EVALUATION OF INTERNAL REVENUE GENERATION IN SABON-GARI AND GIWA LOCAL GOVERNMENTS (2009-2013)

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A DISSERTATION SUBMITTED TO THE SCHOOL OF POSTGRADUATE STUDIES, AHMADU BELLO UNIVERSITY, ZARIA, IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF SCIENCE (MSC) IN PUBLIC ADMINISTRATION

DEPARTMENT OF PUBLIC ADMINISTRATION,
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DECEMBER, 2015

DECLARATION

I declare that the work in this thesis entitled ‘‘Evaluation of Internal Revenue Generation in Sabon-Gari and Giwa Local Governments (2009-2013)’’ has been carried out by me in the Department of Public Administration. The information derived from the literature has been duly acknowledged in the text and a list of references provided. No part of this thesis was previously presented for another degree or diploma at this or any other institution.

Kasimu SANI _____ _____

Name of Student Signature Date

CERTIFICATION

This dissertation entitled EVALUATION OF INTERNAL REVENUE GENERATION IN SABON-GARI AND GIWA LOCAL GOVERNMENTS (2009-2013) by Kasimu SANI meets the regulations governing the award of the degree of Master of Science of the Ahmadu Bello University, and is approved for its contribution to knowledge and literary presentation.

Dr. J. D. Ndan Chairman Supervisory Committee	_____ Signature	_____ Date
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ABSTRACT

This study Evaluated Internal Revenue Generation in Sabon-Gari and Giwa Local Governments (2009-2013). The problem investigated revolved around taxable capacity, low yield of IGR and defective strategy for collection. The major objectives of the study are to determine the viable taxable capacity in the Local Governments, and to suggest different ways on how the local governments can improve their IGR towards meeting statutorily assigned functions. The Canon of Taxation by Adam Smith, (1776) was used to provide a framework within which the revenue collection in Sabon-Gari and Giwa local government can be based. Data were collected using structured questionnaire and structured interview. Quantitative data were analysed using frequency counts and percentages while the chi-square was used to test the hypotheses with SPSS version 20.0. The study established that Sabon-Gari and Giwa local government have too much depended on external sources of revenue, and this has affected their efforts to initiate and look inward to adequately exploit their existing internal revenue sources and to explore new sources, which has resulted to the low yield of IGR and that Sabon-Gari and Giwa local governments IGR strategy is essentially not effective. The study recommends among others that for enormous yield of IGR, Sabon-Gari and Giwa local governments should innovate a strategic mechanism that will enforce the full tap of existing revenue sources, and also exploit new avenues of generating revenue internally through financial investment like entering into partnership with private individuals and organizations, commercial farming, animal husbandry, tricycling transportation (Keke-Napep) building of corner shops, pure water/ yoghurt and block making industry.

TABLE OF CONTENTS

Cover Page……..…….…… i

Title page ……... ii

Declaration ……..... iii

Certification……... iv

Acknowledgements…….……... v

Abstract…….…….. vi

Table of Contents……..……. vii

List of Figures……. ix

List of Tables……..…. x

List of Appendices…….……. xiii

Abbreviation /Acronyms…….……..xiv

CHAPTER ONE
INTRODUCTION

1.1 Background to the Study ……..……..……..…… 1

1.2 Statement of the Research Problem …….…… 3

1.3 Research Questions ……..……..….. 5

1.4 Research Objectives ……. 6

1.5 Hypotheses of the Study …….……. 6

1.6 Significance of the Study …….…… 7

1.7 Scope and Limitations of the Study …… 9

1.8 Definition of Terms …… 10

1.9 Plan of the Study……. 13

CHAPTER TWO
LITERATURE REVIEW AND THEORECTICAL FRAMEWORK

2.1 Introduction …… 14

2.2 Literature Review…… 14

2.2.1 Concept of Local Government……..……..... 14

2.2.2 Concept of Revenue…….……..…. 20

2.2.3 Internally Generated Revenue of Local Government……. 24

2.2.4 Review of Empirical Studies…….…….. 32

2.3 Theoretical Framework …….……. 37

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction ……..... 40

3.2 Research Design ……..… 40

3.3 Method and Sources of Data Collection…… 41

3.4 Population Size of the Study …….……. 43

3.5 Sampling/Sample Size…….……..……. 44

3.6 Sampling Technique ……...…….…….. 45

3.7 Administration of Instrument …… 47

3.8 Method of Data Presentation and Analysis ……... 48

CHAPTER FOUR
OVERVIEW OF THE KADUNA STATE LOCAL GOVERNMENTS IGR STRATEGY

4.1 Introduction ……..... 51

4.2 Rates and Levies Payable…… 51

4.3 Distinction between the Old and the New Kaduna State Local Governments IGR Laws…. 56

4.4 Revenue Collection Duties and Responsibilities……..…….……. 57

4.5 Collection and Receipt of Revenue……. 61

4.6 Receipt Forms and their Distribution……. 65

4.7 Procedure for Handling Shortages, Counterfeit or Obsolete Currency, Cheques and Refunds… 68

4.8 Control of Receipt and other Revenue Earning Book……..……. 71

4.9 Lost of Funds or Revenue-Earning Books……. 76

CHAPTER FIVE
DATA PRESENTATION AND ANALYSIS

5.1 Introduction …… 80

5.2 Administration of Questionnaire..……... 80

5.3 Data Presentation on Hypothesis One……. 81

5.4 Data Presentation on Hypothesis Two…… 89

5.5 Data Presentation on Hypothesis Three…..…… 96

5.5 Test of Hypotheses…… 105

5.5.1 Test of Hypothesis One…….…… 105

5.5.2 Test of Hypothesis Two…….…… 107

5.5.3 Test of Hypothesis Three…….……...109

5.6 Discussion…… 112

5.7 Major Findings …… 117

CHAPTER SIX
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction …….. 119

6.2 Summary …….. 119

6.3 Conclusion……..….. 121

6.4 Recommendations……..... 122

Bibliography ……..…….. 124

Appendices …… 128

LIST OF FIGURES

Figure I: Organizational Structure of Finance and Supply Department……. 64

LIST OF TABLES

Table 1.1 Percentages of Total Internally Generated Revenue (TIGR) to Statutory Allocation (SA)……..4

Table 3.1 Staff Distribution into Category……43

Table 3.2: populations of the local tax and rates payers selected from two districts…….43

Table 3.3 Staff Distribution Base on Sample Size…….45

Table 3.4: Sample Size distribution of the local tax and rates payers from two districts……..45

Table 4.1: Distinction between the Old and the New Kaduna State Local Governments IGR Laws…….56

Table 5.1: Distribution and Return of Questionnaire…….81

Table 5.2: Sabon-Gari Local Government IGR Summary from 2009 to 2013…….82

Table 5.3: Giwa Local Government IGR Summary from 2009 to 2013……..82

Table 5.4 Percentages of Total Internally Generated Revenue (TIGR) to Statutory Allocation (SA)…. 86

Table 5.5: Responses of Staff on the IGR efforts of the Local Government…….87

Table 5.6: Responses of Staff on the taxable capacity of the Local Government…….88

Table 5.7: Responses of Staff on effective strategy for enormous yield of IGR……..89

Table 5.8: Responses of Taxpayers on strategy used by local government for revenue collection……90

Table 5.9: Responses of Staff on Enforcement of IGR rules and regulations……...90

Table 5.10: Responses of Staff on effective management of Local Government revenue……91

Table 5.11: Responses of Staff on factors responsible the low yield of IGR in the local government……91

Table 5.12: Responses of Staff on creating awareness about the importance of paying taxes and rates……..92

Table 5.13: Responses of Staff on training for effective revenue generation……...….93

Table 5.14: Responses of Staff on strategy that will yield high IGR for your local government…..…93

Table 5.15: Giwa Local Government Capital Expenditure Outlays Between 2009-2013……97

Table 5.16: Sabon-Gari Local Government Capital Expenditure Outlays Between 2009 – 2013……97

Table 5.17: Sabon-Gari and Giwa Local Governments Summary Capital (CE) and Recurrent…. Expenditures (RE) between 2009-2013…….97

Table 5.18: Responses of Staff on Significant relationship between Provision of social services and voluntary compliance of taxpayers……98

Table 5.19: Responses of Staff on attitude of taxpayers towards paying local taxes and rates……99

Table 5.20: Responses of Staff on individual's tax contributions…….99

Table 5.21: Responses of Staff on social services the local government provides for the benefit of taxpayers……100

Table 5.22: Responses of taxpayers on Social services the local government favourably provides…….100

Table 5.23: Responses of taxpayers on local government provide adequate social services that bring about increase in your income and wealth…….……101

Table 5.24: Responses of taxpayers on individual's tax contributions……..……102

Table 5.25: Responses of taxpayers on most significantly responsible for your tax avoidance and evasion……...103

Table 5.26: IGR efforts (Dependent Variable) * taxable capacity (Independent Variable) Crosstabulation……105

Table 5.27:Chi-Square Tests……..….106

Table 5.28: Independent Variable (Effective Strategy) * Dependent Variable (Enormous Yield of IGR) Crosstabulation……...…108

Table 5.29: Chi-Square Tests……108

Table 5.30: Independent Variable (Provision of social services) * Dependent Variable (Voluntary compliance) Crosstabulation……..110

Table 5.31: Chi-Square Tests……..…111

LIST OF APPENDICES

Appendix I – Introductory Letter to Respondents……...129
Appendix II – Questionnaire I for Staff Respondents.……130
Appendix III – Questionnaire II: For Local Tax Payers……..132
Appendix IV Interview Guide for Staff Respondents…….133
Appendix V Schedule Section 4(1)……..134
Appendix VI Chi-Square Critical Value Table……136
Appendix Table for Determining Sample Size from a Given Population…….. 137

ABBREVIATION /ACRONYMS

BPS – Budget Planning and Statistics

CE - Capital Expenditures

DF – Degree of Freedom

FM – Financial Memoranda

IGR – Internally Generated Revenue

ICT – Information Communication Technology

KD.S Law No. 6 of 2014 - Kaduna State Law No. 6 of 2014

LGS - Local Governments

LGT - Local Governments Treasury

LGRC - Local Government Revenue Committee

PAUG - Pay As You Go

RE - Recurrent Expenditures

SA – Statutory Allocation

SPSS – Statistical Package for Social Sciences

TIGR – Total Internally Generated Revenue

VAT – Value Added Taxes

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Economists engage a great deal of time into the ways and means of harnessing and utilizing resources for national development. In doing this, their preoccupation is the strength of the national revenue. This is because the cost of running the nation has remained increasing factor overtime.

However, in the contemporary world, governments at all levels are charged with more greater and additional responsibilities. The government must be equipped with human, material as well as financial resources. In other words, local government being the lower tier of government also needs to attain a peaceful and fair coexistence with its populace. And in doing this, it needs revenue to finance it activities towards meeting it statutory responsibilities for the overall wellbeing of its inhabitants.

Local governments revenue in Nigeria, like many other countries of the world is traditionally classified into two broad categories; internal and external sources. The external sources consist mainly of discretionary and specific grants; statutory allocation from both the Federation Account 20.60% and 10% from State Governments IGR. Beginning from 1995, the Value Added Tax (VAT), which is credited into an account called the VAT Pool from where it is shared in accordance with a formula giving,35% to the Local government (Jumare, 2008, RMAFC, 2009, Ndan, 2013:54). The internal sources consist of taxes, rates, fines, licenses and general revenue over which local governments have statutory jurisdiction as provided in the fourth schedule, section 7 of 1999 constitution of the Federal Republic of Nigeria.

Prior to the Revenue Act of 1981 and the availing of the Federation Account as a result of bulging oil proceeds of the 1980s, most local governments in the country had a greater share of their total revenue coming from IGR. The percentage of IGR to the total revenue was as high as 85% for some local governments, between 1962 and 1983 (Adedokun, 2012).

However, with the oil boom of the 1980s and a one-time Head of State of Nigeria claiming that not finance, but executive capacity, was the major bottleneck to Nigeria's economic growth and development, some political parties, capitalizing on this rather regrettable statement, abolished some local taxes in the state they controlled (Bello, 2007:51). The result was that starting from 1976; statutory allocations from the Federation Account came to play an increasing role for the local governments in Nigeria. The oil boom and revenue accruing to the Federation Account started declining as from 1983. With this dwindling of revenue sources to the local governments in Nigeria, it means that local governments in the country should seek for more potentialsources of internal revenue generation if they are to execute their numerous responsibilities and programs to their people (Jumare, 2008:20, Moses, Stephen, & Basil, 2012). Presently, about 80% of states and local governments revenue across the country comes from federation account. While only a paltry sum of about 20% is generated internally by local government in many states with exceptionof states like Lagos, Kano, River and Kaduna (Ndan, 2013:147)

It is an indisputable and incontrovertible fact that the IGR of most local governments in Nigeria is far below what it should be, all things being equal. Several reasons have been advanced for why internal revenue generation is unsatisfactory. The report of theDasuki committee on the federation in 1978/79 year observed that generally… the performance of local governments in revenue collection is very low (Cited in Adenugba, 2013). The following factors

are responsible for the situation: unviable taxes and rates; poor communication network, particularly in the riverine areas of the country, lack of commitment on the part of some revenue collectors, some of whom are downright dishonest and defective revenue collecting machinery (Maruf, 2012:26, Silas, 2012:48). In addition, various State Governments especially in areas of rating and tenement rates have not updated some of the laws for revenue collection. In this regard, particular mention has been made of the Local Governments in Kano and Kaduna states between 1979 and 1983 (Bello 2007, Maurice & John, 2012).

Due to myriad of responsibilities of the local government at the grass root level, it is pertinent for local government to have enough funds to carry out its statutory assigned functions in order to develop the rural community. Moses, Stephen, and Basil (2012), depict that adequate financial resources is a sine-qua-non for a virile local government. This corroborates with the view of Madict as quoted by Jumare (2006), that

> upon adequate revenue generation depends on the ability of local governments to discharge their responsibilities; upon some sources of revenue being local depends on the prudence and independence of local authorities; upon predictability of revenue depends on their ability to plan for future; upon the equity of their local tax system depends on much popular support (Jumare, 2006).

Sequel to the above background, this study attempted to evaluate revenue generation, with special focus to IGR efforts of Sabon-Gari and Giwa Local Governments of Kaduna State.

1.2 Statement of the Research Problem

Taxes, rates, fines, user charges and licensesare the assigned internal sources of revenue to the local governments in Nigeria. This is because of the certainty of the amount to derive at a particular time. Under the fourth schedule section 7 of the 1999 Nigerian Constitution, local

governments are entrusted with the responsibility of collection and utilizationof this revenue within their area of jurisdictions. In line with this philosophy, the Kaduna State Government in 2007 unified taxes, rates and user charges to be collected by all the 23 Local Governments in spite of disparity of IGR efforts, Sabon-Gari and Giwa local governments inclusive. These local governments need adequate and sustainable taxable capacity and other IGR sources with effective mode of collection to achieve their primary responsibilities and functions.

Apparently, there have beenlow yieldof IGR in Sabon-Gari and Giwa local governments, due to controversy between the tax authority and taxpayer over what should be the accepted amount or rate of assessment, defective strategies for collection, tax evasion,inadequate provision of social servicesand unviable taxable capacity of local governments. The low yield can be seen from the contributions or the percentages of the total internally generated revenue to statutory allocation of Sabon-Gari and Giwa local governments between the periods of 2009 to 2013, as presented in the table below:

Table 1.1 Percentages of Total Internally Generated Revenue (TIGR) to Statutory Allocation (SA)

Years	Giwa Local Government			**Sabon-Gari Local Government**		
	TIGR	**SA**	**Percentage**	**TIGR**	**SA**	**Percentage**
2009	124,952,382	1,488,640,713	8.4%	111,130,000	1,858,166,066	6.0%
2010	52,090,000	1,898,325,163	2.7%	170,000,000	1,519,555,589	11.2%
2011	199,261,605	2,060,814,670	9.7%	148,268,301	2,220,066,812	6.7%
2012	108,592,300	2,614,681,242	4.2%	195,963,035	2,149,195,656	9.1%
2013	42,751,000	2,663,144,848	1.6%	276,995,221	2,354,469,982	11.8%.
Total	527,647,287	10,725,606,636	26.6%	902,356,557	10,101,454,112	44.8%

Source: Sabon-Gari andGiwa Local Governments Budgets, (2009-2013), Reports of the Auditor General for Local Governments on Account (2009-2013).

From the above table, it can be observed that the percentages of the TIGR to SA are within the range of 1.6% to 9.7% for Giwa local government and 6.0% to 11.8% for Sabon-Gari

local government. It shows that only 26.6% is Giwa local government and 44.8% Sabon-Gari local government TIGR to SA in the years under study; this is very low compared to the numerous sources of revenue available to Sabon-Gari and Giwa local governments. This situation depict low yield, and confirmed also the level of over dependence of Sabon-Gari and Giwa local government on statutory allocation, it also portrays the disparity of IGR efforts in relation to taxable capacity of the local government. This is however an unhealthy state of affairs for Sabon-Gari and Giwa Local Government, if they must rise up to accomplish their assigned functions to meet the expectations and yearnings of their populace, they must make concerted efforts to improve their IGR.

Jumare (2008), added credence to this position when he observed that Local governments in Nigeria by 1986 derived only 7% of their total revenues from local licences, fees and fines, rents and 4.3% from commercial undertakings. The bulk of their revenue (75.5% came from federal allocation and only 3.3% from State governments.

1.3 Research Questions

In view of the above, therefore, thisstudy seeks to provide answers to following research questions:

i. Why has there been low yieldof IGR in Sabon-Gari and Giwa Local Government?
ii. Are the strategies used for collections of IGR effective?
iii. Do the local governments have viable taxable capacity?
iv. How does provision of social services affect voluntary compliance by tax and rates payers?
v. How can IGR be improved in Sabon-Gari and Giwa local government?

1.4 Objectives of the Study

The general aim of this study is to evaluate IGR efforts of Sabon-Gari and Giwa Local Government Council of Kaduna State. However, the specific objectives of this study include:

i. To examine the factors responsible for the low yieldof IGR in Sabon-Gari and Giwa Local Government
ii. To examine the effectiveness of the strategies used for IGR collection
iii. To determine the viable taxable capacity of the local governments
iv. To determine how provision of social services affect voluntary compliance by tax and rates payers
v. Lastly, to suggest alternative means on how the local governments can improve their IGR efforts

1.5 Hypotheses Tested

In order to achieve the set objectives of this study, the following hypotheses are hereby developed for testing:

i. H_0: IGR effort is not dependent on taxable capacity of local governments
ii. H_0: effective strategy for revenue collection in the Local Governments does not lead to enormous yield of IGR
iii. H_0: Inadequate provision of social services does not significantly affect voluntary compliance by taxpayers.

1.6 Significance of the Study

A number of research works have been embarked upon by several researchers on issues related to local government revenue generation in Nigeria. Majority of the works focused on: external revenue generation, over dependence of local governments on external sources, utilization of revenue available to local governments, local government funding on rural development and impact of local governments on development. For instance, the previous studies on revenue generation by Silas (2012), centred on over dependence of local government on statutory allocations in Nigeria and its impact on development. Cynthia, (2010), studied the problems of effective utilization of revenue available to local governments in Nigeria while Mustapha (2012), though, assessed IGR of Local Governments in Kaduna State but focus on Zaria, Kaduna South and Jama'a local governments between the periods of 2000 to 2005. However, this research work focuses on the evaluation of IGR efforts in Sabon-Gari and Giwa local government areas between the periods of 2009 to 2013. More precisely, the work determines to find out factors responsible for the low yield of IGR in Sabon-Gari and Giwa local government areas. As such, certain gap stands to be filled.

This research work will add value to the existing body of knowledge in the area of local governments revenue generation, particularly the internally generation of revenue as it constitutes a great concern to local governments revenue in Nigeria.

The study brings to light the eminent danger that characterized the petrol-dependent economy like Nigeria, while raising revenue internally can serves as viable option in case of eventuality from external sources.

The study will be significant to Local Government Revenue Committee as, its highlight areas of inefficiency and also suggests possible solutions to the problems identified in order to

have an effective tax administration and this, will invariably increase the IGR of the local government.

This study will also be significant to the taxpayers and other interested persons, because it's also highlight the category of taxable income, and what punishment awaits a taxpayer who fails to comply with the date of payment as specified in the notice of assessment.

This study will also be of importance to the legislators, as it points out to them the antiquated Nigerian legal basis on taxes and rates as well as local Governments byelaws on taxes and rates, that the instant review and/or amendment of local government tax laws will not solve the problems. Instead, they should enact new laws to replace old ones because, if constantly reviewed and amended, it will end up confusing the taxpayers and tax officials.

It also bring to light other activities that generate income to individuals and spill over to the public (such as pollution, contamination of water and environmental degradation etc.), which can be levied.

More so, it is hoped that this study will surely go a long way in helping local governments with means and ways of efficient and effectivetax administration; so as, to enhance the amount of revenue to be realized. This will perpetually enable them to finance required social services towards enhancing the welfare of their populace.

Finally, this study will also stimulate Local Governments to provide basic facilities like ICT to help in re-shaping and assessing the operation of revenue collection and management in the Local Governments and the country in general.

1.7 Scope and Limitation of the Study

The scope of this study is related to three major areas. This includes geographical coverage, substance of the work and period of time.

In terms of geographical coverage, the study covered Sabon-Gari and Giwa local government areas in Kaduna state. The modalities for the coverage are detailed under research techniques in chapter three.

In terms of substance, the study evaluated revenue generation with special focus to IGR efforts of Sabon-Gari and Giwa Local Government council of Kaduna State. The study covered the urban and rural local governments in Kaduna state known for their disparity in taxable capacity and IGR efforts, and government agencies concerned. There are numerous indices of taxable capacity in the local governments ranging from economic, social, political and administrative. In view of these, the magnitude and the direction of the research is to examine the taxable capacity, strategies for collection and voluntary compliance by taxpayers and their relative impact to the structure of local government internal revenue. The two Local Governments have, by virtue of their economic and social development, had distinct taxable capacity and tax base. As such a comparative analysis in terms of their tax raising capacity will enable policy articulation geared towards an improvement into the system of inter governmental fiscal relations in Nigeria.

The time frame for this study is between the periods of five years (2009-2013). Therefore only audit reports conducted within this period were taken into consideration. The choice of this time frame can be justified on the ground that it falls within the period that Kaduna State Government unified her taxes, rates and user charges to be collected by all the 23 local governments. Hence, restrictions are placed on the available data within these limits.Limitations of this study are:

The researcher confronted a problem from some respondents not co-operating fully in providing answers to the questionnaire, seeing the exercise as an unnecessary distraction from

their work or businesses. There was also problem of some respondents having misconception about the whole exercise, because they thought providing certain information on issues related to revenue is implicative.

Perhaps the most debilitating limitation of this study is the inadequacy of data: The availability of some vital financial documents for the study was not without difficulties. Vital documents like budgets, records, literatures, financial reports and other relevant sources of secondary data were encountered with some degree of hardship in the local governments. However, in spite of the limitations, the overall objectives of the research were accomplished as some of the limitations were tackled through the used oftwo research assistants.

1.8 Definition of Basic Concepts

To study and evaluate IGR efforts in Sabon-Gari and Giwa local governments, it is imperative to operationally define some basic concepts (terms) which are different from the normal or usual usage. These terms includes inter alias: Revenue efforts, revenue, IGR, taxpayers, strategies for revenue collection, taxable capacity and social services.

Revenue Efforts: Operationally, revenue efforts in this study refers to: Government in action, strategy, mode of collection, activities, discipline, commitment, service delivery, public responsibilities, co-ordination, efficiencies and effectiveness ofSabon-Gari and Giwa local governments to generate more revenue.

Revenue: For the purpose of this study, revenue is operationally defined as: money realized from taxes and rates, financial resources, monthlystatutory allocation received,protection, income from investmentsand returns from commercial undertaking bySabon-Gari and Giwa local governments.

