Appraisal of Tax Administration in Kogi State, Nigeria

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APPRAISAL OF TAX ADMINISTRATION IN KOGI STATE

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Abstract

The study set out to identify the problem of tax administration in Nigeria and to appraise the performance of Kogi State Board of Internal Revenue. The problem of tax collection were identify to include lack of power by Revenue Appeal Courts, poor communication system, poor staff training and equipment fraudulent practices, lack of supervisor and so on. The data for appraising the performance of Kogi State Board of Internal Revenue were gathered directly through questionnaires and interviews ration study revealed that taxes collected were significant in term of Internally Generated Revenue of the State. The monitoring mechanism in system has greatly being improved over years. The shortfall from the federation account has been augmented with taxes collected in the state. Finally, there are areas of improvement which can be exploited.

Keywords: revenue, tax, kogi, state board, paye, earnings licence

Introduction

The inadequate of the federal allocation, virtually all State Governments have imbibed the culture of improving internally generated revenue as alternative means of meeting and sustaining the various competing financing needs. This has been viewed as a major vehicle for long term development of infrastructures amenities of those states.

Hence, emphasis from relying on Federation Account to various means of imploring internally generated revenue such as:-

I. Identify her source of revenue.

II. Intensification of revenue generating efforts on the existing source.

III. Conservation and prudent management of revenue generated.

IV. Prevention of funk leakages.

V. As resting of duplication by merging of parastatals performance similar schedules of the above items, the major point of focus however has been restructuring the State Board of Internal Revenue which is the central organ for internally generated revenue.
Its is against this background that I decided to undertake an appraisal of tax administration with a view to identify problems militating against smooth administration and to suggest lasting solution.

**Statement of the Problem**

Not until early 80s no serious attention has been given or paid to the then State Board of Internal Revenue (SBIR) hence there was huge loose or revenue through “leakages” inform of tax evasion and avoidance. A survey conducted by Peat,Marwick,Ani,Ogunde and Co. Chartered Accountant in 1981, reveal that each state Board of internal revenue was loosing between 12-30 million naira annually as a result of loose tax administration.

In the late 80s and 90s, the revenue allocation to state from the federal government did not only started dawdling, it also was also grossly inadequate. This coupled with the ever increasing financial needs of state compelled state to start looking inward as to how to sustain their activities and this desire is heightened not with all the state government charging their Internal Revenue Service Department and others parastatals with responsibility to double their revenue generation effort as to enable them meet the various competing needs.

The major area of address includes:-

i. Strategies to make them more functional.

ii. Identify new source/tax base.

iii. How to tap the existing sources to the fullest.

iv. How to minimize revenue leakages perpetrated thorough outright embezzlement by tax officers.

**Objectives of the Study**

The study is aimed at achieving the following objectives.

1. To identify problems of tax administration in Nigeria, especially among State Board of Internal Revenue Services.

2. To appraise performance of Kogi State Board of Internal Revenue.
3. To suggest solution capable of improving the administration of tax in Nigeria.

Research Hypotheses

Hypothesis 1 (Null)
Poor working tools and enabling environment is not responsible for ineffective tax administration in Nigeria.

Hypothesis 2 (Null)
Lack of qualified personnel and poor management are not responsible for ineffective tax administration in Nigeria.

Hypothesis 3 (Null)
Lack of enabling tax laws are not responsible for ineffective tax administration in Nigeria.

Review Of Related Literature
Taxation is the legal demand made by the Federal Government or State government for its citizens to pay money on income goods and services. In a less complex society in which the government has few duties and responsibilities, the financial need of the government are minimal. However, as society becomes complex the need of the people becomes greater and the government assures greater responsibility the financial needs of the government becomes great. Consequently, taxes increase and their effect on the economy becomes more important.

In the past, government has utilized taxation as an instrument of regulating the general economy. Since income tax provide large source of national revenue. Effect on inflation, unemployment and social and economy objective has become the prime consideration in enacting tax law in Nigeria.

History of Taxation in Nigeria
Taxation is an age long concept which dates lack to the pre-colonial era in Nigeria. Taxes where paid through different kinds of manual labour for the entire community benefit. Some examples of such services are clearing of
bushes, digging of pit toilet, well etc for the benefit of the community as a whole. Failure to render such services usually resulted in seizing of property which will be claimed only on payment of money. For example, the best house at Isenyin, which is inherited by Oyo State Government was said to have been built between 1916 and 1932 after the Isenyin riot of 1916, under the supervision of captain W. Rose, the resident district officer and Mr. Yerokun, the case taker.

In 1904, during the colonial rule, late Lord Lugards government introduce income tax to Nigeria and community tax was being paid in Sokoto caliphate, northerner Nigerian. The Ordinance of 1917, 1918 and 1928 were later incorporated into the Direct Taxation Ordinance of No. 4 of 1940 which replace the native revenue Ordinance. During this period, the board of constituted, comprising of the following:-

1) The residence Governor.
2) A representative of elders in each district.
3) Any native authority recognize by the tax authority.
4) Any village council appointed by the government.

