee use any refund. There is also columns to indicate the employers monthly remitteness, which when added up should reconcile with the total tax deducted and paid USS any refunds during the year. All directed employers are supposed to obtain and submit this form on or before 31st January preceding the year of deduction 18.

LEAVING CERTIFICATE

Leaving certificate often caused final certificate. It is usually used for non-indegenes of Nigeria wishing to travelled finally to their country, however, all deduction are made to the personel on leaving.

THE MONTHLY REMITTENCE CARD

This type of a card shows the amount of the overall monthly deductions from the employer's pay forwarded to the tax office with a covering cheque number or cash for the amount stated on the card for the month. The card is cater returned on the card to the employer after the total or detail of the tax reciept issued have been entered on it.

TAX CLEARANCE CERTIFICATE

To majority of tax payer the basic function of revenue is issuance of tax clearance certificate since vital activities cannot be performed without TCC. It is a top security document issue to tax payer on making their payment. It usually covered the period of three years. It is given once a year. Tax clearance certificate for company however is being issued by federal inland revenue.

3.6 OBSTACLES OF PERSONAL INCOME TAX OPERATION

There are many problems associated with the operation of income tax of self employed and paternership.

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 "Boja Assessment culminaty in the tax payers complaints of losses in business, stores of woes and misfortunes

b. The problem of lack of awareness, on many occassion people respond when they are forced to produced tax clearance certificate by government and reputable business organisation.

c. There is the problem of shortages of working material for proper implementation of the offices function for example you can find out at the end of December there is no tax deduction cards, income tax recepts and income rate reciepts 19.

3.7 MEANING OF STRATEGY

Strategy is a Greck word and it means the general acts "Strategoe) in a military sense, it involves the planning and directing of battles or companys. In the business sense however, the term refers to action by management to off set actual or potential action of competitors.

W.F. Gluek (1980 page 8) define strategy as "a Unified comprenensive and integrated plan releting the strategic advantages of the firm to the challenges of the environment. It is designed to ensure that the basic objectives of the enterprises are "achieved"20.

Kenneth E. Runyon view the term in describing new objectives are to be accomplished. This strategy statement communicate the principles used in selecting and/or utilizing ways to achieve a set of objectives 21.

Richard Vancil; of Harvard University defines the concept of strategy as follows:- The strategy of an organisation is a conceptualization expressed or implied by the organisation's leader of (1) longterm objectives or purposes of the organisation (ii) the board constrants and policies, either self imposed by the leader or accepted by him from his superior, that currently restrict the scope of the oragnisation's activities and (iii) the current set of plans and near term goals that have been adopted in expectation of contributing to the achievement of the organisation objectives.22

3.8 THE EXISTING STRATEGIES FOR REVENUE COLLECTION

The survival of every organisation largely depend on the strategies the organisation pursued in achieving it basic objectives. As such strategies are given adequate attention. There are many strategies of revenue collection in Kaduna state.

The issuance of tax clearance certificate (TCC) in order to make people pay adequate tax on their earning, tax clearance certificate was introduced mainly to improve tax collection. Therefore the certificate (TCC) is demanded in respect of the following transaction with both private and public corporation.

- Application for certificate of occupancy
- Application for foreign exchange
- Bank loan
- Application for registration of vehicles

- Issuance of market stalls and it renewal
- Issuance final renewal of higher licences.
- Candidates for election
- Tender for award of governmetn contracts
- Experiate leaving the country finally
- Admission of pupils into post primary institution.

This strategy form the basis of revenue collection strategy in the state. Many people pays to the government because of this measures. It is now been used as punitive measures, they don't recognise TCC from other state of the federation.

RAISING ADDITIONAL ASSESSMENT

The issue of raising additional assessment particularly as it effect P.A.Y.E. use before issuance of TCC, although this particularly strategy has helped to improved collection over the years.

It has however, had some weaknesses because it has made innocent employees to suffer as a result of either none remittance or under-deduction by their employer, the tax authority should do something with dispaten to correct these anomalies. The issue is very common with high paying organisation and non satisfied paying organisation like N.N.P.C. Kaduna and some bank and Kaduna Polytechnic etc.

Advertisement

Advertisement in local T.V. and radio station. This is another strategy recently employed by the board. Tax payers are being reminded of their functions and possible threat of court action. This pays in raising additional revenue for the state.

Revenue Drive

It is becoming necessary for tax officers to embark on visits and tours since many organisation feel reluctant and this had helped in improving collection drastically.

Checking Vehicle Particulars

It is another formidable strategy of revenue col'ection in Kaduna State because motorists and the like are not renewing their vehicle licences unless they are checked. The board in collaboration with Road Traffic officers are effectively utilizing this function.

Development Levy

Hitherto, it was a function of native authority but recently the board added to its functions and are effectively being utilized.

Special Strategies

Special strategies in the writer language refers to taxes obtained through federal legislation. Federal government, every year, amends tax laws to either enhance state government sources of revenue. This is centered on withholding taxes, sales taxes. The

strategy is deduction from excessive earnings and revolving purpose.

Internal control strategy

The board pursues a policy of controlling the activities of its staff so as to prevent fraud and malpractices. The strategy includes checking cashier and tax payer behavouric actions.

These are some of the strategies of revenue collection in Kaduna. However, the issue of tax is subject to fluctuation as such the strategy tends to differ greatly; perhaps the board might come with more strategy in the coming years.