IGR: Operationally in this study refers to: source of fund, proceeds of agricultural activities, commercial and private enterprises, community/cattle tax, rates, user charges, local licenses, fines, fees, earning from commercial undertakings, motor park levies, cattle tax, advert permit fees, wrong parking charges, contract registration and processing fees, public convenience, sewage and refuse disposal fees etc. in Sabon-Gari and Giwa local governments.

Taxpayers**:** Operationally taxpayer in this study refers to the following local taxpayers: residence, retailers, whole sellers, proprietors, butchers, goldsmith, blacksmith, hotel owners, hawkers, entrepreneurs, farmers, individual households, shops, kiosks, marketswomwen, private enterprises, drivers, tribe communities, factories, bakeries, business firms, abattoirs and anybody who is engage in any taxable business or enterprises within the jurisdiction of Sabon-Gari and Giwa local governments.

Tax Administrators: Operationally in this study refers to the following; local government revenue committee, revenue officer, tax collectors, tax experts and revenue courts, as well as the staff of the local government or any other person or group of persons appointed for the purpose of revenue collectionin Sabon-Gari and Giwa local governments.

Taxable Capacity: This refers to the Fiscal Capacity of individual local governments. The extent of local government Fiscal capacity is reflected from the gradual development taking place from small peasant agrarian society to more complex metropolitan urban society. Thus with efficient and effective management of local government, resources, the revenue generation is expected to be higher in the urban local governments than the rural local governments. This to some large extent is attributed to the higher fiscal capacity existed in the urban local

governments in the forms of property development and preponderance of economic and commercial activities.

Tax Administration: For the purpose of the research, tax administration refers to the financial management of the affairs of collection of revenue, mode of collection and timing of tax payment. It also connotes the administrative efforts put in place to collect revenue from taxes and the amount fairly imposed on the tax payer. The degree of administrative efforts will to some extent vary among Sabon-Gari and Giwa local governments. The research has the assumption that no matter the extent of the administrative efforts ofGiwa as a rural local government, the taxable revenue drive may be relatively low due to their low fiscal capacity. Whereas there is the tendency for the tax efforts of Sabon-Gari as anurban local government,the taxable drive to be very high, because of their economic and fiscal advantages.

Social Services: For the purpose of the research, social servicesrefer to those services that effects the socio-economic lives of the taxpayers, these include construction of markets and motor parks, public conveniences, feeder roads, electricity, sanitary services, fire services, drainage and sewage, building of shops, primary health care, provision of tractor and fertilizer for farmers and security for the protection of lives and properties by Sabon-Gari and Giwa local governments.

Voluntary Compliance: For the purpose of the research, it refer to the willingness of the local taxpayers and their maximum cooperation to pay their local taxes and rates in Sabon-Gari and Giwa local governments.

1.9 Plan of the Study

The study is broken into five (6) chapters as follows:

Chapter one contains the introductory aspect of the study which deals with the background to the study, statement of research problems, research questions, objectives of the study, hypotheses, significance of the study, scope and limitations, definition of basic concepts and plan of the study.

Chapter two comprises literature review which entails the explanation of concepts and empirical review of the past literatures, and theoretical framework. While chapter three, contain the research methodology of the study.

Chapter four discusses the activities of the Kaduna State Local Governments IGR strategy. Chapter five covereddata presentation and analysis, it includes test of hypotheses and research findings.

Chapter six is the concluding chapter of the study, it comprises of summary, Conclusion and recommendations.

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

This chapter attempts to review related literatures on the concept of local government, functions of local government, problems of local governments in Nigeria, revenue, and sources of local government revenue, internally generation of revenue and factors militating against internally generation of revenue in the local governments. An empirical reviewof some relevants works has also been undertaken.

2.2 Literature Review

2.2.1 Concept of Local Government

Local government, which can be simply described as government at the local level has been defined by various scholars in different ways based on their own perspectives. None of their definitions is absolutely satisfactory. In spite of this, there are two ways of seeing local government; we may see it from normative angle or institutional angle. The normative aspect deals with definition or various definitions of local government while, the institutional aspect sees local government as a form of decentralization (Bello-Imam, 2007:4, Olasupo, &Fayomi, 2012:13).

One of the definitions put forward by a prominent writer saw it as a ‘political authority set up by a nation or state as subordinate authority for the purpose of dispersing or decentralizing political power’ (Agi, 2002:74). In his own view, Akpan (2008:3) defined local government as a ‘separate tier of government that enjoys some reasonable measures of autonomy, with elected representatives as officials especially in a democracy’. But Emezi (1984:50) give a contrasting understanding of what the local government is all about. According to him, local government is a system of local administration under local communities that are organized to maintain law and

order, provide some limited range of social amenities and encourage co-operation and participation of inhabitants towards the improvement of their conditions of living. He went further to state that it provides the community with formal organizational framework which enables them to conduct their affairs effectively for the general good. The above view corroborated with explanation explicitly made by Ola (1984:8), when he claimed that local government exists to bring about democracy and provide the local people the opportunity to participate politically in activities that revolve around them. He opined that local government is equally established as a training ground to socialize the citizens politically. In his own opinion, Abada (2007: 248), argued that local government is not established merely to provide essential services, which is centered on maintenance system, but is judged by the development observed in the area that actually contribute to the satisfaction of the local citizens within the area. To a large extent, Nwofia (2010:331), summarized what the local government stands for, when he noted that it is characterized by its autonomy, legal identity, territory, population, localness, democratic representation, specificity of powers, and uniformity of structure. But, according to Adedeji (1969:96), the success and the effectiveness of local government depend largely on the financial resources available to the individual local authorities, and the way these resources are utilized.

Some scholars (Olowu 1988, Adeyeye, 2000) have distinguished local government depending on the political arrangement of the nation, i.e. unitary or federal system. Adeyeye (2000) defines local government in the unitary state as "non sovereign community possessing the legal right but which are essentially administrative agents of the central government". On the other hand, the United Nations Office for Public Administration sees Local Government as: A political subdivision of a nation (in a federal system) state, which is constituted by law and has

substantial control of local affairs including the powers to impose taxes or to exact labour for prescribed purposes. The governing body of such an entity is elected.

Similarly, the Guideline for Local Government Reform (1976), defines local government as:

> Government at local level exercised through representative councils established by law to exercises specific powers in defined areas. These powers should give the council substantial control over local affairs as well as the staff and institutional and financial power to initiate and direct the provision of services and to determine and implement projects so as to complement the activities of the state and federal government in their areas, and to ensure, through devolution of functions to these councils and through the active participation of the people and their traditional institutes, that local initiative and responses to local head and conditions are maximised.

The implications of the above definitions are in four dimensions, these include:

1. Local government must be a legal entity distinct from the state and federal government.
2. Local government must be administered by democratically elected officials.
3. Local government must have specific powers to perform a range of functions assigned to it by law.
4. Local government must enjoy substantial autonomy to perform array of functions, plan, formulate and execute its own policies, programmes and projects, and its own rules and regulations as deemed for its local needs. This autonomy includes power to control its finance, generate revenue recruit and discipline its staff.

Giving further credence to the above position, Bello-imam (2007:4), posit that as a result of the difficulty presented by the various definitions, scholars and practitioners virtually agreed on what should be the basic elements of local government. These elements put together portray local government as a unit of administration with defined territory, powers and administrative authority with relatively autonomy which administrative authority could be elected or appointed exclusively by people. This means that when a body that claim to represent the people is not chosen by them it can be a local form of administration and local government. Local administration usually constitutes the administration of local communities by utilizing local agents appointed by and responsible to state or federal government. When local government continue living as an adjunct of state and federal government, and not distinct level of government, they also instinctively degenerate to local form of administration.

In fact, the main distinguishing characteristic that differentiates a local government from a local administration is the fact that while the officials of the former are elected those of the later are appointees of the centre to implement policies of the centre. Secondly, the local government unit must have a legal personality distinct from the State and Federal Governments. Thirdly, the local government must have specified powers to perform a range of functions and finally, it must enjoy substantial autonomy. Local government autonomy means that the local government is elected at the local level and operate independently of the State and Federal Government. The characteristics of local government autonomy include among other things substantial sources of revenue, ability to make its own laws, rules and regulations; formulate, execute and evaluate its own plans and the right to recruit, promote, develop and discipline its own staff.

In the light of the foregone discussions, it could be deduce that local government is a government at local level or grassroots with assigned functions and responsibilities, administrative structure and financial arrangement for the maintenance of itself as well as rendering its statutorily assigned functions to its populace.

2.2.1.1 Functions of Local Government in Nigeria

There are two lists of functions for local governments in Nigeria, these are contained in section (7) under the Fourth Schedule of the 1999 constitution as follows:

1. The main functions of a local government council are as follows:

(a) The consideration and the making of recommendations to a State Commission on Economic Planning or any similar body on:

(i) The economic development of the state, particularly in so far as the areas of authority of the council and of the state are affected; and

(ii) Proposals made by the said commission or body;

(b) Collection of rates, radio and television licenses;

(c) Establishment and maintenance of cemeteries, burial grounds and home for the destitute or infirm;

(d) Licensing of bicycles, trucks (other than mechanically propelled trucks), canoes, wheel barrows and carts;

(e) Establishment, maintenance and regulation of slaughter houses, slaughter slabs, markets, motor parks and public conveniences;

(f) Construction and maintenance of roads, streets, street lightings, drains and other public highways, parks, gardens, open spaces, or such public facilities as may be prescribed from time to time by the House of Assembly of a state;

(g) Naming of roads and streets and numbering of houses;

(h) Provision and maintenance of public conveniences, sewage and refuse disposal;

(i) Registration of all births, deaths and marriages;

(j) Assessment of privately owned houses or tenements for the purpose of levying such rates as may be prescribed by the House of Assembly of a States; and

(k) Control and regulation of:-

(i) out-door advertising and hoarding;

(ii) movement and keeping of pets of all description;

(iii) shops and kiosks;

(iv) restaurants, bakeries and other places for sale of food to the public;

(v) laundries; and

(vi) licensing, regulation and control of the sale of liquor.

2. The functions of a local government council shall include participation of such council in the government of a state in respects the following matters:

(a) The provision and maintenance of primary, adult and vocational education;

(b) The development of agriculture and natural resources, other than the exploitation of minerals;

(c) The provision and maintenance of health services; and

(d) Such other functions as may be conferred on a local government council by the House of Assembly of the state (Ibid.).

In the two main broad set of functions assigned to local governments, the first part concerns the ones which are exclusively within the purview of the local governments, while the second set has to do with those the local governments are expected to perform concurrently with

the state governments as partners in progress. This corroborate with the view of Maruf, (2012:25), where he sum up these two functions to be social and economic functions discretionally and concurrently performed by state and local government. The first list, according to Gboyega (2006), was considered the primary or mandatory functions that all Local Governments had to perform. The second list was vested concurrently in State and Local governments. However, each State government was to devolve them to its Local government when it ascertained that they had capacity to perform them. The above-itemized functions of local government are broad, demanding, critical and crucial for ensuring the overall growth and development of various local areas. These developmental imperatives further reinforce the case for viable and efficient financial management for local governments (Ojo, 2009: 39).

2.2.2 Concept of Revenue

It has not been possible to produce a single definition for the concept of 'Revenue'; this is because several scholars and practitioners have defined it in different ways as we can see below:

Adam (2006) defined revenue as the fund required by the government to finance its activities. These funds are generated from different sources such as taxes, borrowing, fine, fees etc. It is also defined as the total amount of income that accrues to an organization (public or private) within a specified period of time (Hamid, 2008). States revenue comprises of receipt from taxation as well as those which are not the proceeds of taxation, but of either the realization from the sale of government properties or other interests and returns from loans and investment earning. Ndan, (2013:43) posits that ''generally revenue is receipt of a government or a business. Governments raise revenue, mainly through taxation, in order to pay salaries and wages, provide social goods and settle the cost of running government''. This is in consonance with the view of Oriakhi, (2004:58), where he states that ''for the activities of

government to subsist, the availability of funds is primal. Such funds are derived from numerous sources. The very important and common sources of revenue include taxes, licences, fees, court fees, mining rents and loyalties, grants, gifts market borrowing and so on''. In his own words, Udeh, (2005:44), said that ''like any other economic unit, government needs funds to finance its activities. Such funds must be raise from various sources. In Nigeria, all level of governments is legally empowered by the constitution to source and spend revenue for the benefit of the citizens. With regards to the foregoing views, revenue is the total income of or money collected for public funds.

The 1999 Nigerian constitution in section 162 (10), defined ''revenue'' to mean any income or return accruing to or derived by the Government of the Federation from any source and includes:

a) Any receipt, however described, arising from the operation of any law;
b) Any return, however described, arising from or in respect of any property held by the Government of the Federation;
c) Any return by way of interest on loans and dividends in respect of shares or interest held by the Government of the Federation in any company or statutory body;

To Investopedia, (2014), sees revenue as the amount of money that is brought into a company by its business activities. In the case of government, revenue is the money received from taxation, fees, fines, inter-governmental grants or transfers, securities sales, mineral right and resource right as well as any sales that are made. This definition brought out distinctive features between private and public revenue. But it limits the former to money brought for business activities i.e. capital. To add it also include money earn as income from the business sales, it assets and shares etc.

For one, all the definitions show thing in common and that is the fact that 'revenue' represents inflow or income of assets (both in terms of monetary assets and physical assets). Although, the focus of this study is local government, for our own purpose, we shall consider local government revenue as the money or physical assets collected as income to and by local government which accrue from various sources, to finance its required services for the overall wellbeing of the populace. This now take us to sources of local government revenue.

2.2.2.1 Sources of Local Government Revenue

Source of local government revenue implies the various means through which local governments in Nigeria generate financial resources to meet their financial obligations in the course of discharging their constitutional functions and duties. There are two major sources of local government revenue in Nigeria, namely; internal and external sources.

2.2.2.1.1 External Sources

Externally generated revenue which refers to the local government funds generated outside the local government area of administration (Alo, 2012: 23). In Nigeria, section 7(6) of the 1999 constitution provides that (a) "the National Assembly shall make provisions of statutory allocations of public revenue to local government councils in the federation, and (b) the Houses of Assembly of states shall make provisions for statutory allocation of public revenue to local government councils within the state" (Federal Republic of Nigeria, 1999). The external sources of local government revenue include:

i. The 20.60% statutory allocation from the Federation Account
ii. 10 % from State Governments internally generated revenue
iii. 35% Value Added Tax (VAT) allocation

iv. Grants- block and specific from the central government. Block grant is the usually monthly grant while specific grants is for specific project

v. Loans to carryout special projects

vi. Excess Crude Revenue

vii. Stabilization Fund and

viii. Exchange Rate Gain (Jummare, 2001:74, Udey, 2005:48, RMAFC, 2009, CBN, 2011:118, Ndan, 2013:54).

The external revenue sources of local government are external because the size of such revenue as well as when and how to generate them are invariably not directly determined or influenced by the local governments.

2.2.2.1.2 Internal Sources

The internal sources can be referred to as local taxes, rates and user charges that are derived from various sources. In fact, the 1999 Nigerian Constitution under section (7) of the fourth schedule provides a long list of sources from which local governments could tap local taxes, user fees and benefit charges. The various ways local government generate revenue internally are community tax and rates; property (tenement) rates; general/development rates; licenses, fees and charges like marriage registration fees, cart/truck licenses; interest on revenues such as deposits, investments, profits from the sale of stocks, shares, etc; departmental recurrent revenues from survey fees, repayment of personal advances, nursery and day-care centres fees, rents on local government quarters, etc (Moses, Stephen & Basil, 2012). These sources including other sources that are open for present local governments will be discussed in the succeeding unit. From the foregoing, tax is an imperative ingredient of revenue generation, development and

transformation. As Olaoye (2008), puts it, it is a compulsory levy imposed by the government on individuals, companies for the various legitimate functions of the state (and local government).

2.2.3 Internally Generated Revenue of Local Government

Internally Generated Revenue in normal day to day parlance refers to those revenue sources that are generated solely by the Local Governments within their tax jurisdictions. Local governments are constitutionally empowered to control and regulate certain activities in their jurisdiction, and in so doing; they impose some taxes and rates on economic activities as a way of generating funds for their operations.

Internally generated revenue (which is revenue generated within the local government area of administration and it entails local tax or community tax, poll tax, or tenement rates, user fees and loans); Internally generated revenue is a strategic source of financing local governments operation and which can be explored given the enabling environment and political will (Adenugba and Ogechi, 2013:421).

As already stated in the proceeding, internally generated revenue formed a greater bulk of the total revenues accruing to the local governments before 1976. With the 1976 Local Government Reforms, these sources were further widened to enable the local governments to collect enough funds to discharge their development responsibilities (Nwankwo, Atakpa and Ocheni, 2012:96). Accordingly, the various local government edicts of the various states in the federation included the following as their major sources of revenue to all the local governments in the country:

a) Community Tax/Community Rates;

b) Property (Tenement) Rates;

c) General/Development/Capitation Rates;

d) Licenses, Fees and Charges;

1) Advertisement fees
2) Baker houses licenses
3) Beggar minstrel fees
4) Bicycle licenses/hire permits
5) Births, deaths and marriage registration fees
6) Brick making and block industry licenses
7) Cigarette sales licenses
8) Burial fees and charges (on local government burial grounds)
9) Cart/truck licenses
10) Cattle dealers/Butchers‟ licenses
11) Contractors registration fees
12) Dane guns control licenses
13) Dried fish and dried meat licenses
14) Dog licenses
15) Fishing/hunting fees
16) Forestry and fuel/fire wood exploitation fees
17) Goldsmiths licenses
18) Hawkers permits/licenses
19) Hunting licenses
20) Local liquor brewing/sales licenses
22) Minor/small/cottage industries licenses
23) Control of noise licenses

24) Palm wine fees

25) Pit sawing licenses

26) Produce (palm oil/kernel) buying/sales licenses

27) Rents and plot fees (from Landlords)

28) Retail trade licenses

29) Slaughter fees

30) Mobile Seller Promotion licenses

31) Cattle dealer's licenses

32) Sand dredging fees

34) Building material licenses

35) Printing press licenses

36) Cattle market fees

37) Vulcanizer licenses

38) Sewing institute licenses

39) Photo studio licenses

40) Forestry and fuel Exploration fees etc.

e) Interest on Revenues;

1) Interest on state deposits

2) Interests on investments

3) Interests on proceeds from sales machine

4) Profits from sale of investments/stocks, shares, etc.

f) Departmental Recurrent Revenues

1) Survey fees – from the Department of Works & Planning

2) Repayment of personal advances

3) Refund of salaries and/or allowances

4) Refund of subsistence of students in training

5) Re-imbursement of state witnesses expenses

6) Sales of library books and literature

7) Nursery school and day-care centres fees

8) Conservancy or compost charge

9) Sale of produce e.g. palm oil/kernel

10) Profit on local government farm accounts

11) Tractor/grader/caterpillar hires fees

12) Irrigation fees

13) Sale of firewood

14) Sale of timber

15) Sale of produce

16) Cattle/goat/sheep/poultry treatment charges

17) Fodder

18) Stray animal poundage fees

19) Workshop repairs receipts

20) Sale on stores

21) Sale of unserviceable stores/vehicles, and equipment fees

22) Rents on local government quarters

23) Guest/rent house fees/charges

24) Vehicles, plant and equipment charges

25) Profit vehicles advances account

26) Canoe/ferry/mass transit fees

27) Contribution for maintenance of produce evaluation road usage fees

28) Fees and charges in local government-maintained markets

29) Fees and charges in local government motor parks

30) Registration of business premises

31) Sale of corn

32) Sale of scrap metal, etc (FRN, 1999, Udey, 2005:48, Bello, 2007:57-78, FRN, 2009:94-112, Bello &Eronini, 2010:66, Gboyega, 2010:91, Nbanefo& Bello, 2010:181, Maruf, 2012:27-30, Adenugba&Ogechi, 2013:421, Moses, Stephen & Basil, 2012:96-98, Ndan, 2013:73-74).

From the above list, it is clear that many of the various sources of internally generated revenues to local governments are either untapped or under-tapped and are unviable in most local governments in Nigeria. Some, like radio and bicycle are not viable, death registration fees, due to the culture and customs of local people can never be tapped; while others like tenement rates by individual and corporate persons can be potentially lucrative sources of local government revenue, if properly administered and strictly enforced. The level of internally generated revenue by each local government depends on the size of the local government, nature of business activities, urban or rural nature of the council, rate to be charged, instruments used in the collection of revenue, political will and acceptability by the people to pay based on the legitimacy of the council and the socio-cultural beliefs of the citizens regarding the issue of taxation (Anifowose and Enemuo, 1999, Nbanefo and Bello, 2010:181, Maruf, 2012:2). With courage, honesty, and fair-play local governments may not even bother to wait for external

sources if the above internal revenue list is appropriately and adequately tapped and properly accounted for.

2.2.3.1 Problems of Internal Revenue Generation and Collection in Nigerian Local Governments

It is an indubitable and incontestable fact that the internal revenue generation of most local governments in Nigeria are far below expectations, ceteris paribus. Several reasons have been adduced/advanced by scholars and practitioners for why internal revenue generation is unsatisfactory.

For instance, the report of theDasuki committee on the federation in 1978/79 year observed that generally…

> the performance of local governments in revenue collection is very low. The following factors are responsible for the situation: poor communication network, particularly in the riverine areas of the country; lack of commitment on the part of some revenue collectors, some of whom are down-right dishonest; and defective revenue collecting machinery. In addition, some of the laws for revenue collection have not been updated by various state governments especially in areas of rating and tenement rates. In this regard, particular mention has been made of the local government areas in Kano and Kaduna states between 1979 and 1983 (cited in Moses, Stephen & Basil, 2012:98).

Similarly, Adewumi (1994) observed that the major problems of internal revenue generation in the local government centre on… the inability of local governments to enforce bye-laws which could enhance their revenue collection… For example, there are local governments that have approved laws on tenement rates which could relieve them of their dependence on the monthly allocation from Federation Account, but many of them have adopted nonchalant attitude towards this revenue source.

Similarly, Moses, Stephen and Basil (2012) posit that local governments have been known to exhibit their inability to keep proper and adequate accounting records. In particular, many Chairmen and Councillors have little or no knowledge of the accounting systems in local

governments. To them, that should be left to the experts who are in short supply in local government. All these have combined with the relaxation of the erstwhile effective role of the States Local Government Service Commission to call local governments to order and prevent them from drifting away from the path of financial sanity.

The problems of internal revenue generation in the Nigerian local government system according to Egomwan (1984) are also

> compounded by the fact that the state governments have acquired the more lucrative, elastic and collectable revenue sources (e.g. water rates, motor vehicle license fees, form building plans), leaving local government with taxation with low ceilings revenue which are administratively and politically difficult to exploit in an environment where the vast majority of the people are poor, self-employed and dispersed in rural areas. The attitude of tax rate collectors in local governments also falls short of expectation.

From the above discussion, we have seen the reasons generally given for poor internal revenue generation in most local governments in Nigeria. The discussion shows that the local governments are partly responsible for the problem. The reason is because most local governments do not tap to the full, existing internal revenue sources. They seem to be more interested in the collection of the statutory allocations from the centre. This explains why most local governments have not taken pains to revise the relevant bye-laws that concern their internal revenue generation and collection to be in line with recent development or changes in the society.

Furthermore, most local governments in Nigeria today have become centres or fortresses of corruption. This problem was clearly highlighted in the News watch Magazine edition of December 20, 1993, captioned "Fortress of Corruption: Audit Report Indicts Local Government of Fraud and Corruption." In a seventy-four page audit report the following major issues were highlighted… all the Chairmen of the twenty-one local governments in a

particular state were pronounced guilty of financial irresponsibility; that the local government councils had become fortresses of financial malpractices…

The problem of internal revenue generation in the Nigerian local governments can be summarized as observed by Onyishi (1995) to include: "poor revenue assessment and methods of collection; paucity of technically trained and experienced revenue assessors and collectors, obsolete revenue by-laws, sheer fraud, uncooperative and uncompromising attitude and 419, sharp practices on the part of tax, rate, rate and fees payers (that is, the relevant public), inefficient supervision and control, and ineffective auditing system." The problem of poor internal revenue generation is also compounded by the socio-political environment of the local government system in particular and the Nigerian society in general, which is predicated on prebendalism.