Profile of Kogi State Board of Internal Revenue

The kogi State Board of Internal Revenue just like any other one in the federation is a parastatal under the Ministry of Finance and Economic Planning charge with the responsibility of administration of the state taxes and other revenue, yielding sources accrued to the state on the basis of residence as stipulated by decree No. 3 of 1993 the earlier State Board of Internal Revenue was controlled and administered by appointed board of Directors with the following officials.

i. The executive lead of the state services as chairman. He shall be a person experience in taxation, appointment is from within the state services

ii. Three other persons to be dominated by the commissioner of finance of the state on merit.
iii. The Director and head of Department within the state services.
iv. A Director from the state ministry of finance.
v. A legal adviser who shall be appointed from the state ministry of justice.

The following are the function of State Board of Internal Revenue services.

a) Ensuring the assessment effectiveness once optimum collection of all taxes and its proper accountability to the State government.
b) Meeting out penalties to the tax defaulters.
c) Appointment, promotion, transfer and discipline of employee of the state board of services.
d) Advise the State government on tax matters.
e) General control of the management of the services on matter of policy, subject to provisions of the law.

As an adjunct of the Board, the law (section 33C of the Decree 3 of 1993) also provides for technical committee of the Board which shall be made of the following:

a) The Chairman of the State Board of Internal Revenue as Chairman
b) The Director within the state service.
c) The Legal Adviser to the Board.
d) The Secretary to the Board.

The above technical committee shall have power to do the following:

a) Consider all matter that require professional and technical expertise and make recommendation to the State Board.
b) Advice the State Board on all it’s powers and duties as mentioned.
c) Attend to such other matter as may from time to time be referred to it by the Board.

**Concept of Taxation**

Taxation in an aggregate definition is mandatory contribution from the people to generate revenue for the government; use in financial it’s capital project
and recurrent expenditure. A renowned tax authority in his book “Principle of Public Finance” Dr. H. Dalton defines tax as a compulsory contribution imposed by a public authority, in respect of the exact amount of services rendered to the taxpayer in return” according to Professor Seligman, a tax is a compulsory contribution from a person to the government to defray the expenses incurred in the common interest of all, without reference to special benefit conferred.

From the above concept, the following are therefore the global objective of taxation and avoidance.

i. To persecute the tax law very vigorously thereby deterring tax evasion and avoidance.

ii. To recognize the tax official’s as important human asset in achievement of the said objective.

iii. To collect tax according to the law as means as possible and to the actively encouraging voluntary competence.

**Characteristic of Taxation**

There are three major characteristic of taxation. There are as follows:

i. Tax is compulsory contribution imposed by the government on the people residing within the country. Since it is compulsory, it then means that person who comes under a tax jurisdiction and refuses to pay is liable to punishment.

ii. Tax is not levy in return for any specific service rendered by the government to the taxpayer. An individual cannot ask any special benefit for the state in return for the tax paid by him.

iii. Tax is a contribution to settle the cost incurred by the government of the state, the state uses the revenue collected from the taxes to provide good and social services such as hospital, school, public utility service and so on which benefit all the people.
Form of Taxes

The mode of differentiating tax by asking a question who pay tax? I am assessed and fellow pays, them tax become indirect.

**Direct Tax:** This are taxes that are levied on the income, gains or profit of individuals and business firms, and which are actually paid by the person or persons on whom is legally imposed. This view was aptly experienced by John Staurt Mill who define tax as one which is “demanded from the very person who it is intended or desired should pay it. In Nigeria, direct taxes include the following:

i. Personal Income Tax: This is a tax on the income of an employees, sole trader, partnership and personals.

ii. Company Income Tax: This applies to the profit/income of companies which are usually cooperate economic.

iii. Capital gain Tax: This affects companies, individuals and non-cooperate bodies. It is a tax on the gains arising from the disposal of items of Capital natures.

iv. Petroleum Profit Tax: This is a tax payable by entity that engage prospecting for or the extraction and transporting of petroleum oil on natural gas.

**Indirect Tax:** An indirect tax is a tax imposed on employment of goods and services by individuals as well as cooperate persons. It impose on one person, but paid party or wholly by another, owning to “a consequential change in the terms of some contract or bargain between them” in Nigeria, example of indirect tax are as follows:

i. Import Duties/Tariff

ii. Import Duties

iii. Custom Duties

iv. Excise Duties

v. Value Added Tax (VAT)
At State Government Level

The administration of the income tax law in each of the federation invested in the State Board of Internal Revenue prior to 1993. The composition of the Board could be different from the state to state. However, with 1993 amendment to ITMA the composition is know uniform throughout the country.

Composition

Sub section 2 gives the composition of the State Board as:

a) Three other persons shall be nominated by the Commissioner of Finance of the State on merits.

b) The Directors and Head of Department within the state service.

c) The Director from the State Ministry of Finance.

d) The executive head of the state service as chairman. He shall be a person experienced in taxation, appointment in from within the state service

e) A legal adviser who shall be appointed from the state ministry of justice.

Functions

The State Board shall be responsible for:

a) Ensuring the effectiveness and optimum collection of all taxes and penalties due to the government under the relevant law;

b) Appointment, promotion, transfer and discipline of employee of the state service.

c) General control of the management of the service on matters of policy, subject to the provision of the law setting up the service.

d) Making recommendation where appropriate to the joint tax Board on tax policy, tax reform, tax legislation, tax treaties and exemption as may be required from time to time.
Technical Committee of the State Board

As an adjunct to the Board, the law (Section 33C of Decree 3 of 1993) also provided for technical committee of the Board which shall be made up of the following:

a) The Chairman of the State Board as Chairman.

b) The Director within the state service.

c) The Legal adviser to the Board.

d) The Secretary.