The subsequent write up will center principally on Data Analysis both Arithematical and Descriptive and round off with silence issue of special observation on the critical issue in Revenue Board of Kaduna State.

CHAPTER FOUR

DATA ANALYSIS

4.1 INTRODUCTION

This chapter intends to examine the trends of Revenue collection with regards to the following sources.

Withholding taxes

Sales Tax

Entertainment Tax

Pay As You Earn (P.A.Y.E.)

Direct Assessment Tax

Motor Vehicle Licence fees

Development levies.

The data collected are for three (3) years commencing from 1989 to 1991 as per data collected from Revenue Board with a view to finding ways and means of improvement.

This chapter also intends to examine the internal control system of collection and accounting section of the Board with a view to exposing any lapses so that solutions could be provided. It will also examine the effects of income tax evasion and avoidance and to find out all the possible problems relating to the tax collection.

4.2 TRENDS OF REVENUE COLLECTION IN KADUNA STATE 1989 - 1991

The researcher has analysed the collection trend from 1989 to 1991, and analysis were done based on the classification of the sources of taxes by the Kaduna State Revenue Board as per appendices. The following procedures were adopted.- actual collection divided by the estimate to arrive at the differencies and percentages.

$$\frac{\text{Actual collection}}{\text{Estimated Amount}} \times 100\%$$

and

Estimated amount - Actual collection

WITHHOLDING TAXES

This constitutes the greater share of total revenue collection of the state. The collection of withholding taxes was solely monitored by the headquarter although from time to time such functions often are delegated to the area offices. The yearly breakdowns are as follows:-

1991

$$\frac{₦16,035,602.20}{₦28,000,000.00} \times 100 = 57.27\%$$

or ₦28,000,000 - ₦16,035,602.20

= (₦11,964,397.80)

1990

$$\frac{₦6,506,579.00}{₦9,000,000.00} \times 100 = 72.30\%$$

or ₦9,000,000.00 - ₦6,506,579

= (₦2,493,421)

1989

$$\frac{₦8,219,196.00}{₦7,000,000.00} \times 100 = 117.41\%$$

or ₦7,000,000.00 - ₦1,219,196

Withholding taxes witnessed yearly improvement from 1989 to 1991, however the estimated amount often lagged, for example in 1991 the actual collection was ₦16,035,602.20 and the estimated amount was ₦28 million, with the differencies of ₦11,964,397.80. The attributed reason for the shortfall was that estimate was done without taking care of prevailing economic situation when compared with estimate of 1990 of ₦9,000,000.

Subsequently, 1990 estimated budget was ₦9,000,000 while actual collection was ₦6,506,579 which constituted only 72.30% with a difference of ₦249,342. While in 1989 the sum of ₦7,000,000 was budgeted and actual collection was ₦8,219,196 with positive variance of 117.41% and ₦1,219,196. Critcal analysis shows the collection was always on increase yearly.

SALES TAX COLLECTION

1991

$$\frac{₦9,214,659.62}{₦10,000,000.00} \times 100 = 92.15\%$$

= ₦10,000,000 - ₦9,214,659.62

= (₦785,340.38)

1990

$$\frac{₦8,321,106}{₦8,000,000} \times 100 = 104.01\%$$

= ₦8,000,000 - ₦8,321,106

= ₦321,106

1989

$$\frac{₦6,832,855}{₦6,000,000} \times 100 = 113.88\%$$

= ₦6,000,000 - ₦6,832,855

= ₦832,855

The collection trend under sales tax witnessed an increasing collection especially in 1989 and 1990. The actual collection in these two years were above the targetted or budgeted estimate, in other words, there is positive variances as shown above. It was only in 1991 that the collection met a negative variance with shortfall of over ₦785,340.38. But generally speaking the collection trend yearly is on the increase. This is because of the emphasise the government has given to this section.

ENTERTAINMENT

Entertainment ticket or fees are derived from sale of ticket by the government to the entertainment houses and centres. In Kaduna state it is mainly derived from cinema houses, casinos and if operated, would fall under this section. However due to some reasons, it was left lying down. But cinema that operate mainly in the cities principally in Kaduna, Zaria, Kafanchan, Saminaka constitute the targeted areas.

1991

$$\frac{1,409,462.41}{2,000,000.00} \times 100$$

$$= 70.47\%$$

$$2,000,000 - 1,409,462.41$$

$$= (590,537.59)$$

1990

$$\frac{1,081,836}{700,000} \times 100$$

$$= 154.41\%$$

$$700,000 - 1,081,836$$

$$= 381,836$$

1989

$$\frac{936,676}{700,000} \times 100$$

$$= 133.81\%$$

$$936,676 - 700,000$$

$$= 236,678$$

This section has been witnessing an increasing collection yearly. In 1989 for example the budgetted estimate was ₦700,000 while the actual collection was ₦936,676, an increase of over 236,678. In 1990, the estimated was ₦700,000 while the actual collection was ₦1,081,836 with an increase of over ₦381,836. It was only in 1991 that collection attainment could not march out the estimate. However, it is greater than previous years actual collection. The figures for 1991 was estimated at ₦2,000,000 and ended off in collecting ₦1,409,462.41, a little lower by ₦590,537.59.