2.2.4 Review of Empirical Studies

In a study conducted by Moses, Stephen and Basil (2012); on Analysis of options for Maximizing Local Government Internally Generated Revenue in Nigeria. They looked critically at the various sources of internal revenue in the local governments, problems of exploiting the various sources of revenue generation, and the reason why most of these sources remain untapped or under-tapped by the local governments in Nigeria. Their study discovered that:

There were reported cases of fraud and embezzlement during their fact-finding visits to a number of councils, particularly in market stillage fees. Apart from the wrong attitudinal orientation of the collectors, collection of revenue, for example, from timber which would have constituted a viable source of revenue for local governments was hampered by illegal felling of trees, inefficiency of staff and other constraints. Low level of training and the generally lazy attitude to work may also have accounted for poor collection of revenue.

Inadequacy and inaccuracy of data were reported as the major setbacks in the collection of tenement rate – a source which is particularly lucrative in the urban areas. They also found that rates and fees neither expanded with the growth of the economy nor with the rate of inflation. For example, some of the rates fixed in 1974 were still in force unrevised in many councils.

They said based on their experiences and available records, that the average revenue collector in the local government is corrupt. In fact, it is the corrupt practices of most revenue collectors that have denied the local governments opportunity to raise sufficient amounts of revenues from their different internal sources. It is the revenue collectors who in fact are largely responsible for the poor internal revenue generation; they collude with the members of the public, landlords, etc. to defraud and deny the local governments the revenue that should accrue to it. In most of our local governments today, corruption has taken different forms and dimensions, namely– endemic corruption, epidemic corruption, planned corruption, development corruption, among others. Therefore, corruption remained the most devastating single problem undermining efficient and effective internal revenue generation in Nigerian local governments today.

In reviewing the above study, one could deduce that they have depicted other factors and authenticated the ones adduced by scholars and practitioners as factors militating against internally revenue generation in Nigerian local governments and proffered suggestions for way forward. Consequently, they did not state the methodology and scope of the study, because studying 774 local governments in Nigeria is too large. They also concluded and generalized that an average revenue collector is corrupt. It is important to note that in every labour force there are

also honest and faithful ones. More so, the corruption may have been caused by inadequate incentive package, bad leadership, mismanagement and misappropriation of generated revenue.

Mustapha, (2012), conducted a study on: An Assessment of IGR of Local Governments in Kaduna State. His study aimed at assessing the revenue generation efforts of local governments with a view to determining the level of viability of the respective IGR heads. The methodology is thus: the study population include all the twenty three local governments in Kaduna state, Nigeria. Three local governments were purposefully sampled for the study through stratified random sampling from the three senatorial zones of the state, namely; Zaria Kaduna south and Jama'a local governments. Data used were generated from the annual Auditor's Report for Local Government from 2000-2005. The study revealed among other things that:

Over dependence of the local governments on the statutory allocation from the federation account have affected their efforts and initiations to look inward to adequately exploit their existing revenue source and to explore potential or new sources of revenue.The returns from the IGR of the local governments are significantly low yield.

Corrupt practices are prevalent in the operation and transactions of the local governments; the IGR inclusive.

Lack of proper accounting practices and book keeping have constituted a great hindrance to the financial progress of local governments.

Lack of qualified revenue personnel; political influence/interferences; and perception of the tax payers as; they see payment of tax of any sort as a meaningless act.

Mustapha study have done so much by discovering some of the hindrances to internal generation of revenue in Zaria, Kaduna South and Jama'a local government areas of Kaduna state from 2000-2005. However, 2005 to date is about a decade and this calls for the need to

conduct new study on IGR; to find out changes that occurred, and to authenticate his findings. It is also important to note that we are in computer era (Information and Communication Technology ICT age), which his study neglected, and also the issue of cattle tax need to be reverted since Kaduna state is part of Northern Nigeria which the preoccupation of the inhabitant is agrarian. So, couple with the need of time, this necessitates another study of this kind as IGR form the bulk of local government problem in Nigeria. Therefore, our study seeks to buttress.

Silas (2012), in his study: Over Dependence of Local Government on Statutory Allocations in Nigeria and its Impact on Development. he examined the impact of inappropriate harnessing of revenue sources towards development by local government, examining existing sources of local government finances and possibly exploring new avenues to increase their financial viability. The study employed largely documentary sources and personal observation for data collection, the Spearman's rank correlation coefficient was used to test the degree of relationship between internally generated revenue, statutory allocations and the level of development in local governments. His study found out that:

The implication of local government over dependence is viewed from the level of uncertainty. Nigeria being a petro-dependent economy with fluctuating oil prices and other sectors merely striving or simply non-existent could spell a dooms day should the 1980s situation of fallen oil revenue reoccur. If it so happens, with local government inability to raise user charges and other internally revenue sources, it will be difficult for them to execute development projects let alone pay their staff. Another level of uncertainty is with what the federal government will give them as their fair share from the federation account and since this is not consistent, it could seriously impinge the developmental abilities.

The second implication is that of autonomy. With the degree of overdependence on statutory allocations, local government cannot be said to be autonomous. This has eluded local governments for a longer period so much that they are unable to attain fiscal independence. This implies they are virtually left at the mercy of the Federal and State Governments.

Silas has pointed out the syndromes and consequences of local governments overdependence on statutory allocation from the federation account, the way its weaken and make local government relegate their internal source of revenue to be less important which make it remain low yield. He also correlated the relationship between the external and internal sources of revenue, the negative effects of the relationship and the looming danger of such effects.

Since IGR is sine qua non to local governments finance and its development, our study seeks to focus on IGR particularly the factors bedevilling it over the years.

Cynthia, (2010), the Problems of Effective Utilization of Revenue Available to Local Governments in Nigeria: a case study of Aninri Local Government Area of Enugu State. Her study focus on analysing the problem of effective utilization of revenue available to Aninri local government area. To ascertain the problems that confronts the council's administration in utilizing revenue for their services. To find out whether or not the revenue is adequate for the council's expenditure. In terms of methodology; the work used the total member of Aninri local government staff, which has the population of 380, Yamani formula was used to determine the sample size of 195. Questionnaire was used for data collection and was analyzed quantitatively using frequency table and percentage parameter. Her study discovered that:

The problem of effective utilization of revenue available to local government, in particular, Aninri local government is not in the hands of the federal and state government, but in the hands of those in the council especially those entrusted with the local government revenue.

One the problem that hinders the effective utilization of revenue available to local government is general laxity on the part of the finance department.

The level of development in Aninri local government is unsatisfactory, though the actual revenue is not up to the estimated revenue, but the available revenue is not utilized to produce the basic amenities for the indigenes of Aninri local government like good roads, electricity, pipe – bore water etc. Priorities are misplaced projects are done not according to or as demanded by the people.

Lack of accountability, embezzlement of the revenue by top officials, poor leadership, corruption, poor electoral body at the local level, late release of fund from the state government and inadequate skilled personnel's. All these problems hinder effective utilization of revenue available to local governments.

2.3 Theoretical Framework

The ideal of theoretical framework in this study is to use scholarly accepted scientific work to provide a kind of working guide or base for the analytical discussion of the subject matter, which will not only contribute to the rational understanding of the study but will greatly improve the level of accuracy of our scientific judgment. In these regard, this study will adopt the work of Adam Smith, (1776) in his book "the Wealth of Nations". Smith offered an important and appropriate principle which he called the Cannons of taxation" its elements include; equality, certainty, economy and convenience (cited in Ndan, 2013:84).

Cannon of Equality: This principle states that the subjects of every society have to contribute towards the support of government as much as possible in protection to their capacities. That is in proportion to the income which they individual enjoy under the protection of the state.

Cannon of Certainty: These cannon are proposed to protect the taxpayers from undue harassment from tax officials or their agents. The tax which each individual is bound to pay ought to be certain, and not arbitrary. The time to payment, the manner of payment, the quantity and or amount to be paid all ought to be clear and plain to the contributor and to every other person. Adam Smith contented that if a scope for arbitrariness exists then under such circumstances even honest tax machinery will be rendered unpopular.

Cannon of convenience: It is required that the mode and timing of tax should be as far as possible convenient to tax payers. For instance, the pay as you earn (PAYG) system is designed to make tax payment more convenient to the taxpayers. This cannon recommend that necessary trouble to the tax payers should be avoided otherwise various ill-effects may result from tax payment.

Cannon of Economy: Bearing in mind that every tax has an administrative cost for both assessment and collection, it is important that cost of collection should be minimal as possible. It will be very uneconomical and a waste of public funds to impose taxes which are too widespread and difficult to administer.

The foregoing conditions or cannon are definitely not an all-inclusive list of the requirements of good tax system but they none-the-less represent the major considerations around which tax policies are determined. Some have expressed reservations as to the relevance of Smith Cannons on the grounds that they were propounded in response to the conception of the state and its role in intrinsic merits of Smith professed. Without prejudice to these views, one finds the intrinsic merits of Smith's cannon overwhelming and very relevant to any social conception for the role of the state in the main stream of the economy and they remain therefore

very useful measures of the quality of any tax system (Cited in Ndan, 2013:84-86, Bhatia, 2012, Udeh, 2005:64-65, Oriakhi, 2004:145-148).

2.3.2 Relevance of Canon of Taxation to Evaluation of Internally Generated Revenue Efforts in the Local Governments

Cannon or principles of taxation serve as the theoretical framework of this study because;

It has been seen as one of the best criteria or a yardstick to be followed for smooth collection of taxes and rates from the tax payers. As such, when used on tax administration in local government, it will greatly improve the stock of internally generated revenue.

These principles will help to reduce waste in resources and this to some extend would reduce corruption in the local government tax administration.

These principles would also enhance the image of tax collectors, it will encourage tax payers, enhance cross-functional co-operation and information sharing and it will help to bring harmony to local government.

It also provides strategy on how tax would be administered at the right time and right place, by patriotic tax collectors as well as conducive atmosphere for such affairs.

This study therefore, accepts the principle of Adam Smith as its theoretical framework. In other words, an attempt will be made to see how Sabon-Gari and Giwa Local Governments are complying with these cannons of taxation towards the accomplishment of equity and fairness as well as bursting their internally generated revenue.

The tax structure is a part of economic organisation of thelocal governmentsand therefore fit in its overall economic environment. No tax system that does not satisfy these basic conditions can be termed a good one.However, the local governmentsshould pursue mainly the following principles in structuring their tax system:

i. The primary aim of the tax should be to raise revenue for public services.

ii. People should be asked to pay taxes and rates according to their ability to pay and assessment of their taxable capacity should be made primarily on the basis of income and property.

iii. Tax should not be discriminatory in any aspect between individuals and also between various groups.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Research methodology is the technique used in data collection and analysis. It is one of the most critical aspects of a research work because it determines the success of the study and provides the basis for drawing up inferences and conclusions. Therefore this chapter outlines and explains the methodology adopted in this study under the following captions; research design, population and sample size and sampling technique. Others are sources of data, administration of instrument, and method of data analysis. Finally, the chapter explained the reasons for adopting the tools in testing the validity or otherwise of the earlier hypotheses formulated in section one of the works.

3.2 Research Design

For the purpose of this study, the survey research method is adopted. This consists of the use of questionnaire and interview methods. The use of survey research can be justified on the ground that it will enables the researcher to generalize from a sample of a population so that inferences and conclusions can be made. This method focuses on population of the study in which data collected were used for intensive study and analysis. A sample from a subset of population is carefully selected to represent the characteristic of the population. This provides the opportunity to generalize the findings of the study for the whole population of the study.

This research is designed to evaluate the IGR efforts in Sabon-Gari and Giwa Local Government councils of Kaduna State. The dependent variables relating to the internally generation of revenue are IGR efforts, enormous yield of IGR and voluntary compliance by the tax payers while, the independent variables are taxable capacity of local governments, effective

strategy for collection and adequate provision of social services. These variables are qualitative variables that are collected based on perceptions of respondents. The perception of the respondents was expressed in quantitative terms. The responses of the respondents was measured based on five point likert scale of strongly agree, agree, disagree, strongly disagree and undecided as well as effective, very effective, ineffective, very ineffective and vague.

3.3 Method and Sources of Data Collection

This research work strictly use the data generated during the research to test the hypotheses. It is to be noted that both primary and secondary data are needed in every valid research. Therefore, both primary and secondary data were utilized in this study. This can be justified on the basis of its validity and reliability as the data obtained from the secondary sources complimented the one generated from the field.

3.3.1 Primary Sources of Data

This is the first hand data that was generated through field work by the researcher. Two major instruments were used in generating these data namely; questionnaire and interview. Through these, both qualitative and quantitative data were generated. The use of questionnaire can be justified on the bases of its reliability, convenience, preserving anonymity and lower rate of reactivity.

The questionnaires were structured in a close and open ended question for easier analyses. Two sets of questionnaires were employed to sample the opinions of both the staff two departments under study and local tax payers in Sabon-Gari and Giwa Local Governments.

The questionnaire was divided into three Sections (A and B). Section ‘A’ consists of questions relating to the respondents personal data such as; Gender; Age; Educational Qualification, Department, and Length of Service. Section ‘B’ of the questionnaire consists of

questions relating to the hypotheses. Sub-section I of this section relates to the first hypothesis H_0: IGR effort is not dependent on taxable capacity of local governments. Subsection II relates to the second H_0: That effective strategy for revenue collection in Local Government does not lead to enormous yield of IGR. Subsection III relates to the third hypothesis H_0: Inadequate provision of social services does not affect voluntary compliance by taxpayer significantly.

Also in order to obtain more information the researcher conducted structured interview by focusing on key individuals who have direct involvement and knowledge of the IGR and the activities of the local governments. The use of interview was to compliment the questionnaire and to enable the researcher to investigate further and make follow-up,to seek clarification to some of the responses given in the questionnaire, and to verify some of the answers given in the questionnaire which appeared doubtful on the basis of data collected and on-the-spot assessment carried out.

3.3.2 Secondary Sources of Data

This is the second hand data already generated and stored in texts, files or even in published form. The secondary sources of data used in this study include information from textbooks, journals, newspapers, and internet materials retrieved and reviewed. Others include official publications like Sabon-Gari and Giwa Local Government budgets, the Kaduna State Local Government Harmonized Laws on review taxes and rates and Model Financial Memoranda for Local Government. The data obtained from the secondary source is critical to this study because most of these documents will provide source of evidence to support data from the questionnaire and interview.

3.4 Population of the Study

The total population of this study includes all the staff (both senior and junior)and local tax and rates payers in Sabon-Gari and Giwa Local Governments. But for the purpose of this study, the research focused on two departments; finance and supplies department and budget, planning, research and statistics (BPRS) department. This is because they were directly involved and have an in-depth knowledge of IGR in the local governments and its activities. The populations of Sabon-Gari and Giwa local government staff of two departments under study are presented in table 3.1 below:

Table 3.1 Staff Distribution into Category

Local Governments	**Departments**	**Number of Staff**
Sabon-Gari	Finance and Treasury Budget, Planning, and Statistics	249 38
Giwa	Finance and Treasury Budget, Planning, and Statistics	138 15
Total		440

Source: Researchers computation from the records of Personnel Departments of the Local Governments (2015).

The populations of the local tax and rates payers were from two districts each inSabon-Gari and Giwa Local Governments as presented in table 3.2 below:

Table 3.2: populations of the local tax and rates payers from two districts

Local Governments	Sabon-Gari		Giwa		**Total**
Local Tax payers population characteristics	SabonGari District	Samaru District	Shika/ Giwa District	Fatika District	
Retailers	50	35	35	30	150
Rate Payers	50	35	30	15	130
Entrepreneurs	30	40	30	25	125
Farmers	25	20	50	55	150
Drivers	25	15	15	10	65
Markets women	50	45	30	15	140
Total	240	200	180	140	760

Source: Researchers Computation from the Field Survey, (2015).

Therefore the total population of the study is = total staff population 440 + total local taxpayers population 760 which is = 1200. It is not ideal to conduct research on large population; therefore, the idea of sampling comes to play in which case a certain portion of the entire population will be selected to represent the whole population.

3.5 Sampling/Sample Size

Sampling is the process of drawing sample size from the total population. In determining the sample size needed to be representative for the total population of this study, the "Small Sample Techniques'' presented by Krejcie and Morgan (1970) was adopted as thus:

$$S = \frac{X^2NP(1-P)}{d^2(N-1) + X^2P(1-P)}$$

Where:

S= Sample size

X^2= Table value of chi square at degree freedom (df) = 1 for desired confidence 0.05=3.48

N= Population Size

P= Population Proportion (assumed to be 0.50)

d= degree of accuracy (expressed as a proportion). Assuming standard error= 0.05%

$$\mathbf{S} = \frac{3.84 \times 1200 \times 0.50(1-0.50)}{(0.05)^2(1200-1) + 3.84 \times 0.50(1-0.50)}$$

$$\mathbf{S} = \frac{1152}{3.96}$$

S = 290.90

Therefore the sample size for the study is 290, this further subdivided given 87 representing 30% of the sample size to staff, 203 representing 70% to local taxpayers

The details of the sample size for the respondents are presented in the table 3.2 below:

Table 3.3 Staff Distribution Base on Sample Size

Departments	**Sabon-Gari**	**Giwa**	**Total Sample Size**	**Percentage**
Finance & Treasury	35	25	60	69.0%
Budget, Planning, & Statistics	17	10	27	31.0%
Total	**52**	**35**	**87**	**100%**

Source: Field Survey by the Researcher, (2015)

Table 3.4: **Sample Size distribution** of the local tax and rates payers two districts

Local Governments	Sabon-Gari		Giwa		**Total**	**Percentage**
Local Tax payers population characteristics	Sabon- Gari District	Samaru District	Shika/ Giwa District	Fatika District		
Retailers	15	10	15	10	50	24.6%
Rate Payers	10	5	10	5	30	14.8%
Entrepreneurs	10	5	5	5	25	12.3%
Farmers	10	8	15	10	43	21.2%
Drivers	5	4	3	3	15	7.4%
Markets women	15	10	10	5	40	19.7%
Total	**65**	**42**	**58**	**38**	**203**	**100%**

Source: Field Survey by the Researcher, (2015)

Sample size indicated above, was selected for convenience and effective conduct of the study. Thus, the study took the percentage as indicated in the table above to arrive at representative sample size. The choice of these percentages is for convenience because the researcher considers the staff of the two departments and the local taxpayers relevant to this study.

3.6 Sampling Technique

This study adopted the purposive sampled through stratified random sampling technique of probability sampling method for staff because the population under study is known. The staff of two departments were purposivelysampled, stratified into senior and junior then randomly

selected as presented in table 3.3 above. These departments have access to important information on revenue and expenditure figures and the related issues surrounding local government finances. The choice of this technique is basically to avoid bias or absence of systematic variance. In these samplings, every subject in the population is given equal and independent chance of being included in the sample.

Multi-stage sampling selection process was usedto sample the opinions of tax payers,involving cluster, simple random and systematic sampling methods. Selection of local government areas for the research was the first stage of the sampling process. The study locations selected in the second stage consist of two districts from urban areas and two districtsfrom rural areas. In the third stage of selection, local taxpayers were sampled with systematic sampling techniques

Sabon-Gari Local Government being a fairly metropolitan setting with heterogeneous urban characteristic is made up of four districts namely: Sabon-Gari, Hanwa, Samaru and Basawa districts, two districts were selected: Sabon-Gari and Samaru districts. Giwa Local Government has a distinctive homogeneous rural agricultural settlement and is made up of two districts: Giwa/Shika and Fatika districts and both were selected.The selection was influenced by the adequacy or inadequacy of local government development projects or services, revenue yielding ventures and other social and economic infrastructures.

The Sabon-Gari district has distinctive dynamic growth, potential, where urban structures, metropolitan spill-over, and rural development generally envisions the settlement. New migrants who are generally more highly skilled and educated than the host community begin to transform the area. The economic centre often shifts from agriculture to industry or

services. Dynamic growth communities have the resources to innovate, and they face lower relative risks with program innovations.

Samaru district represent environment which has a distinctive characteristics. This district is confronted with the migration of more into the area, but the new migrants generally fall into the poorer and less productive categories, so that population growth has a distinctly negative impact on the financial health of the community. These communities are faced the choice of selecting from such policies as extracting more revenues, reducing service levels, or discriminating among some population categories in the distribution of services.

Giwa/Shika could be described from different angles. The district represents a situation in which the proper elements of the population leave, thereby raising overall mean incomes. The district can also represent a situation in which a segment of thee population enjoys a rapid improvement in income (in the case of agricultural activities), or the district may be experiencing high, but temporary, income increases in economically homogeneous areas due to rising price levels for the community's dominant commodities.

Fatika district signifies that kind of rural community with a sparse population and little income sources (mainly peasant agricultural economy). Such community may be faced with greater needs and less revenues with which to meet those required needs.

3.7 Instrument of Data Collection and its Administration

A total of 290 questionnaires were administered to both junior and senior staff in the finance and treasury department and budget, planning, and statistics department and the local taxpayers in Sabon-Gari and Giwa Local Government as indicated in the table 3.3 and 3.4 above with the aid of research assistants. 87representing 30% of the questionnaires were administered to staff,giving Sabon-Gari Local Government, 60 questionnaires to junior and senior staff for

responses, while for Giwa Local Government 27 questionnaires were administered to the representative sample size for their respective responses and 203 questionnaires representing 70% were alsoadministered to local taxpayers.

The questions on the questionnaire were used to elicit responses from the respondents on the IGR efforts, effective strategy for revenue collection and enormous yield of internally generated revenue. Others include the taxable capacity of local government, adequate provision of social services and voluntary compliance by taxpayers. The responses of the respondents was measured based on five point Likert scale of agree, strongly agree, disagree, strongly disagree and undecided; and effective, very effective, ineffective very ineffective and undecided etc.

However, a total of eight (8) interview were also conducted. The interviewees were purposively selected from the departments under study in SabonGari and Giwa Local Government. Two respondents from each department; one Senior Staff and one junior staff, making the total of eight (8) for the two Local Governments, were interview by the researcher. The type of information generated from was basically the same as the ones from the questionnaires. The researcher spends the period of one month for both questionnaire administration and interview.

3.8 Method of Data Presentation and Analysis

Both descriptive and inferential statistical tools of analysis were employed for the test of the hypotheses earlier postulated in chapter one through the use of SPSS version 16.0. The descriptive statistical tools used in this study include frequency tables, simple percentages, average mean score, as well as in analyzing and interpreting the data collected.

The study also adopted the Chi-square distribution as an inferential statistical tool to statistically test the hypotheses postulated. The choice of this tool can be justified on the ground

that it measures the relationship between variables of interest. Chi-square is a non-parametric tool and it is used to measure the level of discrepancies between the observed and the expected frequencies. The formula for calculating the chi-square is:

$$X^2 = \sum \frac{(O-E)^2}{E}$$

Where: $\mathbf{X^2}$ is the Chi-square

Ois the Observed Frequency

Eis the Expected Frequency

$\sum$ is the summation

Source: (Anyadike, 2009:40-48**)**

The expected frequency is usually calculated by multiplying the column total by the row total and then dividing the result by the grand total for each cell. Thus;

$$E = \frac{CT \times RT.}{GT}$$

The level of significance measures the degrees of risk that will assign to committing type one or type two errors. Thus where 0.05 (5%) level of significance is used, it means there is 95% assurance of not committing any of the error. Hence the level of significance used for this research is 0.05 risking just 5% of the test result which will also give a high chance of validity.