Functions

The technical committee shall have power to do the followings:

a) Have powers to co-opt additional staff from within the services in the discharge of its duties.

b) Advice the State Board on all its power and duties as prescribed.

c) Attend to such other matter as may from time to time be referred to it by the Board.

d) Consider all matter that require professional and technical expertise and make recommendation to the State Board.

Sources of Tax Revenue

An interesting feature of the Internal Revenue sources of the State is that they are common. The same revenue sources are therefore observed from one state to the other with only little variation. The sources are tax-revenue sources and no-tax revenue sources. The differences between the two sources is that where as the tax revenue are dependent on taxes imposed by the state, the non-tax revenue resource are independent of taxes and hence of the tax administrative machinery available to the state.

An example of non-tax revenue is income earned from state enterprise like property, development corporation, housing estates, government farms etc. Although a good number of such public enterprises have not really generated substantial revenue to state coffers. There are therefore relatively smaller components of the internal revenue sources of the states. Other example of
non-tax revenue are grants, gift or donations by state indigenes. The large component of internal sources of states’ revenue is the tax-revenue sources. There is a long list of these taxes and fee. A typical state list of tax-revenue sources include:-

i. Direct Assessment
ii. Pay As You Earn (PAYE)
iii. Driver Licence Fee
iv. Motor Vehicle Licence
v. Entertainment tax
vi. Stamp duties and Penalties

**Important of Taxation**

Taxation as one of the measures that assist the nation economy has the following importance:-

a) Taxation is imposed to generate revenue for the government to meet its capital and recurrent expenditure.
b) It reduces inequalities of income; the more you earn, the more you pay.
c) To increase output and employment.
d) To awaken civic responsibilities among citizens.
e) Tax is in fiscal policy measure inflation, deflation and depression.
f) It encourages and protects new industries.
g) It discourage the consumption of harmful product or foods such as beer, tobacco etc

**Tax Exemption**

In Nigeria, there are some types of income that are completely exempted from tax imposition. Their incomes are those from:-

i. Social clubs
ii. Cooperative society
iii. Mosque and churches
iv. Profit of trade union
v. Fund raised by Local government

Contribution to approved institutions e.g. pension and national providence funds.

**Problem of Taxation in Nigeria**

The performance of tax generally as revealed in the process of this research work is satisfactory and encouraging. However there are some other militating factors. The in fact of taxation on the economic activities of the nation is of crucial importance and this is testified to by the yearly budget speech, there, emphasis on taxation as a subject by the Federal government. Equally, effort made by individuals and corporate bodies in term of financial resources and times that are invested in the compliance with, avoidance of or collection of tax due. In determining whether an issue posse’s problem or not the following factors are clear criteria used as suggested by Adams Smith in the wealth of Nations.

i. The tax should have similar economic states unless it is the specific intension of the legislative authority that a differential result should arise

ii. The tax should yield more to collection agency that its cost the agency i.e. tax collected must be more than cost of inflation.

**Multiplicity of Tax**

A lot of taxes and levies are imposed on the income of individuals or corporate bodies subject to the appropriate reliefs at different rates and stages. As such, it result into multiplicity of tax paid by tax payers. Example of such taxes are personal income tax, capital gain tax, house fund, development levy, registration of business, pension etc

**Lack of Revenue Court or a Body of Appeal Commissioner**

Lack of Revenue court to handle recalcitrant tax payers who would never want to settle their tax liabilities amicably, similarly, unavailability of appeal commissioners in the state to settle tax disputes on assessment based on best judgement.
**Poor Communication/Transport System**
There are no effective communication system in terms of telephone line to reach for off tax payers. There also problems of poor and inaccessible road network which is always leads to poor mail delivery system.

**Non Remittance of Pay As You Earn Tax Deduction From Employee**
A lot of employers do not remit their monthly tax deductions from their staff salaries. This is a criminal offence liable to penalty under PIT decree, some employers would not even deduct and would not come to tax authority for professional advice.

**Limited Tax Base**
There are not much areas for revenue resources in the state for instance, the property tax capital gains tax, land tenure tax, cattle tax are yet to be properly explored.

**Poor Government Patronage And Supervision**
The government officials in charge of checking revenue remittance in the treasury do not perform their duties effectively. A lot of unregistered contractor are given contract and much money is lost. The government gives a lot of money without been patronized.

**Non-compliance of some local government authority**
Most Local Government Areas are indebted to state tax authority as regards pay as you earn (PAYE) deductions. The argument held on to by most of them is that the state is not giving the Local Government their own revenue percentage allocation. This is an issue that need to be resolved.

**Relationship Between Tax Officer And Tax Payers As A Result Of The Following:**

i. Poor perception of tax payers due to lack of public-enlightenment, i.e. no means of educating the populace on the need to pay tax promptly.

ii. The civil responsibility
iii. Process and venue payment

Finance:

i. Poor finance and infrastructural facilities: A large amount of tax is left unallocated by tax collectors because of poor financial resources. In the tax office, infrastructural facilities are not available for effective performance.

ii. Logistic is a major problem: Most of the vehicles are not functional and this is capped by the man improvement of fuel availability.

iii. Poor enabling environment: A lot of assessment is done without collecting the tax as a result of poor working tools, lack of office, equipment and stationeries.