With little effort by the investigating agencies, entertainment figures would continue to go up because currently there are many entertainment houses unknown operating in numerous corners of the state. However, it is advised to the management to upgrade the unit to a full scale department with vehicle and imprest to attain the desired estimate and goals or in the alternative area offices like Saminake, Kachia, Birnin Gwari and even Samaru should be supplied with vehicle to be going round the local governments under their jurisdiction to sell ticket to the hidden entertainment houses.

DIRECT ASSESSMENT

Direct assessment is derived from the assessment of taxing of self-employed individuals. Since tax clearance certificate became a requirement for

issuance of contract and businesses, many turned to the tax office for it, however this constitutes little to the general collection of revenue for most of the states of the federation. Since many people can have one contract or the other, the matter is whom do you know.

1991

$$\frac{1,506,706.69}{5,000,000.00} \times 100$$

$$= 30.13\%$$

$$5,000,000 - 1,506,706.69$$

$$= (3,493,293.31)$$

1990

$$\frac{1,271,207}{4,000,000} \times 100$$

$$= 31.78\%$$

$$4,000,000 - 1,271,207$$

$$= (2,728,793)$$

1989

$$\frac{1,292,907}{3,000,000} \times 100$$

$$= 43.09\%$$

$$3,000,000 - 1,292,907$$

$$= (1,707,093)$$

Since the creation of new Kaduna state, Direct assessment has never attained the targetted estimate, it always fell below the budgected estimate, for

example, in 1989 the estimated expected to be collected was ₦3,000,000, however only ₦1,292,907 was actually collected. In 1990 the sum of ₦4,000,000 was budgeted and only ₦1,217,207 was collected, a shortfall of ₦2,728,793 attaining only 31.78%. Also in 1991 the sum of ₦5,000,000 was estimated and only ₦1,506,706.69 was actually collected.

Collection of Direct Assessment may likely continue with the current trend because the present federal government's directives of transfering primary health care to the local government, which means issuance of licence for chemists would be the right of local government. There is likely to be more down trend in this direction because of the majority of self-employed paying tax are those operating chemist stores.

However, a rigorous intelligence job will help in increasing the revenue generation in this aspect because there are many wealthy individuals in the state who are not paying any thing. This will go hand in hand with the establishment of legal count to punish the defaulters.

Lastly, it is the view of the researcher that if the state government will embark upon an effective promotion to enlighten the general public of their rights and role and benefits derived therein, it will help in no small measure.

PAY AS YOU EARN (P.A.Y.E)

This is the second largest unit in generating revenue to Kaduna state vis-a-vis the other states of the federation. It is the exclusive right of state government to deduct taxes from staff salaries of both private and public, federal and local government, expatriates and indigenes. Therefore states with greater working force and with great private sector presence tend to excel other states without such facilities.

1991

$$\frac{24,438,668.02}{24,502,830} \times 100$$

= 99.74%

24,802,830 - 24,438,668.02

= (64,161.98)

1990

$$\frac{21,794,555}{20,000,000} \times 100$$

= 108,97%

20,000,000 - 21,794,555

= 1,794,555

1989

$$\frac{20,967,513}{30,000,000} \times 100$$

= 69.89%

30,000,000 - 20,967,513

= (9,032,487)

Although actual collection could not meet the estimated figure yet P.A.Y.E collection was commendable. It constitutes the second largest revenue collecting process. In 1991 the actual collected was ₦27,438,668.02 from the estimated ₦24,502,830 while 1990 the actual collection was above the estimate that is ₦21,794.555 was actually collected while estimate was made at ₦20,000.000.

Revenue from P.A.Y.E. can be impved if the activities of tax assistants are controlled particularly in providing abnormal reliefs and allowances that form the basis of tax evading. Relief forms should only be signed by the head of unit or at most two people. Annual returns should be compiled by all organisations whether private or public, this will go a long way in checking the excesses of organisations in evading and avoiding particularly banking and petroleum industry.

MOTOR VEHICLE LICENCE

The history of motor vehicle unit is as old as the history of revenue collection in Northern Nigeria. It is created with centre at Zaria. It involves the collection of fees in all vehicle licences excluding motor cycle. It also included charges on General motor Receipts and other traffic offences. The analysis of the trend of collection from this section is as follows:-

1991

$$\frac{₦7,204,146.3}{₦6,915,000.0} \times 100$$

= ₦104.2

₦6,915,000 - 7,204,146.3

= ₦289.146.5

1990

$$\frac{₦5,114,653}{₦4,940,000} \times 100$$

= ₦1,681,518

.103.54%

1989 $\frac{₦1,566,653}{₦4,940,000}$

= ₦3,373,347

There were improving collection from this unit and it is the most liquid section in the revenue board. In 1991 the actual collection was ₦7,204,146 while the estimate was ₦6,915,000, it shows an increment of over ₦289,146.5. In 1990 also the actual collection was higher than estimate that is ₦5,114,653 was collected this is higher than the estimated ₦4,940,653. It was only in 1989 that the collection was lower than the estimated figure.

There are reasons for the positive collection trend in the motor vehicle section. The issue of new driving licence led to increase in collection. Secondly, the periodic road blocks in cheacking defaul-

ting motorists also contributed a lot. Thirdly, the mass importation of second hand vehicle (tourist) contributed in increasing the amount collected from motorists.