In order to also pick appropriate value in the test procedure, a minimum allowance must be given in a number of data and this is what degree of freedom stands for. Therefore degree of freedom is a number of allowances given within the sample and it is calculated as (R-1) (C-1) **(**Anyadike, 2009:40-48**)**.

Decision Rule

The decision rule states that: if chi-square calculated (computed) value is greater than chi-square critical (tabulated) value, the null hypothesis should be rejected but if otherwise it should be accepted.

Therefore, the earlier formulated hypotheses stands to be rejected if chi-square calculated is greater than chi-square tabulated at 5% level of significance but it shall be accepted if the result shows otherwise.

CHAPTER FOUR

OVERVIEW OF THE KADUNA STATE LOCAL GOVERNMENTS IGR STRATEGY

4.1 Introductions

This chapter discusses the activities of the Kaduna State Local Governments IGR strategy under the following captions: rates and levies payable, distinction between the old and the new Kaduna State Local Governments IGR Laws, revenue collection duties and responsibilities, collection and receipt of revenue, receipt forms and their distribution, procedure for handling shortages, counterfeit or obsolete currency, cheques and refunds. It also discussed control of receipt and other revenue earning book etc. and lost of funds or revenue-earning books.

4.2 Rates and Levies Payable

Section 4(1) of KD.S Law No. 6 of 2014 states that from the commencement of this law, no rate or levy shall be payable to a Local Government Councils in the state except those contained in the schedule hereto (See Appendix V). Subsection 2 further states that each local government council shall display at a conspicuous place in all the revenue offices of the local government council a chart showing the approved collectible rates and their expected time of payment.

4.2.1 Establishment of Local Government Revenue Committee

Section 5(1) of KD.S Law No. 6 of 2014 provides that there is hereby established for each local government area of the state a Committee hereinafter referred to as "The Local Government Revenue Committee". Subsection 2 states that the Local Government Revenue Committee shall comprise of the following members;

a) Councillor in charge of Finance as Chairman

b) Three Local Government Councillors and;

c) Two other persons experienced in revenue matters to be appointed by the Chairman of the Local Government Council on their person merits.

4.2.1.1 Functions of the Local Government Revenue Committee (LGRC)

Section 6(1) of the Law states that the local Government Revenue Committee shall be responsible for the collection of all the levies, fines and rates under its jurisdiction and shall account for all revenue so collected in a manner to be prescribed by the Chairman of the Local Government Council. Subsection 2 further states that the LGRC shall be autonomous from the Local Government Council Treasury and shall be responsible for the day to day activities of the department which forms its operational arms.

4.2.2 Establishment and Composition of State Joint Revenue Committee

Section 7 of the Law states that there is hereby established in the state a Committee herein referred to as "State Joint Revenue Committee" which shall be comprised of the following members;

a) Chairman of the State Board of Internal Revenue as Chairman

b) Chairmen of the Local Government Revenue Committees

c) A representative of the Ministry for Local Government who shall not be below the rank of a director.

d) A representative of Revenue Mobilization Allocation and Fiscal Commission.

e) The State Sector Commander of the Federal Road Safety Corps

f) A representative from the department on Local Government Planning from the Ministry of Economic Planning not below the rank of a Director and

g) A Secretary to be appointed from the State Board of Internal Revenue

4.2.2.1 Functions of the State Joint Revenue Committee

Subsection 8 of the law outlined the functions of the committee as follows;

a) The State Joint Revenue Committee shall carry out periodic review of the rates and levies charged and categorization of the local government areas into Urban Ward, Semi Urban and Rural Ward categories every three (3) years and ensure that the differences amount chargeable by the Local Government Councils in respect of any such scheduled rate or levy are minimized.
b) Implement decision of the Revenue Committee
c) Advice the Revenue Committee on the modalities, functions and other matters related to revenue collections.
d) Harmonies revenue administration in the state
e) Enlighten members of the public, generally on Local Government revenue matters and
f) Carry out such functions as may be assigned by the Local Government Council

4.2.3 Powers of Revenue Collectors

Section (12) of KD. S Law No. 6 of 2014 provides that Revenue collectors shall have the power to enter into any premises between the hours of 8.00 a.m. and 6.00 p.m. for the purpose of demanding and collecting rates and levies on behalf of the Local Government Council.

4.2.4 Payment

Section 13(1) states that all persons to whom this law applies shall pay to the Local Government Council all rates and levies as prescribe in the schedule hereto:

a) Within sixty (60) days after the service of an assessment notice on him in respect of rates and levies due to be paid annually
b) Within five (5) days from the beginning of every month, in respect of rates and levies due to be paid monthly;
c) Immediate in any other case

Meanwhile, subsection (2) reiterates that all payments may be made by way of electronic systems.

Section 14 states that upon request by a revenue collector, it shall be the duty of every person who has paid a rate or levy to show evidence of such payment to the revenue collector.

Section 15 states that upon payment of a rate or levy, revenue collectors shall issue a receipt or any other instrument in the form authorized by the local government council.

Section 16 states that the local government councils may institute recovery action through their legal departments or by employing the services of legal practitioners against defaulters at the revenue courts or any competent court for the purpose of enforcing the collection of rates and levies.

4.2.5 Offences and Penalties

Section 17 (1) states that any person who;

a) Fails to comply with the requirements of a notice served upon him under this law; or
b) Without sufficient cause, fails to attend in answer to a notice or summons served on him under this law, or having attended fails to answer any question lawfully put him, commits an offence under the law.

Subsection (2) states where an offence has been committed under this law by an incorporated or unincorporated organisation, every director, manage or other employee of the organisation who is responsible for the default also commits an offence.

4.2.6 Fines

Section 18 (1) states that any person who contravenes the provisions of this law as aforesaid shall be liable on conviction;

a) For the first time, to a fine not exceeding five thousand Naira (₦5,000.00) or to imprisonment for a term not exceeding one (1) month or both.
b) And for each subsequent time, to a fine not exceeding ten thousand Naira (₦10,000.00) or to imprisonment for a term not exceeding three (3) months or both.

Subsection (2) further reiterates that in addition to the penalties imposed above, rates or levies shall be regarded as a debt to the local government council and shall be recoverable as such.

4.2.7 Unauthorized Collection

Section 19 states that any person who;

a) Collects or attempts to collect any rate or levy that is not listed in the schedule to this law; or
b) Collects or attempts to collect ant rate or levy without due authority and identification or
c) Mounts a roadblock or causes a road or street to be closed for the purpose of collecting any rate or levy, commits an offence and shall be liable on conviction to a fine of fifty thousand Naira (₦50, 000.00) or imprisonment for three (3) months or both.

4.2.8 Enforcement

Section 21(1) of KD.S Law No. 6 of 2014, states that without prejudice of any law on jurisdiction of courts, the revenue courts shall have jurisdiction to entertain all cases under this law. The chief judge may establish mobile revenue courts for the purpose of enforcing the provisions of this law where he is requested to do so by a local government council.

Subsection (2),(3),(4), in entertaining a case of default, the revenue court shall have power to order the sealing off of any premises, impounding, seizure or confiscation of any moveable property from a defaulter for the purpose of recovering a defaulted rate or levy.

The local government councils may employ the services of law enforcement agencies to enforce this law. Meanwhile, nothing in this law shall be construed as prohibiting a local government council from enforcing penalties stipulated for breach of its Bye law or charging fees as may be approved by the State Joint Revenue Committee for the use of Local Government Council properties, public utilities established and maintained by the Local Government Council, or services rendered by the Local government Councillors its officials to particular persons.

4.3 Distinction between the Old and the New Kaduna State Local Governments IGR Laws

Distinction between the old and the new Kaduna State Local Governments IGR Lawswas made to see the workability or lacuna of these laws. These are presented in the table below:

Table 4.1: Distinction between the Old and the New Kaduna State Local Governments IGR Laws

	Items	Old Law	New Law
1	Law	23 different by laws	Old harmonized law
2	No of Rates/ Charges	Between 200 and 250 per LGC	Reduced to 20 items in line with the provisions of the laws
3	Basis	No legal basis	The constitution/tax laws
4	Revenue administrative structure	No provision	Provides for structure
5	Collection system	Mostly by cash	e-payment/DBLS

6	Demand notice	Multiple	Consolidated demand notice
7	Objection to assessment	No provision	Provides for objection to assessment by taxpayers
8	Funding of revenue collection	No provision	Provides for 3-5% of revenue collection as incentive and for funding of operation
9	Provision for service to taxpayers	No provision	Provides for 30% of the total revenue
10	Road block	No provision	Prohibits mounting of road blocks for revenue collection
11	Use of consultants/lease of revenue collection	No provision	Prohibits the use of consultant in revenue assessments and collection
12	Tenement rate	Single rate of 5% for both commercial and residential properties	A new regime as follows: Commercial properties: 0.5% Residential properties: 0.25% Telecom mast: ₦100,000
13	Information and complaint system	No provision	Provides for the establishment of complaint/information office
14	Classification of the local governments	No provision	Classification of the local governments wards into urban, semi-urban and rural

Source: KadunaState Local Governments Revenue Harmonized Law (2007-2014),KD.S Law No. 6 of 2014.

4.4 Revenue Collection Duties and Responsibilities

4.4.1 Duties of the Executive Committee – FM 1.4-1.7

To examine proposals and to submit recommendations to the Local Government Council, as and when necessary, in regard to;

i. Checks as are necessary to satisfy itself that the local government revenue are being promptly collected and accounted for
ii. General supervision over…the financial management of the affairs of collection of revenue
iii. Ensure that all revenue are promptly collected and brought to account

Ensure that Board of Survey or Board of Enquiry are appointed on;

i. Revenue earning book in accordance with the provisions of FM 7.15
ii. That appropriate disciplinary action is taken against any individual held personally responsible for failing to collect revenues for which he is responsible.

The Executive Committee will meet each month to examine the following statements and reports which the committee will require to be laid before it:

i. The bank reconciliation statement as at the end of previous month
ii. The revenue collectors chart
iii. A report on the checking of the accounts of revenue collectors and any irregularities in regard thereto;
iv. A report on the checking of revenue earning books;
v. A statement showing progress in the collection of revenue under the various main head as compared with the estimated amounts.

4.4.1.1 The Finance and Supply Department will be Responsible for FM 1.8

1. Seeing that all revenue due to the local government
2. Is collected promptly and
3. Properly paid into the local government funds.

4.4.1.2 The Chairman of the Local Government FM 1.10 (9)

It shall be the duty of the Accounting Officer of the Local Government to establish and maintain an internet Audit Unit to provide a complete and continuous audit of the accounts and records of revenue.

4.4.1.3 The Treasurer (Director Finance and Supply) FM 1.13

The treasurer will be responsible for ensuring that;

i. All revenue due are collected promptly and paid into LG funds

ii. Proper provision exists for the safe custody of the local government securities, revenue earning books, stores and other physical assets.

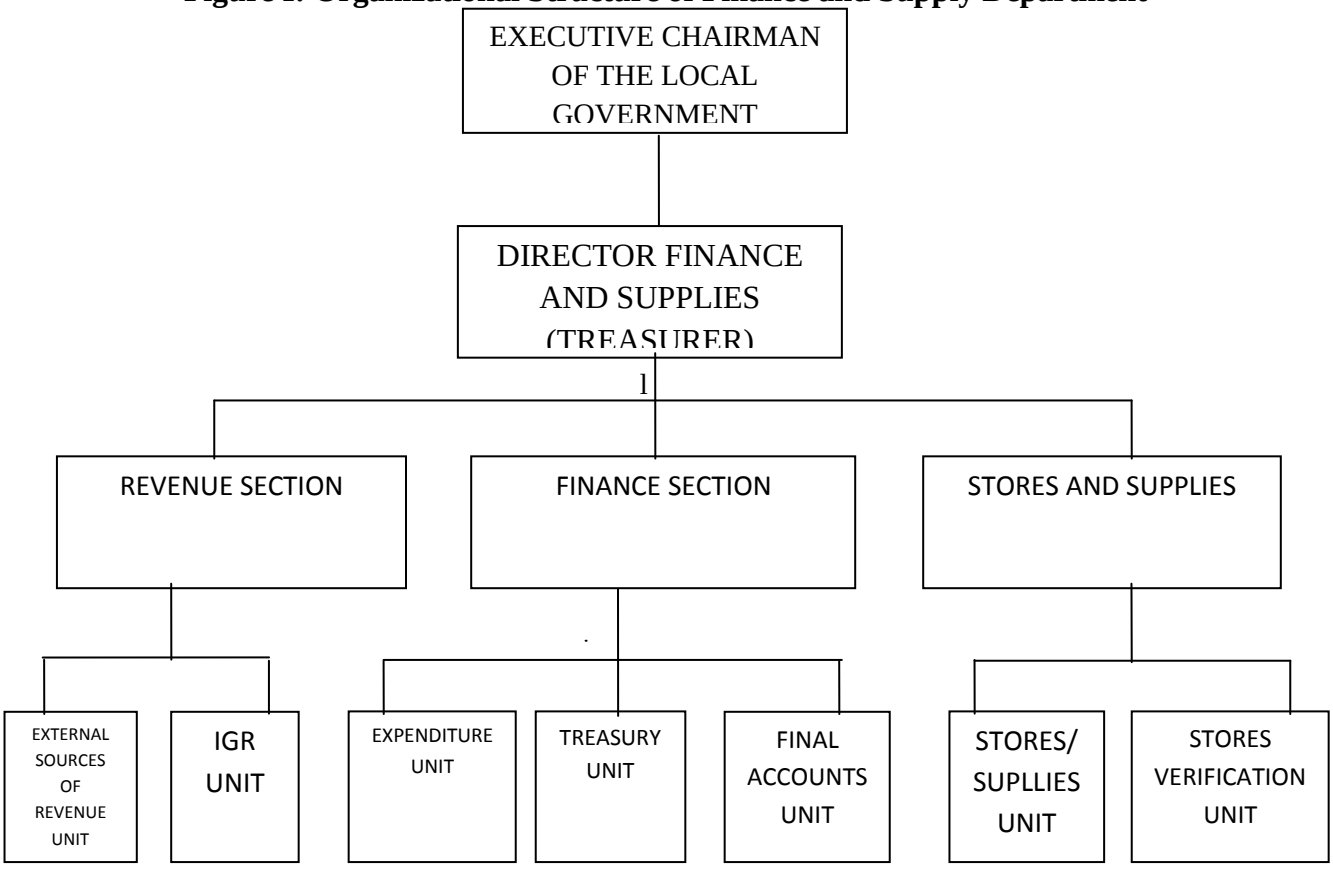
iii. The accounts of all revenue collectors are checked as often as possible and in any case at least once a month.

iv. Maintenance of revenue collectors chart showing the names of all revenue collectors;

v. Any indication that the revenue is likely to fall short of approved estimate

vi. All revenue officers in the local government are under the treasurer and shall render returns to him in accordance with these financial memoranda and other existing regulations.

Figure I: Organizational Structure of Finance and Supply Department



Source: Kaduna State Local Government Service Commission (2015)

4.4.2 Duties and Responsibilities of Revenue Collectors- FM 1.22

1. To keep such books and accounts and other records prescribed by the FM and the treasurer to ensure that all revenues to the LG are collected in full
2. To collect promptly all sums due to the local government
3. To report to his immediate superior, any instances of default in payment
4. To Issue, immediately on payment, receipts or licences in the prescribed form.
5. To record in a revenue collector's cash book details of all receipts of revenue and the payment of all receipts of revenue collections to the treasury or bank;
6. To keep all his revenue earning books under lock and key when not in use

7. To pay all revenue collected into the treasury or bank at intervals prescribed by the local government
8. When required to do so, to present all his revenue earning books, account books and cash to the person responsible for checking his accounts
9. To submit used, partly used and unused revenue earning books, licence books and cash to the person responsible for checking his account.
10. To return all exhausted revenue earning books to the official from whom they were received.

4.5 Collection and Receipt of Revenue

4.5.1 Responsibility of Revenue Collection FM 6.1

All revenue and other monies due to a local government shall be received either by the cashier in the treasury or by a revenue collector

4.5.1.1 Appointment of Revenue Collectors FM 6.2

A local government shall appoint in writing such employees as it thinks fit to be revenue collectors for the local government, to discharge the duties and responsibilities set out in FM 1.20.

4.5.1.2 Payment of Revenue into Treasury or Bank FM 6.3

At intervals prescribed by the Executive Committee or immediately when the maximum sum prescribed by the Executive Committee is held by him, a revenue collector shall pay all local government monies he has collected into the treasury or if so authorized in writing by the treasury, into the nearest branch of the local government bank. Where such authority is given, it shall

i. Specify the name and branch of the bank at which payment is to be made;

ii. Direct the revenue collector-

    a. To record separately on the bank paying-in-splits details of every cheque received by him as revenue

    b. To enter against each cheque show on paying-in-slip, the number of the receipts issued by him when the cheque was received.

4.5.1.3 Responsibility for Making Payment FM 6.4

Payment to the bank by a revenue collector and the handling of the receipted bank paying-in-slip to the treasury cashier will be made by him personally or by his accredited representatives. Payments direct to the treasury cashier must be made by;

i. The revenue collector himself or

ii. An accredited literate representative

The receipt issued by the cashier may be signed by the payer.

4.5.2 Recording of Revenue Collection FM 6.5

The revenue collector shall record all collectors made by him in a revenue collector's cash book (Form LGT 15A). The revenue collector's cash book shall:

i. Be kept in a bound volume

ii. Have a separate page for each type of revenue

iii. Show the date of receipts, receipts number from whom received, amount and daily total

4.5.2.1 Revenue Collectors Summary Cash Book (Form LGT 16) FM 6.6

Before making payment to the treasury the revenue collector shall;

i. Total the receipts under each type of revenue as shown in the cash book and

ii. Insert such tools in a revenue collectors summary cash book (Form LGT 16) recording the under mentioned information:

   a. Date

   b. Type of Revenue

   c. Number of receipts issued since last payment (first and last receipts to be quoted for each type of revenue)

   d. Total amount for each type of revenue

   e. Grand total of all revenue collected

4.5.2.2 Checking of Revenue Earning Books by the treasury Cashier FM 6.7

When making payment s or presenting to the treasury a paying-in slip, the revenue collector shall produce all receipt books, his revenue collectors cash book and revenue collectors cash book and revenue collector's summary cash book. The treasury shall then:

i. Check the cash or paying-in-slip handed over by the revenue collector against all the records so produced.

ii. When the cash or paying-in-slip has been reconciled with the records, date, stamp and sign the duplicate of counterfoil of the last receipt issued in each receipt book.

iii. Prepare a treasury summary receipt on form LGT 18, the original of which will be posted on the appropriate page of the revenue collectors summary cash book.

4.5.3 Revenue Collector Cash Book FM 6.8

The revenue collector shall record collections made by him in a revenue collector's cash book (LGT 15A) or where more than one type of revenue is collected in a columnar revenue collector's cash book on Form LGT 15B.

The Revenue Collectors Cash Book shall;

i. Be kept in original and duplicate
ii. Be entered in indelible ink/pencil, using double sided carbon to make the duplicate

4.5.3.1 Presentation of Paying-in-slip and revenue classification slips to cashier FM 6.9

When paying cash to the treasury or presenting to the treasury a paying-in-slip in respect of a cash paid direct to a bank, a revenue collector shall;

i. Hand his revenue collector's cash book ruled and cash after his last entry to the cashier
ii. In the case of a revenue collector who is paying in more than one type of revenue, he shall also hand to the cashier a complete revenue classification slip on Form LGT 19.

4.5.3.2 Procedures to be followed by the cashier FM 6.10

The cashier in the treasury receiving a remittance from a revenue collector shall;

i. In the case of a direct payment, count the cash and cheek that it agrees with the amount shown to be paid in according to the revenue collector's cash book or where a bank teller's slip is presented, check that the amount shown on it agrees with the amount shown to be paid in accordance with the revenue collector's cash book, and that numbers of the receipts issued have been entered as required by Financial Memorandum 6.3 (b)
ii. Immediately issue a treasury receipt (Form LGT 17) for the amount paid in and hand the original to the revenue collector.
iii. Where relevant, check the revenue classification slip (Form LGT 19)
iv. Detach and retain the original pages of the revenue collector's cash
v. Book

vi. Where relevant, paste a copy of the revenue classification slip to his own copy of the receipt.

4.5.3.3 Additional Procedures to be Followed FM 6.11

The following additional procedures shall be followed:

i. The original pages from the revenue collector's cash book, detached in the treasury shall be filed for audit and record purposes.

ii. A separate file shall be opened in respect of each revenue collector

iii. The revenue collector shall paste the original copy of the treasury receipt by the cashier in his revenue collector's cash book.

4.6 Receipt Forms and their Distribution

4.6.1 The Forms of Receipt to be issued by a Local Government shall be as Follows:

Form No.	Description
LGT 17	Treasury Receipt
LGT 18	Treasury Summary Receipt
LGT 19A	Departmental Receipt
LGT 20	Departmental Summary Receipt fixed

4.6.2 Procedures for using Form 6.13

The form shown in financial Memorandum 6.10 shall be used as follows;

- The treasury receipts on form LGT 17 must be prepared in triplicate;
    i. The original being handed to the payer
    ii. The duplicate detached as the treasury receipt voucher and the

iii. Third copy retained in the receipt book.

- The department receipt on form LGT 19A will be issued by revenue collectors for all payments made to them except when specific or fixed fee receipts are available for the particular type of revenue
- Form LGT 19A must be prepared in duplicate, the original being handed to the payer and the duplicate retained in the receipt book
- Where appropriate, a treasury summary receipt prepared in triplicate on form LGT 18 shall be issued for payment made by a revenue collector to the treasury
    i. The original being handed to the revenue collector
    ii. The duplicate detached as the treasury receipt voucher and the
    iii. Third copy retained in the receipt book. However,
    iv. The treasury will not issue form LGT 18 where the revenue collector himself has already issued a departmental summary receipt to another revenue collector in such cases
        a. The revenue collector will be issued with a treasury receipt on form LGT 17 and
        b. The duplicate copy of the department summary receipt issued by him will be attached to the treasury receipt voucher (the duplicate copy of the treasury receipt)
- Where payment are made by the revenue collector to another for example, fees collected by a village head and paid to a district head;
    i. The receiving revenue collector shall issue a department summary receipt in triplicate

ii. The top copy shall be handed to the revenue collector making the payment, the duplicate to the local government cashier when the receiving revenue collector is paying the money at the treasury and

iii. The third copy retained in the receipt book

- Fixed fee printed receipts shall be used for
  i. Market or motor park fees or
  ii. Other revenues of fixed amount accruing to the local government.
- A fixed fee printed receipts shall be dated when issued and the revenue collector must properly account for the numbers of all fixed fee receipts which he issues
- Tax receipt of various types shall be issued sorely for tax and rate revenue on the basis of the procedures set out in financial memorandum 10, 11 & 12
- Where authorized to do so by the executive committee, a local government may issue machine printed receipts for specified types of revenue.

4.6.3 Preparation and Issue of Receipt FM 6.14

The under mentioned procedure shall be followed when issuing receipts or licenses

i. Receipts and licenses must be completed in indelible pencil or ball point pen and double sided carbon paper used to make copies.

- Receipts must be issued in strict numerical order and a separate receipt issued for each individual payments
- All receipts other than machine printed receipts and certain fixed fee receipts shall be signed by the receiving official and where possible by the payer where, however, the payer is illiterate the receipt should be signed by a witness other than the receiving officer.

- In no circumstances shall an alteration be made to the amount of money shown on a receipt, whether to the words of figures. If the amount of money shown on a receipt, whether to the words or figures. If the amount is incorrectly entered, the original and all copies of the receipt shall be marked “cancelled” in red ink, left in the receipt book and a new receipt or license issued.