Human Resources

i. Poor personal standard: The basic educating background of most tax officers are not reputable. This affects their personality and the tax authority and public.

ii. No continual cognitive taxation training courses for taxation course as seldom organized by joint Tax Board.

iii. No motivational incentives for state Revenue Board: A lot of staff need to proceed on study leave for education advancement and professional skills, but management is handicapped structurally, politically and financially. As a result of this problem, poor staff turnover becomes the order of the day.

Methodology

Population

The population for the purpose of this research work include the management staff, the administrator staff, the tax collectors and the facilitators of Kogi State Board of Internal Revenue based in Lokoja.
Sampling Technique

The techniques used involved splitting the problem into strata or group which were expected to be homogenous and uniform than the entire population. This stratification was based on various group of staff in Board of internal Revenue.

In order to effect the selection in the strata, a simple random sampling method was used. The apportioning of the samples to various strata were as follows:-

- Top level management Staff - 20
- Middle level staff - 40
- Tax collectors and facilitators - 20

Simple size of 80 staff was selected by simple random sampling techniques out of the total population of the Kogi State Board of Internal Revenue unit. They were divided into top level management staff in the directorates cadre, middle level staff within the group of inspector of taxes, and junior officer who are the tax collector and facilitators.

The instrument used in the study is the ratio and trend analysis is used on the other hand to assess performance in real value.

The table below give the detailed information about the whole procedures

<table>
<thead>
<tr>
<th>Categories of staff contracted and interlineated</th>
<th>No. of Staff interview</th>
<th>No. of questioner distributed</th>
<th>Questioner collected</th>
<th>% collected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top level mgt staff</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>25</td>
</tr>
<tr>
<td>Middle level staff</td>
<td>40</td>
<td>45</td>
<td>40</td>
<td>50</td>
</tr>
<tr>
<td>Tax collectors&amp; facilitators</td>
<td>20</td>
<td>35</td>
<td>20</td>
<td>25</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>10</td>
<td>80</td>
<td>100</td>
</tr>
</tbody>
</table>
Primary sources of data
These include personal interview, experience and observations. This form of data collection was done through direct interview with the appropriate officer in the board of internal Revenue. Among those interviewed are the revenue collectors, tax inspectors, and the direction of various cadre in charge of taxes. Administrator and finance. The personal observation techniques involved watching people, events and especially towards tax payment in order to obtained first hand information for the purpose of this research was also adopted.

Secondary Source Data
The secondary sources of data composed of textbooks on government accounting journals, revenues/tax chart from Board of Internal Revenue financial report/memos, statement of accounts, newspapers and magazines.

Presentation and analysis of data
Table 1 Analysis of Nominal Questions: Position/Rank Of Respondent

<table>
<thead>
<tr>
<th>Rank</th>
<th>G/L</th>
<th>No. Of Respondent</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Junior Staff officer</td>
<td>03-06</td>
<td>26</td>
<td>26.5</td>
</tr>
<tr>
<td>Middle level officer</td>
<td>07-10</td>
<td>40</td>
<td>40.8</td>
</tr>
<tr>
<td>Senior Staff</td>
<td>12-25</td>
<td>18</td>
<td>18.4</td>
</tr>
<tr>
<td>Mgt. staff</td>
<td>16-17</td>
<td>14</td>
<td>14.3</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>98</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research survey 2010
40.8% of the respondent fall within G/L 07-10 followed by management staff and junior tax officer who constitute 14.3 and 26% respectively

Table 2  sex distribution of respondents

<table>
<thead>
<tr>
<th>S.No</th>
<th>Sex</th>
<th>No. respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Male</td>
<td>60</td>
<td>61.2</td>
</tr>
<tr>
<td>2</td>
<td>Female</td>
<td>38</td>
<td>38.8</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>98</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research survey 2010

61% of respondents are male while 38.8% are female

Table 3  Academic Qualification of Respondent

<table>
<thead>
<tr>
<th>S/No</th>
<th>Qualification</th>
<th>No. of Respondent</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>GCE/WASC OK</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>2</td>
<td>OND/NCE/DIP</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>3</td>
<td>BSC/HND/BA</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>4</td>
<td>MSC/MBA/Ph.D</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>ACA/CNA/CIS</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>OTHERS</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research survey 2010.

25% of the respondents holds B.Sc and HND equivalents while professional consist of only 5%

Analysis of Tax Principles in Nigeria

Table 4  Respondents view on whether there are enough working tools and enabling environments for effective tax administration in Nigeria.

<table>
<thead>
<tr>
<th>S/No</th>
<th>Response</th>
<th>No. of Respondent</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Well enough</td>
<td>5</td>
<td>5.1</td>
</tr>
<tr>
<td>2</td>
<td>Enough</td>
<td>45</td>
<td>45.9</td>
</tr>
<tr>
<td>3</td>
<td>Fairly enough</td>
<td>35</td>
<td>35.7</td>
</tr>
</tbody>
</table>
The analysis reveals that 45% of the respondents agree that Nigeria Tax system have enough working tools and enabling environment for effective Tax administration. However, 35.7% of the respondents declined that the working tools and enabling environments for effective Tax administration in Nigeria is just fairly enough. Which the percentage of respondents who agreed that there is well enough and not enough working tools and enabling environment for effective Tax administration in Nigeria are 5.1% and 13.3% respectively.