It is the view of the researcher tht if the board woauld increase charges on some General Motor Receipt, the state government will further double what was expected. For example general motor receipt on change of ownership should charge ₦100 instead of the present ₦5.00. This will reduce the danger associated with issue of change of ownership. Learners permit should be 'charging ₦10.00 per month. Touts around the licence office should be eliminated to pave way for the smooth and comfortable business environment; also issuance of special number and possibly all numbers should be centralised in the headquarter. Cash/cheque exchange should be eliminated to provide for proper collection.

Summarily, Kaduna State Revenue Board can be said to be performing favourably and with brighter future inspite of the cumulative problems of corruption and bad administration, poor funding, and the lack of motivation. Below are the summary of collection trend from 1989 - 1991.

	ESTIMATE (N)	ACTUAL (N)	VARIANCE	%
1991	80,471,830	62,915,580	(17,502,222)	78,23
1990	49,840,000	55,699,407.25	5,809,407.25	111.75
1989	54,840,000	43,943,675	(10,896,327)	80.13
	185,151,830	162,558,225.30	(34,287,956.25)	88%

The summary of the collection trend commencing from 1991 has shown the budgeted estimate of ₦80,471,830 and an actual collection of ₦62,915,580, which only constitute 78.23%, a variance of about ₦17,502,220. Although, the actual collection fell below the budgetted estimate, it was a remarkable achievement since the collection was higher than the 1990 collection.

In 1990 the actual collection was above the estimated, i.e. ₦49,840,000 was made and the actual collection was ₦55,699,407.25, it was higher by ₦5,859,407.25. The reasons are due to the changes in the new driving licences and the estiamte was reasonable.

In 1989, the estimate outweighed the actual collection with a difference of over ₦10,000,000. However since then the collection trend has continued to go up year by year. Conclusively the total estimate for the last three years was ₦185,151,830 and actual collection of ₦162,558,725.30 with variance of ₦34,287,956.25. The trend was remarkable and there is a lot of potentials for future revenue collection in Kaduna State.

4.3 CONSTRAINTS TO REVENUE COLLECTION IN KADUNA STATE

Every organisation, be it public or private, is faced with one problem or the other. To some, it could be at management level, while to others, at the operational level. Also, to some, the problem(s) might be external while to others, the combination of many others.

The Board, since its inception in 1985, has been performing impressively well. But this is not to say in any way that it is without problems. In this project, the writer intends to highlight these problems that have been tying down the operations of the Board; and they will be broadly catagorized into:-

- lack of motivation and leadership problem.
- Funding pattern of the Board
- Problems of transport and office accomodation.
- Low literacy rate of tax payers/curruption by tax officers.
- Non-remittance of payment by Government ministries and organisation.

NON-MOTIVATION

Motivation has been defined as "any event that arouses action, substain the activity in progress and regulates the pattern of that activity". Davis 1985. This means that in any organisation, it is the duty of leadership to create an atmosphere whereby staff morale is greatly boosted. There should be enthusiasm on the

part of the workers as regards the task they are doing. i.e. job satisfaction should be permanent in all levels of the organisation.

Morale in management thinking has been seen to mean "the total satisfaction a person derives from his job, his boss, the organisation he is working for and his environment". The basic question one should ask here is how do you motivate an employee in your organisation? The answers are by identifying his needs and satisfying them in terms of prompt payment of salaries, wages and allowances such as overtime and leave grants, sending him on training to help develop his skills and potentials, encourage him to take initiative and involve him in your decision making wherever it affects his department, unit or section. This way, he will identify more with you as the boss, his tasks and the organisation.

In the Board (even though it is relatively much better than most organisations in civil/public service), staff morale is relatively not high. This is because of non-payment of allowances, such as overtime and leave grants. And not until recently only few of icers are sent on training. Staff are not involved in decision making even when it affects their section or units, their potentials are not fully exploited and in most cases initiative is discouraged.

LEADERSHIP PROBLEM

The concept of leadership has been defined by many management writers. The definition given by Muneal H. Mescor is much relevant here, which says "leadership is the ability to influence individuals and groups to work towards attaining organisational objectives". Mbagwu 1991.

In the Revenue Board, leadership/management is not result-oriented. This in no small measure constraints the revenue collection in Kaduna State. Of recent this situation has improved very significantly in the Board, previously however, decisions are not taken by groups but by few individuals arbitrarily. Most of the times such decisions may not be compartible with the organisational goals and objectives, i.e. group and individual interests/objectives do override organisational goals.

As earlier indicated, organisation does not operate in a vacuum or in isolation of their general environment. Some of the factors of the external environment might be a big clog in the wheels of progress of these organisations.

In the Board, most of the pressing problems that limit revenue collection are direct functions of this external environment. Some of them are;

a. The funding pattern of the Board

b. problems of transport and office accommodation

c. Low literacy rate of tax payers

d. Non-remittance of payments especially by governmental ministries and departments.

Like all ministries and government parastatals, the Board has to go to the Ministry of Finance for funds for all its expenditure. However, instead of giving the Board top priority (based on the fact that it is the collection agency), the Board has to suffer unnecessary delays before releases are received from the Ministry.

The delay in getting funds has had a negative consequence on the operation of the Board. Decisions which are of far reaching importance are sometimes not implemented early because of these delays. Also there is the consequence of non-payment of overtime and other allowances due to lack of funds. This situation is very serious and is frustrating the efforts of the Board in the execution of its policies and as one of the stass members of the Board observed "we have been burdened with task of collecting money but we have to go down on our knees begging before we are given a little of what we have collected to meet some of our operational cost ... this is sad and disappointing".