4.7 Procedure for Handling Shortages, Counterfeit or Obsolete Currency, Cheques and Refunds

4.7.1 Procedures for handling shortages, obsolete and counterfeit money 6.14-6.16

If money tendered by a payer is short of the state amount or includes obsolete or counterfeit currency, the revenue collector must

i. Take up the matter at once with the payer and

ii. Also if possible a witness

If shortages are found in the amounts actually received by the treasury cashier the following procedure will be followed;

i. The treasury receipt or treasury summary receipt must be made out for the full amount stated to be remitted.

ii. The full amount shown on the treasury receipt or treasury summary receipt will be debited in the cash book and credited to the appropriate revenue sub-head.

iii. A payment voucher will be made be out for the amount of the deficiency debiting a personal advance account in the name of the revenue collector or other person and crediting the cash book.

iv. The treasury must formally notify the amount of the deficiency to the revenue collector for other person concerned and to the executive committee. The procedure regarding losses of funds as set out in financial memoranda chapter 8 will then apply.

4.7.2 Payment on Account FM 6.17

Payment on account should not be accepted for amounts of less than N10.00 due to the local government. For larger debts, if a payment on account is accepted, the receipt should be made out for the amount is accepted the receipt should be made out for the amount paid and clearly marked on account only.

4.7.3 Acceptance of Cheques FM 6.18

Cheques drawn on banks in Nigeria other than cheques drawn by individual may be accepted in payment of amounts due to the local government provided that the revenue collector has no reason to suspect the standing of the drawer or that the cheques might not be met.

4.7.4 Examination of Cheques FM 6.19

Cheques must be carefully examined to ensure that before acceptance:

ii. The cheques is made out to "the……local government" and crossed;

iii. The cheques in signed by the drawer and the name and address of the drawer is written in block capitals on the back of the cheque (unless his name is printed on the front of the cheques)

iv. The cheques is not post-dated. The acceptance of post-dated cheques is forbidden

v. The cheques is not dated earlier than two months before the date on which it is presented.

vi. The amount in words and figures agree

vii. Any alteration on the cheques is signed in full by the drawer

viii. The cheques is marked “commission to drawer’s account” and signed in full.

4.7.5 Endorsement of cheques before payment into bank FM 6.20

Before they are paid into the bank, cheques must be suitably endorsed by an official of the local government so authorized by the local government.

4.7.6 Refund 6.21

- Revenue or other monies overpaid or incorrectly received must be refunded
- To the payer as soon as possible
- Refunds to revenue should not be treated as expenditure but deducted from the relevant revenue head and sub-head.
- The deducted should be made in the year in which the refund is made regardless of the year in which the refund is made, regardless of the year in which the revenue was collected.
- Where however, a refund is made in respect of a revenue item no longer collected, the refund should be charged to head 1008 sub-head 2 recovery of losses and overpayments.

4.7.8 Treatment of Excess Revenue FM 6.22

Excess discovered in the hands of revenue collector during an examination of their record should not be refunded to the revenue collector.

i. But placed on deposit account or

ii. Credited to revenue head 1008 sub-head 4-unclaimed deposits until the revenue collectors book have been scrutinized and the cause of the excess identified.

4.7.9 Recurring Items of Revenue FM 6.23

Where revenue becomes due to the local government as recurring fixed intervals, for example rent on plot fees.

i. A register of recurring must be kept by the appropriate department
ii. The register shall be kept on Form LGT 21 for revenue which becomes due each month and
iii. On form LGT 22 for revenue receivable on an annual basis
iv. The 'remarks' columns in the two registers will be used to record
    a. Dates when demand notes or reminders are dispatched to the debtor
    b. Where appropriate the dates when special reports concerning outstanding amount are submitted to the Executive Committee.

4.8 Control of Receipt and other Revenue Earning Book Etc.

4.8.1 Receipt Book Register FM 7.1

- A receipt book register on form LGT 24 shall be kept by the treasury to
- Record the receipt of all revenue earning books
- The issue of such books to officials of the local government
- The ultimate return of the books to the treasury and their final disposal

4.8.2 Ordering and Receipt of Revenue-Earning Books FM 7.2-7.4

- A separate folio of the receipt book register shall be maintained for each type of receipt.
- As far as possible, entries should be so arranged that all receipts of one particular type of receipt book may be concentrated in one section of the register.

- An index must be prepared giving ready reference to the pages on which various types of receipts books are recorded.
- Receipt and other revenue-earning books must only be obtained from sources including the government printer, notified by or approved by the local government.
- No order for the printing or purchase of receipt or other revenue-earning books shall be placed without the express authority of the Executive Committee
- When such authority has been given a copy of the order issued by the treasurer shall be sent to the Internal Auditor and the Auditor –General.
- The order shall direct the supplier to forward copies of the delivery notes containing full details of the printed receipts direct to the Internal Auditor and the Auditor-General.
- When new stocks of books are received, they should be examined at once with the issue or consignment note forwarded by the supplier
- Details of each book entered separately in columns 1-4 of the receipt book register
- Details of the actual receipt must be sent to the Auditor-General
- The Auditor-General and the Executive Committee must be informed of any discrepancies between the note and quantities actually received.

4.8.3 Issue of Revenue-Earning Book FM 7.5-7.7

- Only one revenue-earning book in respect of each revenue item should be issued at a time when the previous book is returned, fully used.
- Where this arrangement is not practicable issues should be limited to the quantity of books needed for the probable collections over the ensuring month.
- All issues of revenue-earning books must be in strike numerical sequence
- The details being recorded immediately in column 5,6 and 7 of the receipt book register

- The name of the recipient will be entered in block letters in column 6 of the register
- The official to whom a revenue-earning book is issued will sign his name in column 7 of the receipt book register acknowledging receipt of the book
- Where an illiterate messenger is sent by a revenue collector to collect a revenue-earning book from the treasury, the revenue collector must sent all written application with the messenger detailing his requirements.
- This application will be numbered and filed by the treasury official responsible for the issue of the books.
- The number of the filed application will be recorded in column 7 of the receipt book register and a witness other than the issuing officer, must sign the register in confirmation of the issue of the revenue-earning book.

4.8.4 Return of used or Surplus Revenue-Earning Book Books FM 7.8-7.9

All revenue-earning books must be returned to the receipt book store in the treasury when;

i. They are exhausted or
ii. Are of no further use or
iii. No immediate use

The official in charge of the store will complete column 8 and 9 of the receipt book when he receives the revenue-earning books. The treasurer must ensure that the following action is taken on return of revenue earning books to the treasury:

i. A check is made to verify that all sums recorded on the book copies of the individual receipts have been brought to account at the treasury
ii. Returned books are checked to verify that all book copies of receipt are intact.

4.8.5 Receipt Book Distribution Register FM 7.11

- Any revenue collector issuing revenue-earning books to subordinate revenue collectors must;
    - **i.** Keep a receipt book register and a receipt book distribution register and
    - **ii.** Comply with the provision of this chapter of the financial memoranda regarding the keeping of these registers and receipts and issue of revenue-earning books.

4.8.6 Safe Custody of Revenue-Earning Books in Treasury 7.12

- All revenue-earning books unused, used, partly used or obsolete must be safeguarded from theft or misuse and kept in a secure place under lock and key.
- The official carrying out the check will insert the date and his signature in column 10 of the register.
- If any loss or damage is discovered during the course of such checks, the procedure laid down in financial memoranda chapter 8 shall be followed.

4.8.7 Auditor-General Certificate FM 7.14-7.15

- After the completion of each audit, the Auditor-General shall issue a certificate stating which exhausted or obsolete revenue-earning books are no longer required for audit purposes and may therefore as far as he is concerned, be destroyed.

4.8.8 Appointment of Board of Survey FM 7.5

- A board of survey shall be appointed annually by the Executive Committee and
- Shall consist of two members of the Executive Committee and one senior official
- The board will check the stock of revenue-earning books in the store against the receipt book register

- And make recommendation to the local government/Executive Committee concerning
    i. Which of the revenue-earning books that are used up
    ii. Obsolete or spoilt
    iii. Should be destroyed

- Books may be recommended for destruction provided that;
    i. They have been audited and all audit queries concerning them have been cleared satisfactorily
    ii. A certificate has been given by the Auditor-General as provided in financial memorandum 7-14 stating that the revenue-earning books are no longer for audit purposes
    iii. At least five years have collapsed since the book were returned to store due to their being exhausted, spoilt or obsolete.

4.8.9 Destruction of Revenue-Earning Books FM 7.16-7.18

- On the approval of the local government upon the recommendation of the annual Board of survey
- When approval has been given the books must be burnt in the presence of two senior officers designated by the local government.
- Prior notice must be given to the Auditor-General so as to enable an Audit Officer attend and witness the destruction
- A list must be prepared in triplicate of all revenue earning books destroyed
- One copy of the list shall be forwarded to the council and one copy to the Auditor-General

- Detail of the books destroyed must be entered in column 11 of the receipt book register 7.18

4.9 Lost of Funds or Revenue-Earning Books

4.9.1 Procedure to be followed in dealing with loss FM 8.1

- All losses of funds (including losses arising from the receipt of counterfeit or obsolete currency) and receipt books, must be reported immediately to the Chairman by the person who discovers or suffers the loss.
- No one has the discretion to withhold or delay such a report, even it immediate restriction is made or is promised.
- On receipt of such loss report, the Chairman shall form:
    i. The Executive Committee
    ii. The treasurer if he has not himself made the report to the Chairman
    iii. The council
    iv. The internal Auditor
    v. The Auditor-General

4.9.2 Handling of Theft, Fraud or Embezzlement the Loss FM 8.3

Where there appears to be evidence of theft, fraud or embezzlement the loss must in addition be reported to the police. The Chairman's initial report to the loss shall give the following particulars;

- Date loss discovered
- Manner in which loss was discovered
- Amount/receipt book lost

- Data on or period within which loss occurred
- Names and appointments of persons directly concerned in the loss
- Whether the loss had been reported to the police

4.9.3 Action by Chairman in case of theft, fraud or embezzlement the loss FM 8.4

- Asked the persons involved to refund full or to make proposals in writing for refunding within fourteen days of the date of discovery of the loss.
- Where the person does not refund the amount of the loss within fourteen days, the chairman shall instruct the treasurer to recover the amount in restallments or in one lump sum from the employee's personal emoluments.

4.9.4 Responsibility for Recovery of Loss FM 8.5

i. The amount of the deduction made under financial memorandum 8.4 (2) shall not exceed one third of the personal emoluments of the employee concerned.

ii. The chairman and the treasurer shall be jointly and severally responsible that appropriate deductions are correctly made from the personal emoluments employee concerned.

4.9.5 Board of Enquiry on Losses FM 8.6

The Board shall as soon as possible report to the Executive Committee on its findings in the following forms:

i. The nature of the property loss (cash, sum due, stores, books of account)

ii. The total value of the property loss

iii. The date on which the loss was discovered

iv. Whether the loss was reported to the Police

v. The adequacy of the means of safeguarding the property (safe accommodation, door, locks, night guards etc.)

vi. The reasons why the system of internal check and supervision failed to prevent the loss

vii. The action recommended by the Board of Enquiry to prevent a recurrence of the loss

viii. The amount already recovered or recommended to be recovered from him and any legal or disciplinary action taken or recommended to be taken against him

ix. The recommendations of the Board of Enquiry as to the recovery or write amount loss.

4.9.6 Decisions by Local Government on Losses FM 8.8

The Executive Committee shall consider the report of the Board of Enquiry as soon as possible and shall act as follows;

- If the action under FM 8.4 has not resulted in the recovery of the full amount of the loss, take further steps towards the recovery of the amount of the losss still outstanding
- Direct the secretary to institute disciplinary proceedings against the employee in accordance with staff regulations
- Forward a copy of the report together with the decisions thereon to the Council and the Auditor- General

4.9.7 Recovery of Loss from Non-Employee FM 8.9

Where the person held to be responsible for the loss is not an employee of the local government and the action taken by the chairman in accordance with financial memorandum 8.4 (1) has not resulted in the recovery of the full amount of the loss, the Council shall decide on the further steps to be taken to recover the amount of the loss still outstanding from the person concerned, either with his consent or as a result of civil action.

4.9.8 Action for Recovery of Loss FM 8.10-12

- Where a local government decides to institute civil suit to effect recovery of a loss, action must be taken without delay
- Where any civil action is instituted by a local government against a person in connection with a loss of funds
- The chairman shall be responsible for ensuring that the case is effectively pursued
- Where judgment is obtained against any person, the chairman shall ensure that all the necessary action is taken to enforce the judgment.
- When appropriate action taken to recover the amount of the loss failed or due the death of the person held to be responsible the Executive Committee may write off the amount lost subject to the provisions of the law.

4.10 Conclusion

The essence of maintaining a good revenue ledger /register can not be over-emphasized, because it is a necessary ingredient for prosecuting defaulters. A defaulter can get off the hook easily if the register is not properly maintained. There is nothing wrong in keeping the files in loose forms and properly filed, it is better if it is kept in a hard copy notebook, as this facilitate monitoring and control and also reduce fraud to the barest minimum. It is hoped that by the time the revenue collection system is fully automated, it will not pose any serious challenge keeping the ledger/register using the computer.

CHAPTER FIVE

DATA PRESENTATION AND ANALYSIS

5.1 Introduction

This chapter presents and analyses the data collected through primary and secondary sources. Data collected through the questionnaires are presented in tables and analyzed using frequency counts and percentages. The secondary data and the responses of the interviewees complemented the responses from the questionnaires. Based on the responses, the hypotheses earlier postulated in chapter one were tested with SPSS computer packed using Chi-square distribution in order to draw inferences and establish relationship between the dependent and independent variables. Also in this chapter, the major findings of the study are further highlighted.

5.2 Administration of Questionnaire

Based on the sample size for the study as indicated in table 3.3 and 3.4 in Chapter Three of this work, a total of two hundred and ninety (290)copies of questionnaires were administered to the respective respondents, out of which, 208 were filled, returned and used for the purpose of analysis. This represents 71.7% of the total number of questionnaire administered. The rate of return of the questionnaires by each category of respondents under study was presented in table 5.1 below.

Table 5.1: Distribution and Return of Questionnaire

Category of Respondent	**Sabon-Gari**	**Giwa**	**Total No. of Questionnaires Administered**	**Total No. of Questionnaires Returned**	**Percentage of Returned**	**Total No. of Questionnaires Dully** Filled	**Percentage Dully** Filled
Finance & Treasury	35	25	60	60	20.7%	57	19.7%
Budget, Planning, Research & Statistics	17	10	27	27	9.3%	25	8.6%
Taxpayers	107	96	203	121	41.7%	116	40.0
Total	**159**	**131**	**290**	**208**	**71.7%**	**198**	**68.3%**

Source: Field Survey by the Researcher, (2015)

As shown in the table 290 questionnaires were administered, 208 questionnaires were returned; 198 were duly filled while the remaining 82 were not returned at all. 198 out of 208 questionnaires returned representing 40.0% were from the taxpayers and the staff of the two local government departments under study. 57 questionnaires representing 19.7% were from the staff of the Finance and Treasury department, 25 questionnaires representing 8.6% were from the staff of the Budget, Planning, Research and Statistics department, while 116 questionnaires representing 40.0% were from the taxpayers. Therefore, the sample size of 198 was used for the purpose of data presentation and analysis. The views of these respondent were expected to present a more balanced opinion on the questions contained in the questionnaire.

5.3 Data Presentation on Hypothesis One

Analysis of the data collected for hypothesis one which the null (H_0) states that ‘‘IGR effort is not dependent on taxable capacity of the Local Government’’. The data collected were presented and analyzed as follows:

The main source of data from revenue jurisdiction are summarised on table 5.2 and table 5.3 for Sabon-Gari and Giwa Local Government respectively. The tables show the contribution of each revenue base and the graduation of the figures between 2009 to 2013. The component parts include the following heads: taxes (1001), local rates (1002), local licences, fees and fines (1003), earnings from commercial undertakings (1004),rent on local government property (1005), interest, payment and dividends (1006) and miscellaneous specific revenue (1008).

Table 5.2: Sabon-Gari Local Government IGR Summary from 2009 to 2013

Heads	IGR (₦) Year 2009	IGR (₦) Year 2010	IGR (₦) Year 2011	IGR (₦) Year 2012	IGR (₦) Year 2013	Total Heads(₦)	Percentage
1001	___	___	___	___	___	___	___
1002	41,200,000	55,700,000	40,000,000	40,000,000	70,000,000	246,900,000	40.4%
1003	13,596,400	21,858,301	15,000,000	15,000,000	13,900,000	79,354,701	13.0%
1004	4,000,000	12,610,000	5,000,000	5,000,000	35,600,000	62,210,000	10.2%
1005	4,200,000	3,210,000	3,215,000	3,200,000	4,210,000	18,035,000	3.0%
1006	210,000	200,000	300,000	230,000	500,000	910,000	0.15%
1008	34,317,200	15,300,000	81,000,000	96,503,035	36,000,000	263,120,235	43.0%
Total IGR	**111,130,000**	**170,000,000**	**148,268,301**	**195,963,035**	**276,995,221**	**611,529,936**	**100%**

Source: Sabon-Gari Local Government Budgets, (2009-2013).

Table 5.3: Giwa Local Government IGR Summary from 2009 to 2013

Heads	IGR (₦) Year 2009	IGR (₦) Year 2010	IGR (₦) Year 2011	IGR (₦) Year 2012	IGR (₦) Year 2013	Total Heads(₦)	Percentage
1001	___	___	___	___	___	___	___
1002	4,800,000	890,000	13,120,780	1,160,000	2,310,000	22,280,780	4.3%
1003	10,429,271	1,390,000	15,000,000	1,341,300	1,516,000	29,676,571	5.8%
1004	14,380,880	3,280,000	6,240,825	2,880,000	2,345,000	19,091,880	3.7%
1005	4,867,910	1,340,000	700,000	371,000	360,000	7,638,910	1.5%
1006	3,000,000	220,000	200,000	300,000	220,000	3,940,000	0.8%
1008	87,474,321	44,970,000	164,000,000	102,540,000	36,000,000	434,984,321	84.7%
Total IGR	**124,952,382**	**52,090,000**	**199,261,605**	**108,592,300**	**42,751,000**	**513,711,862**	**100%**

Source: GiwaLocal Government Budgets, (2009-2013).

Tables 5.2 and 5.3 above, shows the trend of IGR efforts in relation to taxable jurisdiction of Sabon-Gari and GiwaLocal Governments. It is noticed that Head 1001 have not been represented as the data for it were not available. This may suggest that the revenue head have been muddled up in the miscellaneous items. Head 1008 contribute highest to the local governments TIGR, Sabon-Gari with 43.0% and Giwa84.7%, followed by Head 1002 40.4% for Sabon-Gari and Giwa Head 1004 5.8%. Head 1004, 1005, 1006 constitute several little contribution local governments TIGR. This shows that the local governments IGR effort differed and have not been fully tapped to the fact that, some heads have not been contributing adequately to the TIGR of the local governments. This is however, contrast with the study of Maruf (2012) who showed that Heads 1003, 1004 and 1005 has the highest contribution to local governments TIGR. There are a number of reasons for the apparent differences in the taxable powers between the two local governments.

First and foremost is the difference in the enabling resources between the two local governments. Two factors have been associated, vis-a-vis the economic structures and public/private investment, in the case of Sabon-Gari Local Government, over the contemporary period the economic centre has shifted from Agriculture to Industry and services. This development has created a wider economic environment for the multiple of private and public sectors participation in the commercial and semi-trading activities. In effect, besides the development of Sabon-Gari Markets and Motor Parks, other stable and viable revenue yielding sources includes, main trade and commercial houses situated around the GRA like Leventis Stores, Mr. Biggs, U.A.C., PZ, Harmony Brothers, HamzentTores, Abdu Kwari Ventures, Amil Motors, Matso-Matso Motors, BlockIndustries, 22 Banks Industries, 37 Filling Stations and

Agro Allied Companies etc. all Scattered around theSabon-Gari local government metropolitan. Most of these market centres are fairly well-developed and stable throughout the season.

In contrast, Giwa Local Government, regardless of its origin, has a very short history of existence as a local government council. It was created in 1991, during Ibrahim Babangida military regime. The local government was carved out ofIgabi Local Government. Besides the few and inelastic tax jurisdictions, the entire economic structure revolves around agricultural proceeds.

There are large peasant farmers, who to some extent work side by side with very few mechanised farmers. Like other rural local governments, the main source of revenue of Giwa Local Government has been the collection from the sale of agricultural outputs, mostly done during the market days. Even though there seems to be high level of reliability over the collection of revenue from market centres and motor parks, the problems of inadequacy of socio-economic infrastructures and lack of rural feeder roads in most of the market areas have reduced the fiscal powers of Giwa Local Government.

For instance, market and motor parks centres at Giwa/Shika District provided sizeable revenue between the month of September to April, whereas revenue collections from Fatika Districtis uncertain and unstable because of their non-existence during the rainy season.

The foregoing comparative analysis provides the objective basis under which the taxable jurisdictions of local governments could be assessed. If the revenue jurisdiction has beer fairly well developed to the extent that variation in terms of their tariffs and coverage's may not have any political prejudice. Example could be seen in appendix (v) where the Kaduna State Government harmonized the levies, rates, fees and charges to be collected by the Local

Governments.This review enable Sabon-Gari Local Government to generate large sum of revenue from these sources with possible little tax efforts.

In contrast, the revenue jurisdiction of rural local government has been relatively inelastic and static and could not be adjusted incrementally without any political prejudice. Complying with variation in the taxes and rates for instance can prove highly cumbersome and expensive for the participation of the private commercial operators. Notwithstanding, variations can also have a distorting effect upon patterns of trade, creating artificial price differentials within relatively small and homogeneous rural areas. In this respect, no matter the extent of the revenue effort put in place, the revenue drive would be very small.

The second most contentious area surrounding revenue generation from these sources centres the concept of equity between the local tax payers (governed) and the local government (governors). Equity in terms of local government taxation implies the contractual agreement between the government and the tax payers, where the best results can be achieved if the direct recipient of public goods meets all or most of the costs of providing that good. Many of the public services provided in the local governments are not provided uniformity to the entire population. But rather in distinguishable quantities and qualities. As such, the local government taxes should be consistent with the rate of public goods and services being supplied to individual tax payers, commensurate with the consumption capacity. In the case of Sabon-Gari Local Government, tax payers, besides the local and State Government services, federal government participated actively in the some provision of public goods and services. Other services at the city level, Police and Fire Protection primarily served the local government tax payers and the businessmen equivalent to the amount being received as taxes.

In contrast, the system of taxation on agricultural proceeds within the rural local government contradicts the ethic principles of fairness and just "when it is not commensurate and consistent with the benefits one derives from the economy'. A lack of correlation between the tax incidence and agricultural incomes is of course the major weakness of the tax system existing within the rural local governments. In fact most people in the rural local governments area experiences little presence of government (in rare cases local governments) in the provision of services. Many of the revenue sources of local governments have been centrally placed for its tax burden to fall on the peasant farmers. Thus makes the taxable Capacity of the rural local governments to be relatively very low, because their economic bargaining fiscal powers are more on people rather than on income and wealth.

Table 5.4 Percentages of Total Internally Generated Revenue (TIGR) to Statutory Allocation (SA)

Years	Giwa Local Government			**Sabon-Gari Local Government**		
	TIGR(₦)	**SA(₦)**	**Percentage**	**TIGR(₦)**	**SA(₦)**	**Percentage**
2009	124,952,382	1,488,640,713	8.4%	111,130,000	1,858,166,066	6.0%
2010	52,090,000	1,898,325,163	2.7%	170,000,000	1,519,555,589	11.2%
2011	199,261,605	2,060,814,670	9.7%	148,268,301	2,220,066,812	6.7%
2012	108,592,300	2,614,681,242	4.2%	195,963,035	2,149,195,656	9.1%
2013	42,751,000	2,663,144,848	1.6%	276,995,221	2,354,469,982	11.8%.
Total	527,647,287	10,725,606,636	26.6%	902,356,557	10,101,454,112	44.8%

Source: Giwa and Sabon-Gari Local Government Budgets, (2009-2013), Reports of the Auditor General for Local Governments on Account (2009-2013).