**Table 5**  
**Respondents view on whether there are qualified and good management system for effective tax administration**

<table>
<thead>
<tr>
<th>S/No</th>
<th>Response</th>
<th>No. of Respondent</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Well enough</td>
<td>13</td>
<td>13.3</td>
</tr>
<tr>
<td>2</td>
<td>Enough</td>
<td>45</td>
<td>45.9</td>
</tr>
<tr>
<td>3</td>
<td>Not enough</td>
<td>40</td>
<td>40.8</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>98</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Research survey 2010.

The analysis reveal that 45.9% of respondents believed that there are enough qualified personnel’s and good management system for effective Tax administration Nigeria.

**Table 6**  
**Respondents view on whether there are enough tax laws that will improve Nigeria tax system**

<table>
<thead>
<tr>
<th>S/No</th>
<th>Response</th>
<th>No. of Respondent</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Well enough</td>
<td>5</td>
<td>5.1</td>
</tr>
<tr>
<td>2</td>
<td>Enough</td>
<td>45</td>
<td>45.9</td>
</tr>
<tr>
<td>3</td>
<td>Fairly enough</td>
<td>35</td>
<td>35.7</td>
</tr>
<tr>
<td>4</td>
<td>Not enough</td>
<td>13</td>
<td>13.3</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>98</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Research Survey 2010

The analysis here reveal that 45.9% of the respondents agreed that Nigeria Tax laws are enough to make the tax system improve 35.7% believed that the
Nigeria tax law is fairly enough, 13.3% Not enough while 5.1% said it is enough.

Table 7 respondents view on what they consider to be the major handicap of Kogi state Bir in terms of equipment

<table>
<thead>
<tr>
<th>S/No</th>
<th>Handling/coping variable</th>
<th>No. Of respondent</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lack of adequate personnel</td>
<td>5</td>
<td>5.1</td>
</tr>
<tr>
<td>2</td>
<td>Lack of good management</td>
<td>10</td>
<td>10.2</td>
</tr>
<tr>
<td>3</td>
<td>Lack of working tools and enabling working environment</td>
<td>29</td>
<td>29.6</td>
</tr>
<tr>
<td>4</td>
<td>Lack of enabling law/Edict to deal with defaulters</td>
<td>5</td>
<td>5.1</td>
</tr>
<tr>
<td>5</td>
<td>All of the above</td>
<td>49</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>98</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research survey 2010

Majority views favours the entire handicapping variables. In which case the BIR of Kogi State should be properly staffed, improved upon then management and should be given enough tools (i.e. money and working materials) to make them more functional.

Table 8 General pool on effectiveness of respondents view/general rating of effectiveness of Bir of kogi state

<table>
<thead>
<tr>
<th>S/No</th>
<th>Response</th>
<th>No. of Respondent</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Very effective</td>
<td>10</td>
<td>10.2</td>
</tr>
<tr>
<td>2</td>
<td>Effective</td>
<td>28</td>
<td>28.6</td>
</tr>
<tr>
<td>3</td>
<td>Satisfactory</td>
<td>50</td>
<td>51.0</td>
</tr>
<tr>
<td>4</td>
<td>Poor</td>
<td>10</td>
<td>10.2</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>98</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research survey 2010

The analysis shows that 51% rated the BIR’s performance to be satisfactory, 28.6% rated them to be effective while those that rated them to be vary effective and poor are 10% a piece.

Table 9 Analysis of tax performance relative to other sources (Kogi State Bir) 2005 2009

<table>
<thead>
<tr>
<th>Year N ‘000’</th>
<th>2005 N ‘000’</th>
<th>2006 N ‘000’</th>
<th>2007 N ‘000’</th>
<th>2008 N ‘000’</th>
<th>2009 N ‘000’</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Revenue</td>
<td>47699</td>
<td>55300</td>
<td>110600</td>
<td>134380</td>
<td>222990</td>
</tr>
<tr>
<td>% increase</td>
<td>-</td>
<td>16%</td>
<td>100%</td>
<td>21%</td>
<td>66%</td>
</tr>
</tbody>
</table>

Source: Research survey 2010
The growth in tax revenue is quite satisfactory. Although there was a sudden drop from 100% increase in 2007 to 21% in 2008. It picked up again in 2009 with 66%k increase. On the average, Tax revenue has witnessed a 40.6% growth using the Period under review. The growth may not sound very impressive it is quite satisfactory. It shows that the effort which the revenue department is putting up to increase or perfect tax administration is on the increase.

**Table 10a: Detailed chart of revenue generation of Kogi state BIR.**

<table>
<thead>
<tr>
<th>Head</th>
<th>Source</th>
<th>2005 Actual N</th>
<th>2006 Actual N</th>
<th>2007 Actual N</th>
<th>2008 Actual N</th>
<th>2009 Actual N</th>
<th>Total Actual N</th>
</tr>
</thead>
<tbody>
<tr>
<td>401</td>
<td>Taxes</td>
<td>35,790,000</td>
<td>38,720,000</td>
<td>84,900,000</td>
<td>101,040,000</td>
<td>133,790,000</td>
<td>394,240,000</td>
</tr>
<tr>
<td>402</td>
<td>Time/fees</td>
<td>10,119,000</td>
<td>13,930,000</td>
<td>24,370,000</td>
<td>27,770,000</td>
<td>30,670,000</td>
<td>106,859,000</td>
</tr>
<tr>
<td>403</td>
<td>Licenses</td>
<td>1,790,000</td>
<td>2,750,000</td>
<td>1,590,000</td>
<td>5,570,000</td>
<td>8,530,000</td>
<td>20,230,000</td>
</tr>
<tr>
<td></td>
<td>Total (A)</td>
<td>47,699,000</td>
<td>55,400,000</td>
<td>110,860,000</td>
<td>134,389,000</td>
<td>172,990,000</td>
<td>521,329,000</td>
</tr>
</tbody>
</table>