TRANSPORT AND OFFICE ACCOMMODATION

This is one of the most problematic areas faced by the Board in revenue collection. There are no sufficient vehicles to operate and execute its

programmes. It is only recently and with serious struggle that the former Director General was able to acquire some additional vehicles. These vehicles are ne ded for the following reasons -

1. To identify and visit taxpayers wherever they may be
2. To visit organisations and collect drafts, cash and returns.
3. To go on collection drive in places like Jos, Kano and Lagos.
4. To visit organisations and ascertain whether they are paying correct taxes; and
5. Taking daily collections to banks and the sub-Treasury for checking.

Infact, the entire activities and successful operations of the Board solely depends on the availability of transport. At the moment there are only about ten serviceable vehicles that are supposed to cover all the revenue offices. Related to the above, is the problem of office accommodation. Apart from the headquarters offices at Zaria, Kafanchan and Kakuri, al' others are being rented. Almost all the offices are overcrouded. Furthermore, landlords are finding it difficult to secure the rents and are threathing to eject the offices.

LOW LITERACY RATE OF TAX PAYERS

It is not a secret that people do not want to pay taxes. Even the very wealthy are notorious for evading and defaulting in payment of taxes. This is because of the fact that the literacy rate of people on the importance of payment of taxes in Nigeria and indeed Africa is low. This may however, not be unconnected with the fact that most times the monies realised from taxpayers are not fully and effeciently utilized by government.

The inability of people to recognise the significance of paying taxes is another area that is posing a problem of revenue collection to the Board. Many atimes when tax officials go on tax drive, they are often rebuked or sometimes physically assauted. And in most cases, people run away from them as if they have seen the devil himself. This, therefore, is greatly undermining the operations of the Board; Since tax officials are often afraid to go on revenue drives for fear of their safety and their lives, this has in no small measure contributed to the performance of revenue collection in Kaduna State.

NON-REMITTANCE OF PAYMENTS ESPECIALLY BY GOVERNMENT MINISTRIES AND ORGANISATIONS

This is a problem that has been identified mainly with government ministries and departments. They actually deduct the taxes (e.g.) P.A.Y.E, with-

holding taxes on contracts and rents but do not remit to the Board. Instead, they divert or commit such monies to some other uses.

For sometimes now, the collection and accounting units of the Board has been battling with this perenial problem. The unit has identified a lot of ways through which the problem could be tackled. Unfortunately these ways have not been achieving significant results. Some of these ways are sending tax of officers to see and meet with the Directors of Finance and supply of these ministries, constant supervision and 'sending of reminders to the chief executive these organisations drawing their attention to this problem; but as said earlier no significant impact or response has been recorded.

In relation of the above , this writer could remember vividly one of the numerous meetings schedule to tackle this problems when the head of the collection and accounting unit remarked in despair that he is nearly at a loss as to what to do to these ministries, because according to him, all avenues available to him to collect or persuade these organisation have been explored with only very little success.

One may not realise the gravity of this situation here unless he is made aware these organisations may be in arrears to the tune of hundreds of thousands of naira. This, therefore is a serious problem faced

by the Board in its effort to collect revenue in this state, its operation is being sabotaged by nobody other than governmental organisations.

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CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATION

This chapter presents a summary of all that has been discussed in the last four chapters and they include the main objectives set to achieve the main analysis and the findings from such analysis. Conclusion on these findings vis-a-vis the objectives set are aslo drawn. Finally, recommendations are made with regard to the policy measures that should be formulated and adopted to enhance the efficiency and effectiveness of strategies of revenue collection in Kaduna State in particular and other states of the federation in general which might have faced similar problems. In effect, the chapter is divided into three sections.

Section one deals with the summary of the major highlights of the discussions made. Conclusions based on the findings from the analysis are made in the second section while the third section presents suggestion on measures to adopt to rectify all the anomalties highlighted in our findings in order to ensure more feective, efficient and reliable strategies for revenue collection in Kaduna State.

CONCLUSION

It is evident from our analysis and the resulting findings of this research work that contrary to expectations, the performance of the various strategies for revenue collection in Kaduna State leaves much to

be desired. As shown by findings, the ineffectiveness of some of the strategies employed are largely responsible for this state of affairs.

The problem of gathering information about the taxpayers contributed to the poor performance of some classes of taxes like direct assessment, sales tax and entertainment collection. From our analyses, it was also found that the problem of tax defaulting and avoidance contributed to the low revenue collection particularly in the area of personal income tax.

This research work also identifies and evaluates the barrier to effective and efficient strategies for personal income tax administration which tax is to minimize personal tax revenue. A major feature of personal income tax administration in Nigeria is that a state internal tax law and the federal I.T.M.A. have been so subjected to a series of piece meal amendments that it is difficult even for the personal income tax officials to understand the structure of personal income tax.

As a result of some lapses in the internal control of the collection and accounting section of the revenue board, it was found that the tax found its way to the pockets of some unpatriotic revenue officials.

SUGGESTIONS/RECOMMENDATION

With the analysis carried out, findings made and conclusions reached, it can be said that the issue of

effective strategies for revenue collection with particular reference to the period covered by the research project has almost been diagnosed and its attendant problems highlighted and examined.