From the above table, it can be observed that the percentages of the TIGR to SA are within the range of 1.6% to 9.7% for Giwa local government and 6.0% to 11.8% for Sabon-Gari local government. It shows that only 26.6% Giwa local government and 44.8% Sabon-Gari local government TIGR to SA in the years under study; this is very low compared to the numerous sources of revenue available to Sabon-Gari and Giwa local governments. This situation depict low yield, and confirmed also the level of over dependence of Sabon-Gari and Giwa local

government on statutory allocation, it also portray the disparity of IGR efforts in relation to taxable capacity of the local government. This is however unhealthy state of affairs for Sabon-Gari and Giwa Local Government, if they must rise up to accomplish their assigned functions to meet the expectations and yearnings of their populace, it must make concerted efforts to improve its IGR.

Table 5.5: Responses of Staff on the IGR efforts of the Local Government

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	22	26.8	26.8	26.8
	Agree	16	19.5	19.5	46.3
	Strongly Disagree	32	39.0	39.0	85.4
	Disagree	9	11.0	11.0	96.3
	Undecided	3	3.7	3.7	100.0
	Total	82	100.0	100.0	

Source: Field Survey by the Researcher, (2015)

The above table shows that 22 respondents representing 26.8% strongly agreed, 16 respondents representing 19.5% agreed making the sum of 38 respondents representing 46.3% who agreed that the IGR efforts of the local governments contribute much to the TIGR. But 9 respondents representing 11.0% disagreed, 32 respondents representing 39.0% strongly disagreed making a total of 41 respondents representing 50.0% who disagreed that IGR efforts of the local governments contribute much to the TIGR, and 3 respondents representing 3.7% were undecided, the above indicate that based on 50.0% who are with the highest responses, that IGR efforts of the local governments are not contribute much to the TIGR,this mean that theIGR efforts ofSabon-Gari and Giwa local governmentcontribute little to the TIGR, this has added credence to the output of table 5.2 and 5.3.

Table 5.6: Responses of Staff on the taxable capacity of the Local Government

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	18	22.0	22.0	22.0
	Agree	17	20.7	20.7	42.7
	Strongly Disagree	20	24.4	24.4	67.1
	Diagree	23	28.0	28.0	95.1
	Undecided	4	4.9	4.9	100.0
	Total	82	100.0	100.0	

Source: Field Survey by the Researcher, (2015)

The above table shows that a total of 25 respondents representing 42.7% agreed that the taxable capacities of the local governments are viable. But a total of 43 respondents representing 52.4% disagreed, that the taxable capacities of the local governments are not viable, and 4 respondents representing 4.9% were undecided, the above indicate that based on 52.4% who are with the highest responses, that the taxable capacities of the local governments are not viable,this mean that thetaxable capacities ofSabon-Gari and Giwa local governmentare not viable, particularly Head 1004, 1005, 1006 which constitute several little contribution to the local governments TIGRas showed in the output of table 5.2 and 5.3 above. However the viability of Sabon-Gari and Giwa local governmenttaxable capacities differed and the reason for their disparity has been given also under the analysis of table 5.2 and 5.3 above.

5.3.2 Interview Reports on IGR effort and taxable capacity of the Local Government

In an interview conducted with themanagement staff of Sabon-Gari and Giwa Local Government Budget, Planning, Research and Statistics, Finance and Supply Departments on the viable sources of IGR in the local government, their responses affirmed with the records found in the local governments budgets as presented in table 5.2 and 5.3, that the local rates (1002), local licences, fees and fines (1003),earnings from commercial undertakings (1004),rent on local

government property (1005), interest, payment and dividends (1006) and miscellaneous specific revenue (1008) were the only viable sources of IGR opened to the local governments.

The respondents werefurther asked on local rates and fees jointly collected with the State Government, there responses was that has the local rates/fees jointly collected by the State Government and the Local Government have reduce the taxable capacity of the Local Governments, particularly those lucrative ones like tenement rates, telecommunication mast, market road show permit, signboard and advert permit fees. These have substantially reduced the taxable jurisdictions of the local governments.

5.4 Data Presentation on Hypothesis Two

Analysis of the data collected for hypothesis two which the null (H_0) states that ‘‘effective strategy for revenue collection in Local Government does not lead to enormous yield of IGR’’. The data collected from the staff respondent were presented and analyzed as follow:

Table 5.7: Responses of Staff on effective strategy for enormous yield of IGR

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	17	20.7	20.7	20.7
	Agree	12	14.6	14.6	35.4
	Strongly Disagree	21	25.6	25.6	61.0
	Disagree	28	34.1	34.1	95.1
	Undecided	4	4.9	4.9	100.0
	Total	82	100.0	100.0	

Source: Field Survey by the Researcher, (2015)

Table 5.7 above, shows that a total of 29 respondents representing 35.3% agreed that the local government has effective strategy for enormous yield of IGR. But a total of 49 respondents representing 59.47% disagreed, that the local government has no effective strategy for enormous yield of IGR, and 4 respondents representing 4.9% were undecided, the above indicate that based on 59.47% who are with the highest responses that the local governments has no effective

strategy for enormous yield of IGR. This means that Sabon-Gari and Giwa local government IGR strategies are essentially ineffective.

Table 5.8: Responses of Taxpayers on strategy used by local government for revenue collection

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	17	13.2	14.7	14.7
	Agree	19	14.7	16.4	31.0
	Strongly Disagree	26	20.2	22.4	53.4
	Disagree	45	34.9	38.8	92.2
	Undecided	9	7.0	7.8	100.0
	Total	116	89.9	100.0	

Source: Field Survey by the Researcher, (2015)

Table 5.8 above shows that total of 36 respondents representing 27.9% agreed that the strategy used by local government for revenue collection is essentially effective. But a total of 71 respondents representing 55.1% disagreed with the opinion, and 9 respondents representing 7.0% were undecided, the above indicate that based on 55.1% who are with the highest responses that the strategy used by local government for revenue collection is essentially not effective. This means that thestrategies used by Sabon-Gari and Giwa local government are essentially ineffective.

Table 5.9: Responses of Staff on Enforcement of IGR rules and regulations

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	10	12.2	12.2	12.2
	Agree	17	20.7	20.7	32.9
	Strongly Disagree	27	32.9	32.9	65.9
	Disagree	23	28.0	28.0	93.9
	Undecide	5	6.1	6.1	100.0
	Total	82	100.0	100.0	

Source: Field Survey by the Researcher, (2015)

The abovetable shows that a total of 27 respondents representing 33.0% agreed that the enforcement of IGR rules and regulations in the local governments are satisfactory. But a total of

50 respondents representing 60.9% disagreed, that the enforcement of IGR rules and regulations in the local governments are not satisfactory, and 5 respondents representing 6.1% were undecided, the above indicate that based on 60.9% who are with the highest responses that the enforcement of IGR rules and regulations in the local governments are not satisfactory. This means thatthe enforcement of IGR rules and regulations in Sabon-Gari and Giwa local government are essentially ineffective.

Table 5.10: Responses of Staff on effective management of Local Government revenue

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Under old laws	32	39.0	39.0	39.0
	Under new laws	50	61.0	61.0	100.0
	Total	82	100.0	100.0	

Source: Field Survey by the Researcher, (2015)

The abovetable shows that of 32 respondents representing 39.0% were of the opinion that the management of local governments' revenue is more effective under the old laws. But 50 respondents representing 61.0% opted for under the new laws, the above indicate that based on 61.0% who are with the highest opinion, that the management of local governments' revenue is more effective under the new laws. This means thatthe management of local governments' revenue in Sabon-Gari and Giwa local government are more effective under the new laws.

Table 5.11: Responses of Staff on factors responsible the low yield of IGR in the local government

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lack of skill manpower and improper accountability	9	11.0	11.0	11.0
	High rate of tax avoidance	9	11.0	11.0	22.0
	Corruption	11	13.4	13.4	35.4
	Interference by the state government	8	9.8	9.8	45.1
	All of the above	45	54.9	54.9	100.0
	Total	82	100.0	100.0	

Source: Field Survey by the Researcher, (2015)

The abovetable shows that a total of 45 respondents representing 54.9% opted that are factors responsible for the low yield of IGR in Sabon-Gari and Giwa local government, the above indicate that lack of skill manpower and improper accountability, high rate of tax avoidance and evasion, corruption and interference by the state government are the factors responsible for the low yield of IGR in Sabon-Gari and Giwa local government, this mean lack of skill manpower and improper accountability, high rate of tax avoidance and evasion, corruption and interference by the state government were hurdle to Sabon-Gari and Giwa local government IGR efforts.

Table 5.12: Responses of Staff on creating awareness about the importance of paying taxes and rates

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	14	17.1	17.1	17.1
	Agree	35	42.7	42.7	59.8
	Strongly Disagree	19	23.2	23.2	82.9
	Disagree	11	13.4	13.4	96.3
	Undecided	3	3.7	3.7	100.0
	Total	82	100.0	100.0	

Source: Field Survey by the Researcher, (2015)

The abovetable shows that a total of 49 respondents representing 59.9% agreed that the local government is doing well in creating awareness about the importance of paying taxes and rates. But a total of 30 respondents representing 36.6% disagreed, that the local government is not doing well in creating awareness about the importance of paying taxes and rates, and 3 respondents representing 3.7% were undecided, the above indicate that based on 59.9% who are with the highest responses that the local government is doing well in creating awareness about the importance of paying taxes and rates. This means that Sabon-Gari and Giwa local government are doing well in creating awareness about the importance of paying taxes and rates.

Table 5.13: Responses of Staff on training for effective revenue generation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very often	16	19.5	19.5	19.5
	Often	20	24.4	24.4	43.9
	Not often	41	50.0	50.0	93.9
	Undecided	5	6.1	6.1	100.0
	Total	82	100.0	100.0	

Source: Field Survey by the Researcher, (2015)

Table 5.13 above shows that 16 respondents representing 19.5% are of the opinion that very often revenue staff are sent for training, 20 respondents representing 24.4% opted for often, but 41 respondents representing 50.0% opted for not often and 5 respondents representing 6.1% were undecided. The table above indicate that 50.0% of sampled respondents affirmed that the staff of Sabon-Gari and Giwa local government are not frequently sent for training, this mean that the staff are not highly skilled and this has affected staff capacity for effective revenue generation in Sabon-Gari and Giwa local government.

Table 5.14: Responses of Staff on strategy that will yield high IGR for your local government

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Use of highly skilled revenue collectors	11	13.4	13.4	13.4
	Use of task force	9	11.0	11.0	24.4
	Use of E-payment	6	7.3	7.3	31.7
	Use of awareness campaign	10	12.2	12.2	43.9
	All of the above	46	56.1	56.1	100.0
	Total	82	100.0	100.0	

Source: Field Survey by the Researcher, (2015)

The above table shows that 11 respondents representing 13.4% opted that through the use of highly skilled revenue collectors there will be high yield of IGR, 9 respondents representing 11.0% opted for the use of task force, 6 respondents representing 7.3% opted for the use of e-payment while 10 respondents representing 12.2% opted for the use of awareness campaign. But 46 respondents representing 56.1% affirmed that through all the aforementioned there will be

high yield of IGR in Sabon-Gari and Giwa local government. This means that through the use of highly skilled revenue collectors, task force, e-payment and awareness campaign there will be enormous yield of IGR in Sabon-Gari and Giwa local government.

5.4.2 Interview Reports on Effective strategy for revenue collection and enormous yield of IGR

In an interview conducted with themanagement staff of Sabon-Gari and Giwa Local Government Budget, Planning, Research and Statistics, Finance and Supply Departments on effectivenessthe of strategy put in place by the local government for IGR. Their responses corroborate with what was established in table 5.8 that the strategy is essentially ineffective as it pose a hurdle to the local government IGR, because formally, it was the used of direct collection through tax collectors or any other assigned person. This create corrupt practices by must revenue collectors as they remit only paltry amount into Sabon-Gari and Giwa local government account, and this have denied the local governments opportunity to raise sufficient amount of revenue from the internal sources.

On the enforcement ofIGR rules and regulations their responses support the responses in table 5.9, that the implementation of IGR rules and regulations is essentially not effective, particularly the procedures for handling shortages, obsolete and counterfeit money and the new review rates for market hawkers from ₦20 to ₦30, motor park entrance fees from ₦50 to ₦200 and loading fees from ₦500 to ₦1000. This make many drivers to be loading by the road side instead of the parks.

Onthe law that provides foreffective management of Local Governments revenue, their responsessubstantiated the outcome of table 5.10, thatthe management of local governments' revenue in Sabon-Gari and Giwa local government are more effective under the new laws. This

is because the new law provides for structure of revenue, administrative structure, provides for objection to assessment by taxpayers, 3-5% of revenue collection as incentive and for funding of operation, e-payment/DBLS, provides for 30% of the total revenuefor service to taxpayers, and the establishment of revenue court and complaint/information office. The introduction of e-payment/DBLS where taxpayers will go bank and make payment and take the teller to revenue section of thelocal government, then receipt will be issue to them. This mode of collection is spilling the beans by unveiling some fraudulent acts bedeviling local government IGR. For instance, the recent case of filling stations and stores belonging to IyanZazzau and other prominent politicians that have not be paying their due taxes and rates amounting to ₦2,000,000 from 2012 to 2014.

On the factorsresponsible for the low yield of IGR in your local government, their responses uphold the views of respondent in table 5.11, that lack of skill manpower, improper accountability, high rate of tax avoidance and evasion, corruption and fraudulent acts, interference by the state government were stumbling block to Sabon-Gari and Giwa local government IGR efforts.

On the awareness campaign about the importance of paying taxes and rates, their responses contradicted the views of respondent in table 5.12, that the local governments are doing well in creating awareness about the importance of paying taxes and rates, only that there are not much compliance from the taxpayers.

On the revenue staff training for efficient revenue generation, theirresponses was in consonance with the views of respondent in table 5.13,that the revenue staff were trained last in 2009, then in 2014, but to only the management staff and that there is another proposal for

retraining of tax collectors in 2015 which is yet to take place. That the kind of training embark by the local government are workshops and seminars not on technical aspects.

On thestrategy that yield high IGR for the local governments,theirresponses affirmed to the views of respondent in table 5.14, that through the use of highly skilled revenue collectors, task force, e-payment, awareness campaign and strict adherence to the rules and regulations governing financial management and local government revenue as provided in the 2012 Local Government Financial Memoranda, there will be enormous yield of IGR in Sabon-Gari and Giwa local government.

5.5 Data Presentation on Hypothesis Three

Analysis of the data collected for hypothesis three which the null (H_0) states that ‘‘Inadequate provision of social services does not significantly affect voluntary compliance of taxpayers ’’. The data collected were presented and analyzed as follow:

The distribution of financial expenditures among sectors and activities of Sabon-Gari and Giwa Local Governments between 2009 to 2013 are presented in tables 5.15 Summary of the allocations of two major components of the estimate (capital and recurrent expenditure) are presented in tables 5.17The capital expenditure is made up of three component sectors, namely economic, social and administrative sectors. Agricultural projects, Works and Construction of Feeder Roads, and building of market stalls and motor parks are constituent components of economic sector. Social sector is made up of construction of clinic and dispensaries, slaughter slabs, culverts, fire service, wells primary schoolsand social development. While staff housing, workshops and rehabilitation of recreational centres are the component parts of administrative sector.

Table 5.15: GiwaLocal Government Capital Expenditure Outlays between 2009 - 2013

Year	Economic sector		Social sector		Administrative sector		Total	
	Amount (₦)	%	Amount (₦)	%	Amount (₦)	%	Amount (₦)	%
2009	672,846,324	65.0	203,751,041	19.7	160,100,000	15.4	1,036,697,365	100
2010	601,166,420	70.0	136,799,260	16.0	120,361,832	14.0	858,327,512	100
2011	519,757,896	84.6	68,769,566	11.2	26,000,000	4.2	614,527,462	100
2012	293,197,250	79.5	59,401,350	16.1	16,097,000	4.4	368,695,600	100
2013	546,457,173	60.1	220,803,250	24.3	142,051,883	15.6	909,312,306	100

Source: GiwaLocal Government Budgets, (2009-2013).

Table 5.16: Sabon-Gari Local Government CapitalExpenditure Outlays between 2009 - 2013

Year	Economic sector		Social sector		Administrative sector		Total	
	Amount (₦)	%	Amount (₦)	%	Amount (₦)	%	Amount (₦)	%
2009	742,746,100	53.2	402,764,930	28.8	251,120,100	18.0	1,396,631,130	100
2010	611,165,350	56.6	298,529,755	27.6	170,945,375	15.8	1,080,640,480	100
2011	529,759,798	53.8	360,382,150	36.6	94,000,000	9.6	984,141,948	100
2012	491,286,230	62.0	229,467,530	29.0	72,162,100	9.1	792,915,860	100
2013	647,495,159	81.7	341,497,370	43.1	224,805,190	28.4	792,915,860	100

Source: Sabon-Gari Local Government Budgets, (2009-2013).

Table 5.17: Sabon-Gari and Giwa**Local Governments Summary Capital (CE) and Recurrent Expenditures (RE) between 2009-2013**

Year	Sabon-Gari Local Governments			Giwa**Local Governments**		
	CE (₦)	RE (₦)	Total **(₦)**	CE (₦)	RE (₦)	Total **(₦)**
2009	1,396,631,130	1,938,027,560	3,307,658,690	1,036,697,365	1,238,022,635	2,274,720,000
2010	1,080,640,480	1,481,908,439	2,562,620,919	858,327,512	1,301,208,959	2,159,536,471
2011	984,141,948	2,220,065,812	3,204,207,760	614,527,462	1,574,562,712	2,189,090174
2012	792,915,860	1,978,507,900	2,771,142,760	368,695,600	1,949,157,321	2,317,852,921
2013	792,915,860	2,657,169,527	3,450,085,387	909,312,306	2,155,909,219	3,065,221525

Source: Giwa and Sabon-Gari Local Government Budgets, (2009-2013), Reports of the Auditor General for Local Governments on Account (2009-2013).

Tables 5.15 and 5.16 indicate the financial distribution of capital expenditure on administration, social development services and economic development services of Giwa and Sabon-Gari Local Governments respectively. This is based on the assumption that the total capital expenditure truly reflects the number of projects actually executed by the local government within given period of time. In absolute total capital expenditure terms, there seem to be consistent flows of expenditure in all the two local governments. Closer examination on the sectorial allocation of these capital expenditures however reveals that over the period of the

research Giwa and Sabon-Gari Local Government has been involved with both the economic and social development services.

Perusal of the tables 5.17 show further glaring difference between the budgetary allocation behaviour of Giwa and Sabon-Gari Local Government respectively. The Local Governments seems to commit much of their resources to recurrent expenditure which entails administrative expenses, personnel cost and overhead cost, than capital expenditure which is meant for socio-economic developmental project. This situation in which recurrent expenditure accounts for more than 2/3 of total expenditures is obviously inconsistent with sound financial management, especially when these recurrent expenses are on social overhead and yielded very little revenue for further investment and payment of recurrent activities. This could also lead to inadequate provision of social services. This situation is more compounded in Sabon-Gari Local Government than Giwa Local Government.

Table 5.18: Responses of Staff on Significant relationship between Provision of social services and voluntary compliance of taxpayers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	23	28.0	28.0	28.0
	Agree	24	29.3	29.3	57.3
	Strongly Disagree	15	18.3	18.3	75.6
	Disagree	15	18.3	18.3	93.9
	Undecided	5	6.1	6.1	100.0
	Total	82	100.0	100.0	

Source: Field Survey by the Researcher, (2015)

Table 5.18 above, shows that a total 47 respondents representing 57.3% agreed thatthere is significant relationship between provision of social services and voluntary compliance of taxpayers. But 30 respondents representing 36.6% disagreed with the motion, and 5 respondents representing 6.1% were undecided. The above indicate that based on 57.3% who agreed, that there is significant relationship between Provision of social services and voluntary compliance of

taxpayers, this mean that in Sabon-Gari and Giwa local there is significant relationship between Provision of social services and voluntary compliance of taxpayers.

Table 5.19: Responses of Staff on attitude of taxpayers towards paying local taxes and rates

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	12	14.6	14.6	14.6
	Agree	14	17.1	17.1	31.7
	Strongly Disagree	17	20.7	20.7	52.4
	Disagree	30	36.6	36.6	89.0
	Undecided	9	11.0	11.0	100.0
	Total	82	100.0	100.0	

Source: Field Survey by the Researcher, (2015)

Table 5.19 above, shows that a total 26 respondents representing 31.7% agreed that the attitude of taxpayers towards paying local tax and rates is essentially cooperative. But 47 respondents representing 57.2% disagreed with the motion, and 9 respondents representing 11.0% were undecided. The above indicate that based on 57.2% who disagreed, that the attitude of taxpayers towards payinglocal tax rates is essentially not cooperative, this mean that the attitude of taxpayers inSabon-Gari and Giwa local government towards paying local tax rates is essentially not cooperative.

Table 5.20: Responses of Staff on individual's tax contributions

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Assessment of wealth and income	11	13.4	13.4	13.4
	Marginal propensity to consume on luxurious items	11	13.4	13.4	26.8
	Benefit received from local services	15	18.3	18.3	45.1
	Obligatory	14	17.1	17.1	62.2
	All of the above	31	37.8	37.8	100.0
	Total	82	100.0	100.0	

Source: Field Survey by the Researcher, (2015)

The table above, shows that 11 respondents representing 13.4% were of the opinion thatindividual's tax contributions should be based onassessment of wealth and income, 11

respondents representing 13.4% opted for marginal propensity to consume on luxurious items, 15 respondents representing 18.3% opted forbenefit received from local services and 14respondents representing 17.1% opted forObligatory. But 30 respondents representing 37.8% opted for all of the aforementioned. The above indicate that based on 37.8% who are with the highest responses, that individual's tax contributions inSabon-Gari and Giwa local government should be based on assessment of wealth and income, marginal propensity to consume on luxurious items, benefit received from local services and obligatory.

Table 5.21: Responses of Staff on social services the local government provides for the benefit of taxpayers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Construction of market/motor park stores, shops and services	32	39.0	39.0	39.0
	Health and sanitation services	16	19.5	19.5	58.5
	Fire services/Security	13	15.9	15.9	74.4
	Feeder roads and drainages	12	14.6	14.6	89.0
	Animal vaccine and slaughter slabs	9	11.0	11.0	100.0
	Total	82	100.0	100.0	

Source: Field Survey by the Researcher, (2015)

A cursory look at table above, shows that 39.0% of the respondents were of the opinion thatthe social services the local governments provides most is, market, motor park stores, shops and services.

Table 5.22: Responses of taxpayers on Social services the local government favourably provides

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Construction of market/motor park stores, shops and services	49	38.0	42.2	42.2
	Health and sanitation services	22	17.1	19.0	61.2
	Fire services and Security	21	16.3	18.1	79.3
	Feeder roads and drainages	9	7.0	7.8	87.1
	Animal vaccine and slaughter slabs	15	11.6	12.9	100.0
	Total	116	89.9	100.0	

Source: Field Survey by the Researcher, (2015)

The views the taxpayers in the table above is in consonant with the opinion of staff respondent in table 5.21, as 38.0% of the respondents opined thatthe only social services the local governments provides most is, market, motor park stores, shops and services.

Table 5.23: Responses of taxpayers on local government provide adequate social services that bring about increase in your income and wealth

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	17	13.2	14.7	14.7
	Agree	19	14.7	16.4	31.0
	Strongly Disagree	26	20.2	22.4	53.4
	Disagree	45	34.9	38.8	92.2
	Undecided	9	7.0	7.8	100.0
	Total	116	89.9	100.0	

Source: Field Survey by the Researcher, (2015)

Table 5.19 above shows that a total 36 respondents representing 27.9% agreed that the local governments provide adequate social services that increase their income and wealth. But 71 respondents representing 55.1% disagreed with the motion, and 9 respondents representing 7.0% were undecided. The above indicate that based on 55.1% who disagreed, that the local governments are not providing adequate social services that increase their income and wealth; this means that Sabon-Gari and Giwa local government are not providing adequate social services that bring about increase in the income and wealth of taxpayers.