Source: Research survey 2010

Other source of Internal Revenue of Kogi State

**Table 10B Detailed Chart of Revenue Generation of Kogi State BIR.**

<table>
<thead>
<tr>
<th>Head</th>
<th>Source</th>
<th>2005 Actual N</th>
<th>2006 Actual N</th>
<th>2007 Actual N</th>
<th>2008 Actual N</th>
<th>2009 Actual N</th>
<th>Total Actual N</th>
</tr>
</thead>
<tbody>
<tr>
<td>404</td>
<td>Earning &amp; sales</td>
<td>28,810,000</td>
<td>'35,800,000</td>
<td>3,880,000</td>
<td>4,640,000</td>
<td>5,550,000</td>
<td>78,680,000</td>
</tr>
<tr>
<td>405</td>
<td>Rents on govt. property</td>
<td>2,460,000</td>
<td>3,590,000</td>
<td>1,630,000</td>
<td>2,030,000</td>
<td>2,030,000</td>
<td>12,630,000</td>
</tr>
<tr>
<td>406</td>
<td>Interest repayment</td>
<td>3,960,000</td>
<td>2,750,000</td>
<td>1,590,000</td>
<td>5,570,000</td>
<td>8,530,000</td>
<td>20,230,000</td>
</tr>
<tr>
<td>407</td>
<td>Reimbursement</td>
<td>11,220,000</td>
<td>55,400,000</td>
<td>110,860,000</td>
<td>134,389,000</td>
<td>172,990,000</td>
<td>521,329,000</td>
</tr>
<tr>
<td>408</td>
<td>Miscellaneous</td>
<td>132,640,000</td>
<td>118,750,000</td>
<td>56,370,000</td>
<td>127,000,000</td>
<td>69,000,000</td>
<td>503,760,000</td>
</tr>
<tr>
<td></td>
<td>Total (B)</td>
<td>179,090,000</td>
<td>226,789,000</td>
<td>300,810,000</td>
<td>240,050,000</td>
<td>249,060,000</td>
<td>1,398,045,000</td>
</tr>
<tr>
<td>408</td>
<td>Total (B) A + B</td>
<td>311,730,000</td>
<td>345,639,000</td>
<td>357,280,000</td>
<td>367,349,000</td>
<td>378,060,000</td>
<td>1,820,374,000</td>
</tr>
</tbody>
</table>

Source: Research survey 2010

**Table 11 Analysis of other sources of Revenue of Kogi State BIR**

Lokoja. Summary of Revenue

<table>
<thead>
<tr>
<th>S/no</th>
<th>Sources (A)</th>
<th>N ‘000’ %</th>
<th>Total</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tax Revenue (A)</td>
<td>521,329,000</td>
<td>40%</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Earnings and sales</td>
<td>78,680,000</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Rent on govt. property</td>
<td>12,630,000</td>
<td>0.9%</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Internal repayment</td>
<td>12,116,000</td>
<td>0.8%</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Reimbursement</td>
<td>269,530,000</td>
<td>19%</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Misc. Rev. From</td>
<td>503,760,000</td>
<td>34.3%</td>
<td></td>
</tr>
</tbody>
</table>
Of all the sources put together, Tax Revenue consists of 40%. This amount is 5.7% greater than the sum total of Revenue generated by other parastals which consists only 34.3% total internal revenue. Tax has therefore performed creditably well.

Table 12: Analysis of Performance of Budgeted and Actual Revenue Generated from Kogi State BIR 2005-2009

<table>
<thead>
<tr>
<th>Head</th>
<th>Source</th>
<th>% increase (Decrease) of Budgeted Over actual result achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2005</td>
</tr>
<tr>
<td>401</td>
<td>Taxes</td>
<td></td>
</tr>
<tr>
<td>402</td>
<td>Fines and fees</td>
<td></td>
</tr>
<tr>
<td>403</td>
<td>License</td>
<td></td>
</tr>
<tr>
<td>404</td>
<td>Earnings and sale</td>
<td></td>
</tr>
<tr>
<td>405</td>
<td>Rents on govt. property</td>
<td></td>
</tr>
<tr>
<td>406</td>
<td>Int./Div. Repayment</td>
<td></td>
</tr>
<tr>
<td>407</td>
<td>Reimbursement</td>
<td></td>
</tr>
<tr>
<td>408</td>
<td>Misc. Rev. from parastatals</td>
<td></td>
</tr>
</tbody>
</table>

Sources: Research survey 2010

Ranking in order of performance
1st Taxes
2nd fines and fees
3rd Earnings and sales
4th Miscellaneous
5th Rent on government properties
6th Reimbursement
7th Dividend Interest and repayment

The above analysis is self-explanatory. Tax is outstandingly binding in terms of budgeted actualization. A part from 2006, actual tax collected were all above budgeted level throughout the period under view. It shows how well the BIR department performed during the Five (5) year period reviewed.