It is therefore imperative at this juncture that in winding up the research project, certain suggestions be put forward so as to improve upon the performance of the ekxisting strategies for effective revenue collection. The following are the researcher's suggestions and recommendations for effective strategies for revenue collection in Kaduna State.

1. The Government should make effort to educate the public about the importance of taxation. The extent of which the government should make effort to create a cordial atmosphere by positively changing the attitude of the nation towards the personal income tax system will determine the degree of voluntary compliance. For instance, government's attitude towards development and the needs of the government affects people's attitude towards the personal income tax system; increasing or decreasing voluntary compliance. Again where the personal income tax system has brought stability and honesty into its operation, people tend to feel that the tax paid will reach the treasury and voluntary compliance will tend to improve thereby enhancing the achievement of revenue maximization objective of personal income tax.

2. The Board should be transfered to the Governor's office for effective control and supervision by the Governor himself. The chief executive should be directly answerable to the State Governor. The issue of board of directors should be discarded since it has never produced any result in Kaduna State. It only constitute a forum of confusion and selfish opinions.

3. Rationalization should be taken or done with extra care or else it may lead to the formation of "POWERFUL SYNDICATE" whose function would be creating and executing of scientific ways of defrauding government from outside and the management of the board can not have any power apart from considering the issue as public issue. Particularly since majority of the staff have grown through the rank and cannot place themselves anywhere apart from the revenue job, its effect may likely lead to equivalent of zero collection.

4. As indicated already, there is need for absolute stability in the board, for maximization of revenue collection. The absence of stability is synanimous with poor collection by the board, for example, it is just like a market where there is uproars, the activities of the market would completely be paralized, the end result would eminently be lost and the businessmen would not concentrate in their merchandise because there is uncertainty. Therefore stability forms the yard-stick of the survival of verile business. The

management of the board should develope policies in managing crises whenever they erupt so as to ensure stability.

5. Another recommendation is on placement and posting of staff. It is the view of the researcher that posting should be on performance and qualification. It should be done to replace the system of lobbyists and harzard seniority or placing to the higher bidder which dould result to negative performance. Placement constitute a vital area for the researcher, placement out of favour, tribalism should be eliminated. For example, transfering somebody to the board without basic qualification (minimum) and experience should be avoided. The placement should be based on qualification, potentiality of performance and experience, but a situation whereby somebody from non performing organisation is transfered to the board be eliminated.

6. The leadership or management should evolve a way through the decisive and intergrative styles of leadership are combined and adopted by the board. In this way, it will make it easier for resources commited to be tailored towards the realisation of the board's objectives. The idea here is to have a situation whereby firm, consistent and reliable decisions are always taken in consultation with the heads or units or sections whose departments will be responsible for the implementation and execution of such decisions.

This will make them (Heads of Units) identify with the decisions taken and will be guided by it in achieving intended outcome or results.

7. It is also of vital importance for the management to find suitable ways and means of motivating workers. As one writer puts it correctly "the success and failures of organisations are largely determined by the calibre of its work force (starting with the management) and the efforts it exerts" Beach 1969. This is because staff or workers of any organisation are its jugular vein. Therefore, it is only when the workers' welfare is assured, a conducive atmosphere is created for getting job satisfaction, will they put in their best and the survival of that organisation will be guaranteed.

8. In this direction, staff should be posted where they are more competent and possess the requisite qualification. This will greatly wipe out conflict and mistrust among staff and management and will eradicate departmental interferance and wranglings.

It is also the view of the researcher that the management should sort out a way or retaining certain amount from its collection monthly or year. This will help in providing the staff with amenities for the running of the office. Since overtime and other expenses are hard to be secured, this leads to the fall in the productivity of staff. For example, staff

in Entertainment Section are supposed to go out during the night to supervise the sell of tickets at the cinema after working hours. However at the end of the month their overtime worked becomes hardly obtainable. This occurs because the board has no fund to set up these liabilities.

9. The writer also recommends to the revenue boards to transfer the collection of Development Levies from Treasurey and emirate council to the Board because a lot is wasted in the former system. The former system also contibuted a lot to the fraud of government resources. Furthermore, in discussing with some staff of the Revenue Board. They notioned the idea that there should be a REVENUE COMMISSION with wider functions and area of coverage, that is, arms like Bereau for Lands and Survey, the agencies for revenue collection should all be part of the commission. This would help in better coordination and harmonization of revenue collection in the state.

10. The salaries paid to the staff is not far from civil service structure. It is recommendable to the government to completely divorce this agency from civil service salary scale to a salary scale similar to those of state own bank and industrial company. This sill boost the morale of the staff and enhance their productivity and possibly eliminate corruption.

11. Monies/cheques collected should be on nightly basis in other words, what was collected yesterday should be lodged today. By so doing, unforseeing problems would be avoided like i.o.us. Covering letters for payment should be in four copies, that is, one copy to the chasier, one with investigation and auditing unit and one with the office of the Director General. This process would make conivance difficult, and defraduing of public funds impossible.