Table 5.24: Responses of taxpayers on individual's tax contributions

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Assessment of wealth and income	16	12.4	13.8	13.8
	Marginal propensity to consume on luxurious items	17	13.2	14.7	28.4
	Benefit received from local services	12	9.3	10.3	38.8
	Obligatory	18	14.0	15.5	54.3
	All of the above	53	41.1	45.7	100.0
	Total	116	89.9	100.0	
Missing	System	13	10.1		
Total		129	100.0		

Source: Field Survey by the Researcher, (2015)

The table above, shows that 16 respondents representing 12.4% were of the opinion thatindividual's tax contributions should be based onassessment of wealth and income, 17 respondents representing 13.2% opted for marginal propensity to consume on luxurious items, 12 respondents representing 9.3% opted forbenefit received from local services and 18respondents representing 14.0% opted forObligatory. But 53 respondents representing 41.1% opted for all of the aforementioned. The above indicate that based on 41.1% who are with the highest responses, that individual's tax contributions inSabon-Gari and Giwa local government should be based on assessment of wealth and income, marginal propensity to consume on luxurious items, benefit received from local services and obligatory. This also corroborate with the opinion of the staff respondent in table 5.20.

Table 5.25: Responses of taxpayers on most significantly responsible for your tax avoidance and evasion

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	None encouragement from government	12	9.3	10.3	10.3
	Local services are not provided	21	16.3	18.1	28.4
	None visible evidence of what the money is used for	16	12.4	13.8	42.2
	Lack of awareness	14	10.9	12.1	54.3
	All of the above	53	41.1	45.7	100.0
	Total	116	89.9	100.0	
Missing	System	13	10.1		
Total		129	100.0		

Source: Field Survey by the Researcher, (2015)

The table above, shows that 12 respondents representing 9.3% were of the opinion thatnone encouragement from governmenthave been most significantly responsible for their tax avoidance or evasion, 21 respondents representing 16.3% opted for local services are not provided, 14 respondents representing 10.9% opted fornone visible evidence of what the money is used for and 14respondents representing 12.4% opted forlack of awareness. But 53 respondents representing 41.1% opted for all of the aforementioned. The above indicate that based on 41.1% who are with the highest responses, that the factorsresponsible for tax avoidance or evasion inSabon-Gari and Giwa local government are none encouragement from government, local services are not provided, none visible evidence of what the money is used for and lack of awareness from the government.

5.5.2 Interview Reports on Provision of social services and voluntary compliance of taxpayers

In an interview conducted with themanagement staff of Sabon-Gari and Giwa Local Government Budget, Planning, Research and Statistics, Finance and Supply Departments on attitudes of taxpayers towards paying local taxes and rates support the views of the respondent in table 5.18, that the attitude of taxpayers inSabon-Gari and Giwa local government towards

paying local tax rates is essentially not cooperative, as they always complained that they do not know what their money is use for, because there is no good road that links the rural areas for moving their goods to the markets and no drainages. These was also in consonance with the views of the taxpayers in table 5.25 that the reason why they do not like paying local taxes and rates are none encouragement from government, local services are not provided, none visible evidence of what the money is used for and lack of awareness from the government.

On the basis of individuals tax contributions, their responses substantiate the opinion established by respondent in table 5.20, that individual's tax contributions inSabon-Gari and Giwa local government should be based on assessment of wealth and income, marginal propensity to consume on luxurious items, benefit received from local services and obligatory. This also corroborate with the opinion of the taxpayers respondent in table 5.24.

On the social services the local government provides for the benefit of taxpayers, their responses are construction of market/motor park, stores, shops and services, primary health care and sanitation services,fire services, Security, feeder roads, sewages and drainages,animal vaccine and slaughter slabs as well as construction of primary schools. However, the views of staff respondent in table 5.21 and taxpayers respondent in table 5.22 oppose this position, that the only social services the local governments provides most is, market, motor park stores, shops and services. The views of the taxpayers in table 5.23 also further affirmed that the local governments are not providing adequate social services that increase their income and wealth; this means that Sabon-Gari and Giwa local government are not providing adequate social services that bring about increase in the income and wealth of taxpayers.

5.5 Test of Hypotheses

As earlier stated in the methodology aspect, that the operation of chi-square (X^2) distribution was carried out using the SPSS version 16.0 in testing the hypotheses postulated for this study.

5.5.1 Test of Hypothesis One

The null (H_0) to be tested states that: "IGR effort is not dependent on taxable capacity of the Local Government". The independent variable is `taxable capacity` while the dependent variable is `IGR effort `. The study wants to see how independent variable affects the dependent variable.

For the purpose of performing chi-square (X^2) operation on the computer for the hypothesis, responses for independent variable (taxable capacity), and responses for dependent variable (IGR effort) were coded in the computer using SPSS package cross tabulated the responses in table 5.5 and5.6 to produce the output presented on table 5.26 below:

Table 5.26: IGR efforts (Dependent Variable) * taxable capacity (Independent Variable) Crosstabulation

Count

		taxable capacity of the Local Government (Independent Variable)					
		Strongly Agree	Agree	Strongly Disagree	Diagree	Undecided	Total
IGR efforts of the Local Government (Dependent Variable)	Strongly Agree	18	4	0	0	0	22
	Agree	0	13	3	0	0	16
	Strongly Disagree	0	0	17	15	0	32
	Diagree	0	0	0	8	1	9
	Undecided	0	0	0	0	3	3
Total		18	17	20	23	4	82

Source: SPPS Version 16.0 output computed by the Researcher, (2015).

Using the cross tabulated values the computer produced the following chi-square output presented on table 5.27 for testing hypothesis one.

Table 5.27:Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Monte Carlo Sig. (2-sided)			Monte Carlo Sig. (1-sided)		
				Sig.	95% Confidence Interval		95% Confidence Interval		Sig.
					Lower Bound	Upper Bound	Lower Bound	Upper Bound	
Pearson Chi-Square	21.931E2[a]	16	.000	.000[b]	.000	.036			
Likelihood Ratio	160.347	16	.000	.000[b]	.000	.036			
Fisher's Exact Test	128.644			.000[b]	.000	.036			
Linear-by-Linear Association	70.067[c]	1	.000	.000[b]	.000	.036	.000	.036	.000[b]
N of Valid Cases	82								

a. 19 cells (76.0%) have expected count less than 5. The minimum expected count is .15.

b. Based on 82 sampled tables with starting seed 2000000.

c. The standardized statistic is 8.371.

Source: SPPS Version 16.0 output computed by the Researcher, (2015).

From the chi-square output on table 5.above, hypothesis testing procedures are as follows:-

Chi-square calculated value is the person chi square value which is = 21.931E2[a]

Degree of freedom (df) = 16

Level of significance (α) = 0.05.

Critical or tabulated value at 16 df and α value of 0.05 = 26.296

Decision Rule

The researcher decision rule in this study is to accept the null (H_0) if the X^2 calculated value is less than critical (tabulated) X^2 value if otherwise rejected.

Comparison

Comparing the chi-square computed value of 21.931E2[a] with chi-square critical (tabulated) value of 26.296 it is clear that the X^2 calculated value is less than the X^2 tabulated value. As such, weaccept the null hypothesis (H_0) and the reject hypothesis (H_1).

Conclusion

Because the null hypothesis (H_0) is rejected in favour of the alternate hypothesis (H_1), it could be concluded therefore that IGR effort is not dependent on taxable capacity of the Local Government.

This further proved that there is a disparity between `IGR effort` as the dependent variable and `taxable capacity` as the independent variable, meaning that Sabon-Gari been an urban local government have elastic IGR sources and Giwa been a rural local government have inelastic IGR sources. However, even theSabon-Gari which is an urban local government could not contribute up to 50% to TIGR for the year under study.

5.5.2 Test of Hypothesis Two

The null (H_0) to be tested states that: "effective strategy for revenue collection in Sabon-Gari and Giwa Local Government does not lead to enormous yield of IGR". The independent variable is `effective strategy` while the dependent variable is `enormous yield of IGR`. The study wants to see how independent variable affects the dependent variable.

For the purpose of performing chi-square (X^2) operation on the computer for the hypothesis, responses for independent variable (effective strategy), and responses for dependent variable (enormous yield of IGR) were coded in the computer using SPSS package cross tabulated the responses in table 5.7 and 5.8 for independent variable and table 5.9 and 5.12 for dependent variable to produce the output presented on table 5.28 below:

Table 5.28: Independent Variable (Effective Strategy) * Dependent Variable (Enormous Yield of IGR) Crosstabulation

Count

		Dependent Variable (Enormous Yield of IGR)					
		Strongly Agree	Agree	Strongly Disagree	Disagree	Undecided	Total
Independent Variable (Effective Strategy)	Strongly Agree	24	10	0	0	0	34
	Agree	0	31	0	0	0	31
	Strongly Disagree	0	11	36	0	0	47
	Disagree	0	0	10	63	0	73
	Undecided	0	0	0	5	8	13
Total		24	52	46	68	8	198

Source: SPPS Version 16.0 output computed by the Researcher, (2015).

Using the cross tabulated values the computer produced the following chi-square output presented on table 5.29 for testing hypothesis one.

Table 5.29: Chi-Square Tests

				Monte Carlo Sig. (2-sided)			Monte Carlo Sig. (1-sided)		
					95% Confidence Interval		95% Confidence Interval		
	Value	Df	Asymp. Sig. (2-sided)	Sig.	Lower Bound	Upper Bound	Lower Bound	Upper Bound	Sig.
Pearson Chi-Square	34.911E2[a]	16	.000	.000[b]	.000	.015			
Likelihood Ratio	403.334	16	.000	.000[b]	.000	.015			
Fisher's Exact Test	356.608			.000[b]	.000	.015			
Linear-by-Linear Association	1.737E2[c]	1	.000	.000[b]	.000	.015	.000	.015	.000[b]
N of Valid Cases	198								

a. 11 cells (44.0%) have expected count less than 5. The minimum expected count is .53.
b. Based on 198 sampled tables with starting seed 926214481.
c. The standardized statistic is 13.178.

Source: SPPS Version 16.0 output computed by the Researcher, (2015).

From the chi-square output on table 5.29 above, hypothesis testing procedures is as follows:-

Chi-square calculated value is the person chi square value which is = 34.911E2[a]

Degree of freedom (df) = 16

Level of significance (α) = 0.05.

Critical or tabulated value at 16 df and α value of 0.05 = 26.296

Decision Rule

The researcher decision rule in this study is to accept the null (H_0) if the X^2 calculated value is less than critical (tabulated) X^2 value if otherwise rejected.

Comparison

Comparing the chi-square computed value of $34.911E2^a$ with chi-square critical (tabulated) value of 26.296 it is clear that the X^2 calculated value is greater than the X^2 tabulated value. As such, we reject the null hypothesis (H_0) and accept the alternate hypothesis (H_1).

Conclusion

Because the null hypothesis (H_0) is rejected in favour of the alternate hypothesis (H_1) it could be concluded therefore that effective strategy for revenue collection in Sabon-Gari and Giwa Local Government will lead to enormous yield of IGR.

This further proved that there is a significant relationship between `effective strategy` as the independent variable and `enormous yield of IGR` as the dependent variable, meaning that effective strategy will brings about high yield of IGR, and ineffective strategy brings about low yield of IGR in Sabon-Gari and Giwa local government.

5.5.2 Test of Hypothesis Three

The null (H_0) to be tested states that: “Inadequate provision of social services does not significantly affect voluntary compliance by taxpayers”. The independent variable is `adequate provision of social services` while the dependent variable is `voluntary compliance by taxpayers`. The study wants to see how independent variable affects the dependent variable.

For the purpose of performing chi-square (X^2) operation on the computer for the hypothesis, responses for independent variable (adequate provision of social services), and responses for dependent variable (voluntary compliance by taxpayers) were coded in the computer using SPSS package cross tabulated the responses in table 5.18 and 5.23 for independent variable and table 5.19 and 5.23 fordependent variable to produce the output presented on table 5.30 below:

Table 5.30: Independent Variable (Provision of social services) * Dependent Variable (Voluntary compliance) Crosstabulation

Count

		Dependent Variable (Voluntary compliance)					
		Strongly Agree	Agree	Strongly Disagree	Disagree	Undecided	Total
Independent Variable (Provision of social services)	Strongly Agree	29	11	0	0	0	40
	Agree	0	12	31	0	0	43
	Strongly Disagree	0	0	12	29	0	41
	Disagree	0	0	0	56	4	60
	Undecided	0	0	0	0	14	14
Total		29	23	43	85	18	198

Source: SPPS Version 16.0 output computed by the Researcher, (2015).

Using the cross tabulated values the computer produced the following chi-square output presented on table 5.31 for testing hypothesis one.

Table 5.31: Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)	Monte Carlo Sig. (2-sided)			Monte Carlo Sig. (1-sided)		
				Sig.	95% Confidence Interval		95% Confidence Interval		Sig.
					Lower Bound	Upper Bound	Lower Bound	Upper Bound	
Pearson Chi-Square	34.460E2[a]	16	.000	.000[b]	.000	.015			
Likelihood Ratio	394.915	16	.000	.000[b]	.000	.015			
Fisher's Exact Test	345.895			.000[b]	.000	.015			
Linear-by-Linear Association	1.679E2[c]	1	.000	.000[b]	.000	.015	.000	.015	.000[b]
N of Valid Cases	198								

a. 10 cells (40.0%) have expected count less than 5. The minimum expected count is 1.27.
b. Based on 198 sampled tables with starting seed 221623949.
c. The standardized statistic is 12.958

Source: SPPS Version 16.0 output computed by the Researcher, (2015).

From the chi-square output on table 5.31 above, hypothesis testing procedures is as follows:-

Chi-square calculated value is the person chi-square value which is = 34.460E2[a]

Degree of freedom (df) = 16

Level of significance (α) = 0.05.

Critical or tabulated value at 16 df and α value of 0.05 = 26.296

Decision Rule

The researcher decision rule in the study is to accept the null (H_0) if the X^2 calculated value is less than critical (tabulated) X^2 value if otherwise rejected.

Comparison

Comparing the chi-square calculated value of 34.460E2[a]with chi-square critical (tabulated) value of 26.296 it could be deduced clearly that the X^2 calculated value is greater than the X^2 tabulated as such null hypothesis (H_0) will be rejected in favour of the alternate hypothesis (H_1).

Conclusion

Because the null hypothesis (H_0) is rejected in favour of the alternate hypothesis (H_1) is could be concluded therefore that the inadequate provision of social services affect the voluntary compliance by taxpayers. This further proved that there is significant relationship between voluntary compliance as the dependent variable and provision of social services as the independent variable, meaning that adequate provision of social service brings about voluntary compliance by taxpayers while inadequate provision of social services brings about lack of voluntary compliance by tax payers.

5.6 Discussion

In the analysis so far, the hypothesis that states ‘‘IGR effort is not dependent on taxable capacity of the Local Government’’ is validated in the case of Sabon-Gari Local Government and rejected in the case of Giwa Local Government. A Cursory look attable 5.2 and 5.3 shows the trend of IGR efforts in relation to taxable jurisdiction of Sabon-Gari and GiwaLocal Governments. It is noticed that Head 1001 have not been represented as the data for it were not available. This may suggest that the revenue head have been muddled up in the miscellaneous items. Head 1008 contribute highest to the local governments TIGR, Sabon-Gari with 43.0% and Giwa84.7%, followed by Head 1002 40.4% for Sabon-Gari. Head 1004, 1005, 1006 constitute several little contribution to local governments TIGR. This shows that the local governments IGR effort differed and have not been fully tapped to the fact that, some heads have not been contributing adequately to the TIGR of the local governments. This is however, contrast with the study of Maruf (2012) who showed that Heads 1003, 1004 and 1005 has the highest contribution to local governments TIGR. There are a number of reasons for the apparent differences in the taxable powers between the two local governments.

First and foremost is the difference in the enabling resources between the two local governments. Two factors have been associated, vis-a-vis the economic structures and public/private investment, in the case of Sabon-Gari Local Government, over the contemporary period the economic centre has shifted from Agriculture to Industry and services. This development has created a wider economic environment for the multiple of private and public sectors participation in the commercial and semi-trading activities. In effect, besides the development of Sabon-Gari Markets and Motor Parks, other stable and viable revenue yielding sources includes, main trade and commercial houses situated around the GRA like Leventis Stores, Mr. Biggs, U.A.C., PZ, Harmony Brothers, Hamzent Stores, Abdu Kwari Ventures, Amil Motors, Matso-Matso Motors, BlockIndustries, 22 Banking Industries, 37 Filling Stations and Agro Allied Companies etc. all Scattered around theSabon-Gari local government metropolitan. Most of these market centres are fairly well-developed and stable throughout the season.

In contrast, Giwa Local Government, regardless of its origin, has a very short history of existence as a local government council. It was created in 1991, during Ibrahim Babangida military regime. The local government was cave out from Igabi Local Government. Besides the few and inelastic tax jurisdictions, the entire economic structure revolves around agricultural proceeds.There are large peasant farmers, who to some extent work side by side with very few mechanised farmers. Like other rural local governments, the main source of revenue of Giwa Local Government has been the collection from the sale of agricultural outputs, mostly done during the market days. Even though there seems to be high level of reliability over the collection of revenue from market centres and motor parks the problems of inadequacy of socio-economic infrastructures and lacks of rural feeder roads in most of the market areas have reduced the fiscal powers of Giwa Local Government.

For instance, market and motor parks centres at Giwa/Shika District provided sizeable revenue between the month of September to April, whereas revenue collections from Fatika Districtis uncertain and unstable because of their non-existence during the rainy season.

The foregoing comparative analysis provides the objective basis under which the taxable jurisdictions of local governments were assessed. If the revenue jurisdiction has beer fairly well developed to the extent that variation in terms of their tariffs and coverage's may not have any political prejudice. Example could be seen in appendix (v) where the Kaduna State Government harmonized the levies, rates, fees and charges to be collected by the Local Governments.This review enable Sabon-Gari Local Government to generate large sum of revenue from these sources with possible little tax efforts.

In contrast, the revenue jurisdiction of rural local government has been relatively inelastic and static and could not be adjusted incrementally without any political prejudice. Complying with variation in the taxes and rates for instance can prove highly cumbersome and expensive for the participation of the private commercial operators. Notwithstanding, variations can also have a distorting effect upon patterns of trade, creating artificial price differentials within relatively small and homogeneous rural areas. In this respect, no matter the extent of the revenue effort put in place, the revenue drive would be very small.

The second most contentious area surrounding local governments revenue generation as found by Jumare (2008), in his study on statutory fiscal jurisdiction as a constraint to revenue generation in Nigerian Local Governments, centres on the concept of equity between the local tax payers (governed) and the local government (governors). He states that

> Equity in terms of local government taxation implies the contractual agreement between the government and the tax payers, where the best results can be achieved if the direct recipient of public goods meets all or most of the costs of providing that good. Many of the public services provided in the local governments are not

> provided uniformly to the entire population. But rather in distinguishable quantities and qualities. As such, the local government taxes should be consistent with the rate of public goods and services being supplied to individual tax payers, commensurate with the consumption capacity.

In the case of Sabon-Gari Local Government, tax payers, besides the local and State Government services, federal government participated actively in the some provision of public goods and services. Other services at the city level, Police and Fire Protection primarily served the local government tax payers and the businessmen equivalent to the amount being received as taxes.

In contrast, the system of taxation on agricultural proceeds within the rural local government contradicts the ethic principles of fairness and just "when it is not commensurate and consistent with the benefits one derives from the economy'. A lack of correlation between the tax incidence and agricultural incomes is of course the major weakness of the tax system existing within the rural local governments. In fact most people in the rural local governments area experiences little presence of government (in rare cases local governments) in the provision of services. Many of the revenue sources of local governments have been centrally placed for its tax burden to fall on the peasant farmers. Thus makes the taxable capacity of the rural local governments to be relatively very low, because their economic bargaining fiscal powers are more on people rather than on income and wealth

Similarly, the test of hypothesis two shows that effective strategy for revenue collection in Local Government will lead to enormous yield of IGR, but however the study found that Sabon-Gari and Giwa local government lackeffective strategy for IGR. This was indicated in table 5.7 and 5.8 where 59.47% and 55.1% respectively attested that the local governments have no effective strategy for IGR. This means that Sabon-Gari and Giwa local government IGR

strategies are essentially ineffective, and this with other factors such as over dependence on statutory allocation, lack of skill manpower, improper accountability, high rate of tax avoidance and evasion, corruption and fraudulent acts, interference by the state government were stumbling block to Sabon-Gari and Giwa local government IGR efforts. These corroborates with view of Jumare, (2008), Moses, Stephen and Basil (2012),Maruf, (2012), Silas (2012), that structural and institutional problems surrounding tax administration in local governments have all served to make it difficult for the local governments to have sufficient revenues to meet their expenditures needs. The structural problems related to system, of tax collection and recording relevant information on tax payers. Poor conditions of service, inadequacy of highly skilled, manpower coupled with the rigid and outmoded financial memoranda combined to account for the low yield of revenue from taxation.

On thestrategy that will yield high IGR for the local governments,56.1% of the respondent in table 5.14, attested that through the use of highly skilled revenue collectors, task force, e-payment, awareness campaign and strict adherence to the rules and regulations governing financial management and local government revenue as provided in the 2012 Local Government Financial Memoranda, there will be enormous yield of IGR in Sabon-Gari and Giwa local government. These affirmed to the Smith Cannon of Taxation adopted as the theoretical framework for this study, Smith provide an important and appropriate principle to be follow in tax administration which include equality, certainty, economy and convenience.

The test of hypothesis three revealed that theinadequate provision of social services significantly affect voluntary compliance of taxpayers. In an interview conductedon the social services the local government provides for the benefit of taxpayers, their responses are construction of market/motor park, stores, shops and services, primary health care and sanitation

services,fire services, Security, feeder roads, sewages and drainages,animal vaccine and slaughter slabs as well as construction of primary schools. However, the views of staff respondent in table 5.21 and taxpayers respondent in table 5.22 oppose this position, that the only social services the local governments provides most is, market, motor park stores, shops and services. The views of the taxpayers in table 5.23 also further affirmed that the local governments are not providing adequate social services that increase their income and wealth; this means that Sabon-Gari and Giwa local government are not providing adequate social services that bring about increase in the income and wealth of taxpayers.

5.7 Major Findings

Based on the data presented and analysed, the study arrived at the followings as the major findings which by implication constitute the factors responsible for the low yield of IGR in Sabon-Gari and Giwa Local Government:

1) That Sabon-Gari and Giwa local government have much depended on external sources of revenue, and this has affected their efforts to initiate and look inward to adequately exploit their existing internal sources and to explore new sources, which has resulted to the low yield of IGR. This is however unhealthy state of affairs for the local governments, if they must rise up to accomplish their assigned functions to meet the expectations and yearnings of their populace, they must make concerted efforts to improve on their internally generated revenue.

2) that the local governments IGR efforts and taxable capacities differed and have not been fully tapped to the fact that, some heads have not been contributing adequately to the TIGR of the local governments, Sabon-Gari has elastic tax jurisdictions, the tax jurisdiction of Giwa as rural local government has been relatively inelastic and static and

could not be adjusted incrementally without any political prejudice. Complying with variation in the taxes and rates for instance can prove highly cumbersome and expensive for the participation of the private commercial operators.

3) That the direct collection of collection of revenue strategy used by Sabon-Gari and Giwa local government in IGR efforts is essentially not effective, this mean that there is no effective strategy for revenue generation in Sabon-Gari and Giwa local government and this led to low yield of IGR.