Testing of Hypotheses

Hypothesis 1 (Null)
Poor working tools and enabling environment is not responsible for ineffective tax administration in Nigeria.
Table 13

<table>
<thead>
<tr>
<th>Responses</th>
<th>Observed frequency</th>
<th>Expected frequency %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very effective</td>
<td>5 (24.5)</td>
<td>5.1</td>
</tr>
<tr>
<td>Effective</td>
<td>45 (24.5)</td>
<td>45.9</td>
</tr>
<tr>
<td>Not all are effective</td>
<td>35 (24.5)</td>
<td>35.7</td>
</tr>
<tr>
<td>Not effective</td>
<td>13 (24.5)</td>
<td>13.3</td>
</tr>
<tr>
<td>Total</td>
<td>98</td>
<td>100</td>
</tr>
</tbody>
</table>

The figures in bracket represent expected frequency

Expected frequency = \( \frac{X}{N} = \frac{98}{4} = 24.5 \)

The information is shown in the table below:

Table 14

<table>
<thead>
<tr>
<th>Responses</th>
<th>(0_i)</th>
<th>(e_i)</th>
<th>(0_i e_i)</th>
<th>(\frac{(0_i e_i)^2}{e_i})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very effective</td>
<td>5</td>
<td>24.5</td>
<td>-19.5</td>
<td>380.3 15.5</td>
</tr>
<tr>
<td>Effective</td>
<td>45</td>
<td>24.5</td>
<td>20.5</td>
<td>420.3 17.2</td>
</tr>
<tr>
<td>Not all are effective</td>
<td>35</td>
<td>24.5</td>
<td>10.5</td>
<td>110.3 4.5</td>
</tr>
<tr>
<td>Not effective</td>
<td>13</td>
<td>24.5</td>
<td>-11.5</td>
<td>132.3 5.4</td>
</tr>
<tr>
<td>Total</td>
<td>98</td>
<td></td>
<td></td>
<td>(X^2 = 42.6)</td>
</tr>
</tbody>
</table>

From the above table, calculated chi square \( (x^2) \)

\[ X^2 = \frac{(0_i e_i)^2}{e_i} = \frac{1043.2}{24.5} = 42.6 \]

To determine chi-square \( (x^2) \) tabulated given by \( x^2 (1,0.95) 3.84 \)

**Decision Rule**

Accept the null hypothesis (H0) and accepts (Hi) if \( X^2 \) calculated is greater than \( X^2 \) tabulated.

\[ X^2 \text{ cal.} > X^2 \text{ tag} \]

Therefore, in conclusion from the above workings, \( X^2 \) calculated is greater than \( X^2 \) tabulated (426.>3.84). So the researcher will therefore accepts null hypothesis (H0) and concludes that poor working tools and enabling environment are not responsible for ineffective tax administration in Nigeria.

**Hypothesis 2 (Null)**

Lack of qualified personnel and poor management are not responsible for ineffective tax administration.

Table 15

<table>
<thead>
<tr>
<th>Responses</th>
<th>Observed frequency</th>
<th>Expected frequency %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Well enough</td>
<td>13 (32.7)</td>
<td>13.3</td>
</tr>
<tr>
<td>Enough</td>
<td>45 (32.7)</td>
<td>45.9</td>
</tr>
</tbody>
</table>
Not enough | 40 (32.7) | 40.8  
Total | 98 | 100  

Expected frequency = \(\frac{X}{N} = \frac{98}{3} = 32.7\)

The information is shown in the table below.

**Table 16**

<table>
<thead>
<tr>
<th>Responses</th>
<th>(0_i)</th>
<th>(E_i)</th>
<th>(0_i - E_i)</th>
<th>( (0_i - E_i)^2)</th>
<th>(\frac{(0_i - E_i)^2}{E_i})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Well enough</td>
<td>13</td>
<td>32.7</td>
<td>-19.7</td>
<td>388.1</td>
<td>11.8</td>
</tr>
<tr>
<td>Enough</td>
<td>45</td>
<td>32.7</td>
<td>12.3</td>
<td>151.2</td>
<td>4.6</td>
</tr>
<tr>
<td>Not enough</td>
<td>40</td>
<td>32.7</td>
<td>7.3</td>
<td>53.3</td>
<td>1.6</td>
</tr>
<tr>
<td>Total</td>
<td>98</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Chi square calculated \(X^2\) cal = \(? (0_i - E_i) = 18\)  
Chi-square Tabulated \(X^2\) tab = \(X^2 (1,0.95) = 3.84\)

**Decision Rule**
Accept \(H_0\) and Reject \(H_1\) if \(X^2\) cal < \(X^2\) tab  
Reject \(H_0\) and accept \(H_1\) if \(X^2\) cal < \(X^2\) table  
Therefore since 18>3.84, the researcher rejects \(H_0\) and accepts the alternative \(H_1\).
Hence, lack of qualified personnels and poor management are responsible for ineffective tax administration in Nigeria.