12. Lastly, the researcher wish to recommend to the Government to consider Revenue Board as collection agency and not a mere consultative unit for decision making. Many government organisations are defaulting in making payment to the revenue after collecting such amount from Ministry of Finance. Therefore Government should have full information of payment monthly before making any release. This will make such organisation to be making payments promptly. Secondly, government should make it a policy to first and foremost clarify from Revenue Board about either corporate or individual bodies and how they make all necessary payments before being given a job or contract, that is, for corporate bodies to see whether they are making payment on PAYE and remitting withholding taxes promptly and the individual whether he has a tax clearance certificate and has declared income worth the contract they are sorting for. This would help in generating maximum revenue for the government and further make the strategies more functional and effective.

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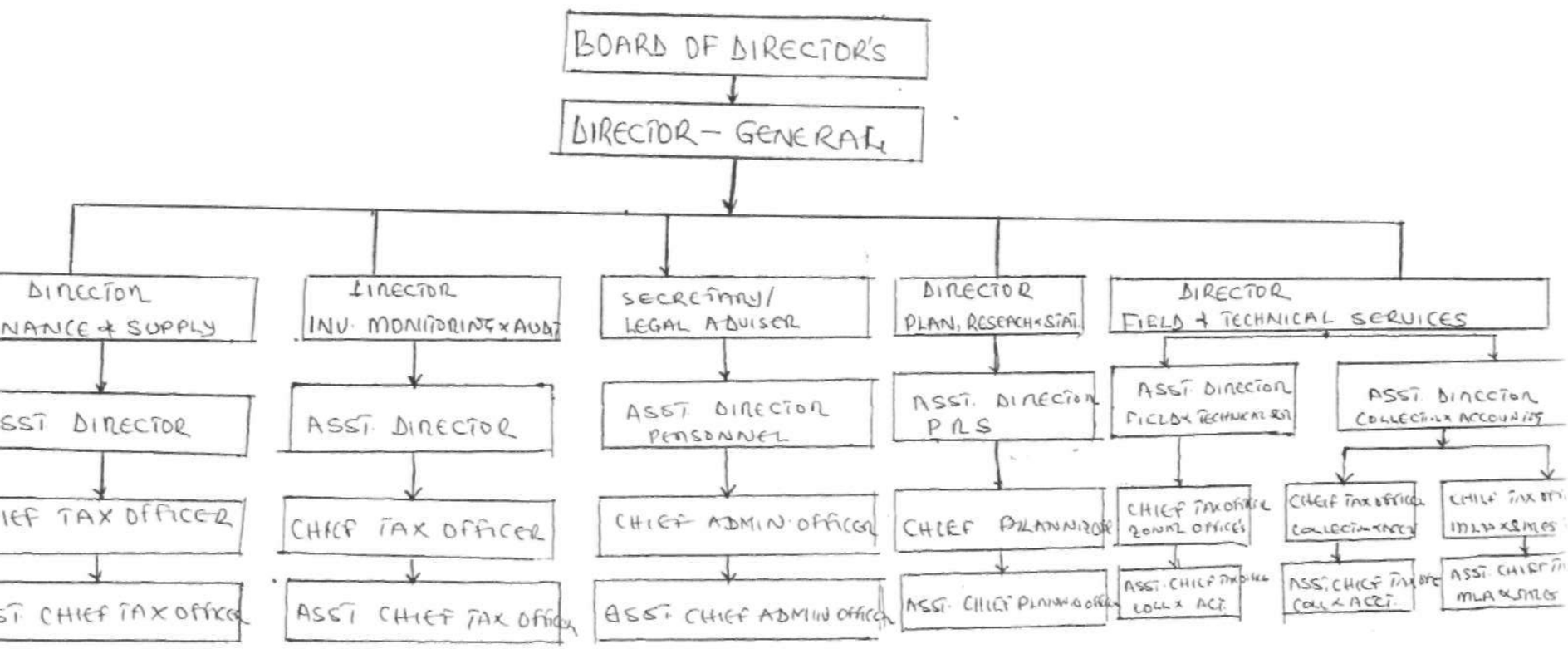
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APP. I

KADUNA STATE BOARD OF INTERNAL REVENUE:

ORGANISATIONAL CHART.