4) That Sabon-Gari and Giwa local government send their staff for training but not often, this mean that the staff of the finance and treasury department are not highly skilled and this has affected the effectiveness of the machinery to generate revenue internally for Sabon-Gari and Giwa local government, alsolack of skill manpower, improper accountability, high rate of tax avoidance and evasion, corruption and fraudulent acts and frequent interference by the state government were stumbling block to Sabon-Gari and Giwa local government IGR efforts

5) That the only socio-economic services the two local governments have provided most are market, motor park stores, shops and services. The views expressed by the taxpayers in table 5.23 also further affirmed that the twolocal governments have not being providing adequate socio-economic services that increase the local taxpayers income and wealth; this means that Sabon-Gari and Giwa local government are not providing adequate social services that bring about increase in the income and wealth of taxpayers, and this bringing about non-compliance by taxpayers.

CHAPTER SIX

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

This chapter presented the summary of study and conclusions reached on the bases of the hypotheses tested. Recommendations were also proffered on the bases of the findings in chapter five.

6.2 Summary

One of the major challenge of Nigerian local governments is financial resources that are derive from revenue both external and internal sources. Unfortunately the local governments too much depend on external sources to finance their activities, and this has affected their efforts to initiate and look inward to adequately exploit their existing internal sources and to explore new sources, which has resulted to the low yield of IGR. This study attempted to evaluate IGR efforts of Sabon-Gari and Giwa local governments. The study specifically examined the factors responsible for the low yieldof IGR in Sabon-Gari and Giwa Local Governments. It also determined to suggest different ways on how the local governments can improve their IGR towards accomplishing their statutory obligations.

Three hypotheses were postulated for the study. The hypotheses centred on the determining whether or not the IGR efforts of Sabon-Gari and Giwa Local Government is dependent on their taxable capacity, effectiveness of strategy for revenue collection in Sabon-Gari and Giwa Local Government lead to enormous yield of IGR and how adequate provision of social services influence voluntary compliance of taxpayers. The significance of the study to research, policy and practice of governance has been stressed. The limitation of the study has also been acknowledged. The study covered the period 2009 - 2013 and was limited to only audit

reports conducted within this period were taken into consideration. Some terms and concepts used in the study were defined both authoritatively and operationally.

The literature relating to the study was critically reviewed. These include the concept of local government, functions of local government, problems of local governments in Nigeria, revenue, and sources of local government revenue, internally generation of revenue and factors militating against internally generation of revenue in the local governments. In terms of empirical review, the studies of Moses, Stephen and Basil (2012), Maruf Mustapha (2012), Silas F. Anyio (2012), and Cythia (2010) are the related literatures reviewed. Finally in this chapter, the study explained the theoretical framework adopted for this study which is the Cannon of Taxation and gave justification for it.

The research design for the study was mainly survey research consisting of the use of questionnaireadministered on both junior and senior staff in the finance and treasury department and budget, planning, and statistics department and some taxpayers in Sabon-Gari and Giwa Local Governments and also the interview, these were complemented with content analysis of data from official documents. The total population for the study was 1200. The sample size for questionnaire respondents was 290 representing 24.2% of the total population. Both primary and secondary sources of data were explored.

The activities of the Kaduna State Local Governments IGR strategy was discuss under chapter four. This consist of the under the following captions: rates and levies payable, distinction between the old and the new Kaduna State Local Governments IGR Laws, revenue collection duties and responsibilities, collection and receipt of revenue, receipt forms and their distribution, procedure for handling shortages, counterfeit or obsolete currency, cheques and

refunds. It also discussed control of receipt and other revenue earning book etc. and lost of funds or revenue-earning books.

The data obtained from the field representing the views of the respondents were presented in tables and analysed using frequencies and percentages. The chi-square distribution was also used to test the validity or otherwise of the hypotheses formulated in chapter one. From the data presented and analysed, the study revealed that Sabon-Gari and Giwa local government have too much depended on external sources of revenue, and this has affected their efforts to initiate and look inward to adequately exploit their existing internal revenue sources and to explore new sources, which has resulted to the low yield of IGR. It also found that Sabon-Gari and Giwa local government IGR strategy is essentially not effective.

6.3 Conclusion

In view of the data presented and analysed as well as the hypotheses tested in chapter five, the study concludes that there is no meaningful project that can be executed in the local government without adequate financial resources that are derives from revenue. Revenue is the vital fluid that ensures that local government is run effectively and in a sustainable manner for the overall wellbeing of its populace. The idea of Sabon-Gari and Giwa local governments being too tight to monthly statutory allocations should be reduce and look inwardly to improve their IGR. They must explore the innovative approach of generating revenue internally that will stand as viable option in case of eventuality from external sources. IGR is a means to an end and also strategic source of financing local governments operation and which can be explored given the enabling environment and political will. Hence, the internal revenue sources stand as viable option in case of eventuality from external sources. Some bedevilling snags however, existwhich have hindered e efficient and effective internal revenue generation in the local government.

6.4 Recommendations

In view of the research findings made in chapter five, the study recommends that;

1) As a basis for efficient and effective revenue collection, it is necessary that professionals are recruited, deployed appropriately, retrain in modern scientific techniques (ICT) adequately compensated and equip them with adequate managerial tools that fit the test of term. In addition, the local government finance department should equally be equipped with modern scientific gadgetry for efficient and effective administrative and financial operations.
2) For enormous yield of IGR, there should be innovative and strategic mechanism that will enforce the full tap of existing revenue sources, and also exploit new avenues of generating revenue internally through financial investment like entering into partnership with private individuals and organizations, commercial farming, animal husbandry, tricycling transportation (Keke-Napep), building of corner shops, pure water/ yoghurt and block making industry. More so, audit alarm should be given its proper place.
3) For proper compliance from the taxpayers, the local government should endeavour to provide basic social amenities like electricity supply, primary health cares, good road, water supply, basic education and home for the destitute etc. so that taxpayers will appreciate the benefit of paying taxes which will in turn encourage them to be prompt in compliance and this will eventually lead to high revenue generation from taxes and rates.
4) The local government financial control mechanism should be strengthened to avert the situation of mismanagement and misappropriation of generated revenue, all the guideline related to local government in the Financial Memoranda and the provisions of the Fiscal

Responsibility Act (2007) should be strictly adhered and due process mechanism be given its proper place in the local government.

5) Any acts of corruption or fraud should be exposed immediately a whistle is blown in that direction. Anti-corruption and other related offences agencies must be kept abreast of such development. More so, serious punitive measures such as repayment, withholding of salaries or outright dismissal should be employed for all those caught in the act of corruption.

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APPENDIX I

INTRODUCTORY LETTER TO RESPONDENTS

Department of Public Administration,
Faculty of Administration,
Ahmadu Bello University,
Zaria.
5th January, 2015.

Dear Respondent,

RESEARCH THESIS QUESTIONNAIRE

I am a M.Sc. student from the Department of Public Administration, Ahmadu Bello University, Zaria, undertaking a research on "**Evaluation of Internally Generated Revenue Efforts in SabonGari and Giwa Local Government Areas of Kaduna State**".

I will be grateful if you can fill the attached questionnaire. Please be rest assured that all information provided by you would be used purely for academic purpose and shall be treated with absolute confidentiality.

Thanks for anticipated cooperation.

Yours faithfully,
Signed.
Kasimu SANI
M.Sc./ADMIN/41173/2012-13

APPENDIX II
QUESTIONNAIRE FOR STAFF RESPONDENTS

Section A: Personal Data of Respondents

NOTES: The purpose of this questionnaire is to obtain first-hand information to enable the writing of this research work only. Respondents are pleased requested to supply the answers where necessary.

Instructions

Please tick [√] from the list of options that appeal to your opinions.

(1) Local Government_____

(2) Department_____

(3) Rank/Designation_____

(4) Sex of Respondent: (a) Male [ ] (b) Female [ ]

(5) Age of Respondent: (a) 21 – 30 years [ ] (b) 31 – 40 years [ ] (c) 41 – 50 years [ ] (d) 51 – 60 years [ ](e) 61 years and above [ ]

(6) Highest educational qualification of Respondent: (a) Primary [ ] (b) Secondary [ ] (c) OND/ ND/NCE [ ] (d) HND /Degree [ ] (e) Postgraduate [ ]

(5) Length of service: (a) 1 – 5 years [ ] (b) 6 – 10 years [ ](c) 11-15years [ ] (d) 16years and above [ ]

Section B: Questions related to Hypothesis One (IGR effort and taxable capacity of theLocal Government).

(6) The taxable capacities of the Local Government are viable?

(a) Strongly Agree [ ] (b) Agree [ ] (c) Undecided [ ] (d) Strongly Disagree [ ] (e) Disagree [ ]

(7) The IGR efforts of the Local Government contribute much to the TIGR?

(a) Strongly Agree [ ] (b) Agree [ ] (c) Undecided [ ] (d) Strongly Disagree [ ] (e) Disagree [ ]

(8) State the reason for the choice of your opinion above

_____

_____

_____

Section C: Questions related to Hypothesis two (Effective strategy for revenue collection and enormous yield of IGR)

(8) Your local government has effective strategy for enormous yield of IGR?

(a) Strongly Agree [ ] (b) Agree [ ] (c) Undecided [ ] (d) Strongly Disagree [ ] (e) Disagree [ ]

(9) Enforcement ofIGR rules and regulations in your local government are satisfactory?

(a) Strongly Agree [ ] (b) Agree [ ] (c) Undecided [ ] (d) Strongly Disagree [ ] (e) Disagree [ ]

(10) In your opinion, when is the management of Local Government tax revenue most effective.

(a) Under old laws [ ] (b) Under the new laws [ ]

(11) State the reason for the choice of your opinion above

_____

_____

_____

(12)What do you think is responsible the low yield of IGR in your local government?

(a) Lack of skill manpower and improper accountability [ ] (b) High rate of tax avoidance [ ] (c) Corruption [ ] (d) Interference by the state government [ ] (e) All of the above [ ]

(13)Your local government is doing well in creating awareness about the importance of paying taxes and rates?

(a) Strongly Agree [ ] (b) Agree [ ] (c) Undecided [ ] (d) Strongly Disagree [ ] (e) Disagree [ ]

(14) How often does your local government send revenue staff for training?

(a) Very often [ ] (b) Often [ ] (c) Not often [ ] (d) Never [ ] (e) Undecided [ ]

(15) Which of the following strategy do you think will yield high IGR for your local government?

(a) The use of highly skilled revenue collectors [ ] (b) The use of task force [ ] (c) The use of E-payment [ ] (d) The use of awareness campaign [ ] (e) All of the above [ ]

Section D: Questions Related to Hypothesis Three (Provision of social services and voluntary compliance of taxpayers).

(16) Do you agree there is significant relationship between Provision of social services and voluntary compliance of taxpayers?

(a) Strongly Agree [ ] (b) Agree [ ] (c) Undecided [ ] (d) Strongly Disagree [ ] (e) Disagree [ ]

(17) The attitude of taxpayers towards paying local taxes and rates is essentially cooperative?

(a) Strongly Agree [ ] (b) Agree [ ] (c) Undecided [ ] (d) Strongly Disagree [ ] (e) Disagree [ ]

(18) Individual's tax contributions should be based on:

(a) Assessment of wealth and income [ ] (b) Marginal propensity to consume on luxurious items [ ] (c) Benefit received from local services [ ] (d) Obligatory [ ] (e) All of the above [ ]

(19) There is proper of utilization of the generated revenue in your local government

(a) Strongly Agree [ ] (b) Agree [ ] (c) Undecided [ ] (d) Strongly Disagree [ ] (e) Disagree [ ]

(20) Which among the following social services the local government provides for the benefit of taxpayers?

(a) Construction of market/motor park stores, shops and services [ ] (b) Health and sanitation services [ ] (c) Fire services/Security [ ] (d) Feeder roads and drainages[ ] (e) Animal vaccine and slaughter slabs [ ]

APPENDIX III
QUESTIONNAIRE II: FOR THE LOCAL TAX PAYERS

NOTES: The purpose of this questionnaire is to obtain information for thesis writing only. Respondents are please requested to offer their most candid and useful views, as all information will be treated confidentially.

Section A: Personal Data of Respondents

Local Government_____ District_____
Occupation_____

Section B: Issues Surrounding Local Taxes and Rates

1. Which among the following social services the local government is providing favourably?
   (a) Construction of market/motor park stores, shops and services [ ] (b) Health and sanitation services [ ] (c) Fire services/Security [ ] (d) Feeder roads and drainages[ ] (e) Animal vaccine and slaughter slabs [ ]
2. The local government provide adequate social services that bring about increase in your income and wealth
   (a) Strongly Agree [ ] (b) Agree [ ] (c) Undecided [ ] (d) Strongly Disagree [ ] (e) Disagree [ ]
3. Individual's tax contributions should be based on:
   (a) Assessment of wealth and income [ ] (b) Marginal propensity to consume on luxurious items [ ] (c) Benefit received from local services [ ] (d) Obligatory [ ] (e) All of the above [ ]
4. Thestrategy used by local government for revenue collection is essentially effective?
   (a) Strongly Agree [ ] (b) Agree [ ] (c) Undecided [ ] (d) Strongly Disagree [ ] (e) Disagree [ ]
5. Which of these have been most significantly responsible for your avoidance or evasion?
   (a) No encouragement from government[] (b) Local services are not provided[ ] (c) No visible evidence of what the money is used for [](d)Lack of awareness [ ] (f) All of the above[]
6. Which of the following aspects of local taxes and rates will satisfy you?
   (a) The use of highly skilled revenue collectors [ ] (b) The use of task force [ ] (c) The use of E-payment [ ] (d) The use of awarenesscampaign [ ] (e) All of the above [ ]
7. If there is adequate provision of social services you will be prompt to payment of local rates and taxes?
   (a) Strongly Agree [ ] (b) Agree [ ] (c) Undecided [ ] (d) Strongly Disagree [ ] (e) Disagree [ ]
8. What are your suggestions for improving local tax and rate in your local government?
   _____
   _____
   _____

APPENDIX IV
INTERVIEW GUIDEFOR STAFF RESPONDENTS

Section A: Questions related to Hypothesis One (IGR effort and taxable capacity of theLocal Government).

1. What are the viable sources of IGR to your local government?
2. How has the local rates/fees jointly collected by the State Government and the Local Government have affected the taxable capacity of the Local Government?
3. Does monthlyfederal statutory allocation grant reduces the tax efforts of your local governments?

Section B: Questions related to Hypothesis two (Effective strategy for revenue collection and enormous yield of IGR)

4. How effective is the strategy put in place by your local government for IGR?
5. Enforcement ofIGR rules and regulations in your local government are satisfactory? In your opinion, which laws provides foreffective management of Local Government revenue?
6. What do you think is responsible the low yield of IGR in your local government?
7. How well your local government is doing in creating awareness about the importance of paying taxes?
8. How often your local government do sent revenue staff for training for efficient revenue generation?
9. What strategy do you think will yield high IGR for your local government?

Section C: Questions Related to Hypothesis Three (Provision of social services and voluntary compliance of taxpayers).

10. What are the attitudes of taxpayers towards paying local taxes and rates?
11. What do you think should be basis of individual's tax contributions?
12. What are the social services the local government provides for the benefit of taxpayers?

Section D: Profiles of interviewees and time of the scheduled

S/No.	Sampled Area	Interviewees	Date & Time of Interview
1	Sabon-Gari Local Government: Finance & Supply Department	Director Finance (Treasurer)	06/01/2015 9:00am – 10:00am
2		Accountant	
3		Internal Auditor	
4		Revenue Collector	
5	Budget, Planning, Research & Statistics (BPRS)Department	Director BPRS	07/01/2015 9:00am – 10:00am
6		Planning Officer	
7		Statistician	
8	Giwa Local Government: Finance & Supply Department	Director Finance (Treasurer)	12/01/2015 11:00am – 12:00pm
9		Accountant	
10		Internal Auditor	
11		Revenue Collector	
12	Budget, Planning, Research & Statistics (BPRS)Department	Director BPRS	13/01/2015 11:00am – 12:00pm
13		Planning Officer	
14		Statistician	

Source: Field Survey by the Researcher, (2015)

APPENDIX VI
SCHEDULE SECTION 4(1)

S/No.	Revenue Heads	Recommended Rates (N)		
		Urban Ward	**Semi-Urban Ward**	**Rural Ward**
1.	**Shops and Kiosk Rates**			
	Large (10sqm and above)	20,000.00	15,000.00	10,000.00
	Medium (6sqm-9.99sqm)	10,000.00	5,000.00	3,000.00
	Small (5.99sqm and below)	5,000.00	3,000.00	2,000.00
	Containerised Shop (Big)	10,000.00	5,000.00	3,000.00
	Containerised Shop (Small)	5,000.00	3,000.00	2,000.00
	Distributor Outlets	50,000.00	30,000.00	20,000.00
	Workshop Permits for Artisans Carpenters, mechanics, vulcaniser etc.	5,000.00	2,500.00	1,500.00
2.	**Tenement Rates (Private and Commercial Property)** Based on value of the property a) Commercial rate: 0.5% of the value of the property b) Private/Residential:0.25% of the value of the property c) Telecommunication Mast: N 100,000.00 per mast			
3.	**On and Off Liquor Fees**			
	On Licence	25,000.00	20,000.00	15,000.00
	Off Licence	10,000.00	5,000.00	5,000.00
	Liquor fees (Native/Liquor Palm Wine)	1,000.00	1,000.00	1,000.00
4.	**Slaughter Slab Fees**			
	AbattiorLicence fess	3,000.00	2,000.00	2,000.00
	Cow/camel slaughter per head	500.00	300.00	200.00
	Goat/sheep/pig slaughter per head	200.00	150,00	100.00
5.	**Merriment and Read Closure Levies**			
	Entertainment fees	5,000.00	3,000.00	2,000.00
	Noise Control fees	5,000.00	3,000.00	2,000.00
	Hotel/food permits (for restaurants, bakeries and other places where food is sold)	25,000.00	20,000.00	15,000.00
6.	**Radio and TV Licence Fees**			
	(other than radio and television transmitter) Residential Radio and TV fees	1000.00	1000.00	1000.00
	Vehicle Radio fees (where the vehicles is registered)	2,000.00	2,000.00	2,000.00
7.	**Marriage Birth and Registration Fees**			
	Marriage Registration (Act) fee	5,000.00	3,000.00	2,000.00
	Marriage Certificate Fees	5,000.00	5,000.00	5,000.00
	Birth registration Fees	2,000.00	1,000.00	1,000.00
8.	**Naming of Street Registration Fee**	150,000.00	100,000	50,000
9.	**Right of Occupancy Fees in Local Govt. Areas**	5,000.00	3,000.00	2,000.00
10.	**Markets Rates and Levies**			
	Permanent Stalls (per annum)	12,000.00	8.00.00	5,000.00
	Block Stalls (per annum)	8,000.00	5,000.00	4,000.00
	Seasonal Markets (per bag/heap)	100.00	100.00	100.00
	Market Hawkers (daily)	40.00	30.00	20.00
	Market Hawkers (weekly)	100.00	50.00	50.00
11.	**Motor Park Levies**			
	Entrance fees (Gate): trucks, lorries, tankers, buses, pick up vans, centers	300.00	200.00	100.00
	Loading fees (per trip)	2,000.00	1,000.00	500,00
	Motorcycle Parking fees (per day)	50.00	30.00	20.00
12.	**Domestic Animal Fees**			
	Dog Licence	1,000.00	700.00	500.00
13.	**Bicycle, truck, canoe, wheelbarrow and cart fees**			
	Bicycle Licence fee	1,000.00	500.00	500.00
	Canoe licence fee	1,500.00	500.00	500.00

	Wheelbarrow/cart fee	500.00	300.00	300.00
14.	**Cattle Tax**			
	Goat/sheep	500.00	500.00	500.00
	Other Livestock	1,000.00	500.00	500.00
15.	**Religious Places Establishment fees**			
	Open Air Preaching permit fee	5,000.00	5,000.00	5,000.00
	Establishment of Religious Centres fee	10,000.00	5,000.00	5,000.00
16.	**Sign Board (Signage) and Advert Permit Fee**			
	Mobile Sales Promotion Fee	5,000.00	3,000.00	2,000.00
	Directional Signboard Fee	10,000.00	5,000.00	5,000.00
	Electric Design Advert Per Face Fee	15,000.00	10,000.00	8,000.00
	Wall Print Advertisement Per Side Fee	10,000.00	5,000.00	2,500.00
	Billboards, Unipoles and Eye-Catchers	150,000.00	100,000.00	100,000.00
	Market Road Show Permit	5,000.00	3,000.00	2,000.00
	Digitalized Boards	20,000.00	10,000.00	10,000.00
17.	**Public Convenience, Sewage and Refuse Disposal Fee**			
	Dislodgement of Specific Tanks	5,000.00	3,000.00	2,000.00
	Sanitation Fees (Residential)	3,000.00	2,000.00	1,000.00
18.	**Wrong Parking Charges**			
	Towing of Vehicles fee	5,000.00	3,000.00	2,000.00
19.	**Other Levies and Fees**			
	Contract Registration Fees	20,000.00	20,000.00	20,000.00
	Contract processing Fee	2.5% of the Value of the contract	2.5% of the Value of the contract	2.5% of the Value of the contract

Source:KD.S Law No. 6 2014 Local Government Revenue Harmonization Law (2014)

APPENDIX VII

Table C: Critical values of the χ^2-distribution.

V	α							
	0.995	0.99	0.975	0.95	0.05	0.025	0.01	0.005
1	0.0^4393	0.0^3157	0.0^3982	0.0^2393	3.841	5.024	6.635	7.879
2	0.0100	0.0201	0.0506	0.103	5.991	7.378	9.210	10.597
3	0.0717	0.115	0.216	0.352	7.815	9.348	11.345	12.838
4	0.207	0.297	0.484	0.711	9.488	11.143	13.277	14.860
5	0.412	0.554	0.831	1.145	11.070	12.832	15.086	16.750
6	0.676	0.872	1.237	1.635	12.592	14.449	16.812	18.548
7	0.989	1.239	1.690	2.167	14.067	16.013	18.475	20.278
8	1.344	1.646	2.180	2.733	15.507	17.535	20.090	21.955
9	1.735	2.088	2.700	3.325	16.919	19.023	21.666	23.589
10	2.156	2.558	3.247	3.940	18.307	20.483	23.209	25.188
11	2.603	3.053	3.816	4.575	19.675	21.920	24.725	26.757
12	3.074	3.571	4.404	5.226	21.026	23.337	26.217	28.300
13	3.565	4.107	5.009	5.892	22.362	24.736	27.688	29.819
14	4.075	4.660	5.629	6.571	23.685	26.119	29.141	31.319
15	4.601	5.229	6.262	7.261	24.996	27.488	30.578	32.801
16	5.142	5.812	6.908	7.962	26.296	28.845	32.000	34.267
17	5.697	6.408	7.564	8.672	27.587	30.191	33.409	35.718
18	6.265	7.015	8.231	9.390	28.869	31.526	34.805	37.156
19	6.844	7.633	8.907	10.117	30.144	32.852	36.191	38.582
20	7.434	8.260	9.591	10.851	31.410	34.170	37.566	39.997
21	8.034	8.897	10.283	11.591	32.671	35.479	38.932	41.401
22	8.643	9.542	10.982	12.338	33.924	36.781	40.289	42.796
23	9.260	10.196	11.689	13.091	35.172	38.076	41.638	44.181
24	9.886	10.856	12.401	13.848	36.415	39.364	42.980	45.558
25	10.520	11.524	13.120	14.611	37.652	40.646	44.314	46.928
26	11.160	12.198	13.844	15.379	38.885	41.923	45.642	48.290
27	11.808	12.879	14.573	16.151	40.113	43.194	46.963	49.645
28	12.461	13.565	15.308	16.928	41.337	44.461	48.278	50.993
29	13.121	14.256	16.047	17.708	42.557	45.722	49.588	52.336
30	13.787	14.953	16.791	18.493	43.773	46.979	50.892	53.672