AM 2

KADUNA STATE BOARD OF INTERNAL REVENUE

STATEMENT OF REVENUE COLLECTION

AS AT END OF.....DECEMBER 1990

KADUNA STATE

.....OFFICE

1 HEAD	2 S/H	3 DESCRIPTION	4 BUDGETED REVENUE FOR THE YEAR	5 BUDGET AS AT END OF.....	6 TOTALS COLLECTED AS AT PREVIOUS MONTH	7 ACTUAL COLLECTION FOR THE MONTH	8 COMMULATIVE TOTAL COLUMN 6+7	9 VARIANCE COLUMN 8-5
			Private					
01090201	1	Pay As You Earn	Public					
"	2	Direct Assessment	20,000,000	20,000,000	20,268,291.75	1,526,262.22	21,794,555.95	+1,794,555.95
"	2	3%, 15% Withholding Tax contract etc	4,000,000	4,000,000	1,219,236.78	51,971.05	1,271,207.83	-2,728,792.17
"	3	Withholding Tax on Dividends	9,000,000	9,000,000	15,091,676.75	1,414,902.71	16,506,579.46	+7,506,579.46
"		Total Withholding Tax					-	-
"	4	Entertainment Tax					-	-
"	5	Sales Tax	700,000	700,000	975,981.20	105,855.70	1,081,836.90	+ 381,836.90
02090203	1	Motor Veh. Reg. Fees	8,000,000	8,000,000	7,975,268.70	345,838.04	8,321,106.74	+ 321,106.74
"	2	Cert of Road worthiness Fees	150,000	150,000	115,404.00	19,861.00	135,265.00	- 14,735.00
"	3	Other Traffic Reg. Fees	150,000	150,000	149,996.00	19,796.00	169,792.00	+ 19,792.00
"	4	Stamp Duties and Penalties	350,000	350,000	149,088.00	18,170.00	167,258.00	- 182,742.00
03090202	1	Driver's Licences	3,200,000	3,200,000	1,564,427.50	45,039.89	1,609,467.39	-1,590,532.61
"	2	Motor Veh. Licences	250,000	250,000	296,763.00	37,139.00	333,902.00	+ 83,902.00
04050208	1	Motor Veh. Reg. Book sales	2,500,000	2,500,000	3,766,878.00	310,946.00	4,077,824.00	+1,577,824.00
"	2	Driver's Licences Booklet	40,000	40,000	25,622.00	4,530.00	30,152.00	9,848.00
"	3	Sale of Local Identification Mark.	250,000	250,000	37,855.00	3,695.00	41,550.00	- 208,450.00
		Total:	1,250,000	1,250,000	150,140.00	10,770.00	160,910.00	-1,089,090.00
			49,840,000	49,840,000	51,784,630.66	3,914,776.61	55,701,407.27	+5,861,407.00

for: The Director General
Kaduna State Revenue Board
Kaduna.

Appendix 3

1989

ITEMS	ESTIMATES	ACTUAL	VARIANCES	%
P.A.Y.E	30,000,000	20,967,513	-9,032,487	69.89
D. ASST.	3,000,000	1,292,907	-1,707,093	43.09
WITHHOLDING TAXES	7,000,000	8,219,196	+1,219,196	117.41
ENTERTAINMENT	700,000	936,676	+6,063,324	133.81
SALES TAX	6,000,000	6,832,855	+832,855	113.88
M.V.R. FEES	150,000	139,526	-10,474	93.01
CERT. OF R. WORTH.	150,000	197,677	+47,677	131.78
OTHER T. REG.	350,000	214,336	-135,664	61.23
STAMP DUTIES	320,000	736,639	+416,339	230.19
DRIVER'S LICENCE	250,000	289,867	+39,867	115.94
M.V. LICENCE	250,000	3,863,068	+1,363,068	1,545.23
M.V.R. BOOKS	40,000	53,996	+13,996	134.99
DRIVER's L. BOOKLET	250,000	28,550	-221,450	11.42
L. IND. MARKS	1,250,000	170,865	-1,232,135	13.66
TOTAL	54,840,000	43,943,673	10,896,327	80.13%

1990

ITEMS	ESTIMATES	ACTUAL	VARIANCES	%
P. A. Y. E.	20,000.000	21,794.55	+1,794,555	108.97%
D. ASST	4,000,000	1,271,207	-2,728,793	31.78%
WITHHOLDING TAXES	9,000,000	6,506,579	-2,493,421	72.30%
ENTERTAINMENT	700,000	1,081,836	+381,836	154.41%
SALE TAX	8,000,000	8,321,106	+321,106	104.01%
M.V.R. FEES	150,000	135,265	-14,735	90.18%
CERT. OF R. NORTH	150,000	169,792	+19,792	203.37%
OTHER T. REG.	350,000	165,258	-184,742	47.22%
STAMP DUTIES	3,200,000	1,609,467	-1,590,533	50.30%
DRIVER LICENCE	250,000	333,902	+83,902	133.56%
M.V. LICENCES	2,500,000	4,077,824	+1,577,824	163.11%
M.V.R. BOOKS	40,000	30,152	-9,848	75.38%
DRIVER L. BOOKLET	250,000	41,550	-208,450	16.62%
L. IND. MARKS	1,250,000	160,910	-1,089,090	12.87%
DEV. LEVY	-	-	-	-
TOTAL	49,840,000	55,699;407.27	5,859,407.27	111.75%

Appendix 5

1991

ITEMS	ESTIMATES	ACTUAL	VARIANCES	%
P.A.Y.E	24,502,830	24,438,668.02	-64,161.92	99.74
D. ASST.	5,000,000	1,506,706.69	-3,493,293.31	30.12
WITHHOLDING TAXES	28,000,000	16,035,602.20	-11,964,397.80	57.27
ENTERTAINMENT	2,000,000	1,409,462.41	-590,537.59	70.47
SALES TAX	10,000,000	9,214,659.62	-785,340.38	92.15
M. V. R. FEES	240,000	211,960.00	-28,040.00	88.32
CERT OF R. WORTH.	200,000	1,149,313.00	+949,313.00	574.655
OTHER T. REG.	350,000	327,590.35	-22,409.65	93.597
STAMP DUTIES	4,000,000	1,238,598.28	-2,761,401.72	30.964
DRIVER'S LICENCE	700,000	966,730.00	+266,730.00	138.104
M.V. LICENCES	5,000,000	4,315,833.00	-684,167.00	86.31
M.V.R. BOOKS	50,000	53,824.00	+3,824.00	107.648
DRIVER L. BOOKLET	75,000	5,646.00	-69,355.00	7.526
L. IND. MARKS	300.000	173,250.00	-126.750.00	57.75
	80,417.830	62,915.558.00	17,502,272.00	76.23%