**Hypothesis 3 (Null)**
Lack of enabling tax laws are not responsible for ineffective tax administration in Nigeria.

**Table 17**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Observed frequency</th>
<th>Expected frequency %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Well enough</td>
<td>5 (24.5)</td>
<td>5.1</td>
</tr>
<tr>
<td>Enough</td>
<td>45 (24.5)</td>
<td>45.9</td>
</tr>
<tr>
<td>Fairly enough</td>
<td>30 (24.5)</td>
<td>30.6</td>
</tr>
<tr>
<td>Not enough</td>
<td>18 (24.5)</td>
<td>18.4</td>
</tr>
<tr>
<td>Total</td>
<td>98</td>
<td>100</td>
</tr>
</tbody>
</table>

Expected frequency = \(\frac{X}{n} = \frac{98}{4} = 24.5\)
The information is shown in the table below.

**Table 18**

<table>
<thead>
<tr>
<th>Responses</th>
<th>0i</th>
<th>ei</th>
<th>0i ei</th>
<th>(0i ei)²/ ei</th>
<th>0i ei)²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Well enough</td>
<td>5</td>
<td>24.5</td>
<td>-19.5</td>
<td>380.3</td>
<td>15.5</td>
</tr>
<tr>
<td>Enough</td>
<td>45</td>
<td>24.5</td>
<td>20.5</td>
<td>420.3</td>
<td>17.2</td>
</tr>
<tr>
<td>Fairly enough</td>
<td>30</td>
<td>24.5</td>
<td>5.5</td>
<td>30.3</td>
<td>1.2</td>
</tr>
<tr>
<td>Not enough</td>
<td>18</td>
<td>24.5</td>
<td>6.5</td>
<td>42.53</td>
<td>1.7</td>
</tr>
<tr>
<td>Total</td>
<td>98</td>
<td></td>
<td></td>
<td></td>
<td>X² 35.6</td>
</tr>
</tbody>
</table>

From table above  \( X^2 \) cal = 35.6  \( X^2 = (1,0.95) = 3.84 \)

**Decision Rule:**
Accept the null hypothesis \( H_0 \) and rejects \( H_1 \) if \( X^2 \) cal < \( X^2 \) tab
Reject \( H_0 \) and accept \( H_1 \) if \( X^2 \) cal > \( X^2 \) tab
\( X^2 \) cal greater than \( X^2 \) tabulated
35.6 < 3.84

**Conclusion**
The researcher therefore accepts \( H_1 \) since \( X^2 \) calculated > \( X^2 \) tabulated. It therefore shows that lack of enabling tax laws are responsible for ineffective tax administration in Nigeria.

**Findings**
Tax is a compulsory contribution to the general administration of the citizens. Tax is the main source of internally generated revenue in virtually all the states. The issue of its administration must therefore be viewed with all seriousness if states governments are to be able to meet their responsibilities. The past five (5) years (2005-2009) witnessed positive turn out in its administration. A lot of improvement has been observed since then. However, there is still room for more improvement. Tax has performed satisfactorily oil during the period reviewed.

The following findings were recorded in the cause of writing the project.

i. The performance of Tax during the period reviewed was quite satisfactory even though there are many areas that needs to be perfected.

ii. The management of Kogi State BIR department in commended because of Tax leadership position among other accounting officers in charge of other sources of internal Revenue

iii. The performance of dividend and interest was a failure. Therefore the State Government is to look into this area critically or increase their portfolio investments.
Tax administration generally is satisfactorily effective. Tax alone constitutes about 40% of total internally generated revenue of the state. The tax system is inline with the four major problems of Taxation except that the administrative aspect of its need to be improved as contained in the problem. Appointment into very positions in revenue departments generally in the country is politicized.

**Recommendation**

Taxation from ages has been a source of revenue used to finance public civilities and to perform social responsibility all geared toward creating a fair equitable society. Taxation being a dynamic issue changes with economic environment in which it operates, hence there is need for continuous overhauling of tax system i.e. the taxable polices, hence there is need for continuous overhauling of tax system. The taxable policies and administrations in the tiers of government.

The following recommendations are therefore made toward improved tax revenue generation.

i. It should be made possible to avoid multiplicity of taxes so that the individual will be exposed only personal income Tax and not other taxes that will erode their poorly earned income.

ii. The new minimum wages packages should be affected and all the allowances must be paid and the tax reliefs too must commensurate with Nigeria economic trend.

iii. There is need centrically to train tax officials on job for better productivity.

iv. The Nigeria tax law must be under review constantly.

v. All established responsible for revenue generation must ensure proper tax collection and remission of tax collected.

vi. There is use for free communication system between tax payers and tax authority.
vii. Rates and fee, collected by ministry and other revenue department should be reviewed and increase e.g. marriage registration fee, contract registration fee, court fee and land due etc.

viii. There is used for revenue has on monitoring teams that should handle cases of defaulters without harassment i.e. those with genuine.

ix. Improved motivational incentives should be given to tax officials to boost the moral and spur them into better efficiency and effectiveness.

x. There is need for revenue court and body of appeal commissioners to handle tax dispute.

xi. There is need for state and other relevant authorities to provide fund for tax authorities in order to have better productivity, since problem like logistic, provision of infrastructural facilities, office equipments, stationery working tools and enabling environment will be solved.

xii. The joint Tax board should step into the issue of huge underpayment and non remittance of Tax board should step into the issue of federal ministries and parastatals working in the states.

xiii. Government should intensify greater effort in accelerating Tax revenue programme to enhance higher productivity.

xiv. A very imperative point is the fact that the state government should strive to attend the provision of better in fractural facilities and social amenities to all local Government and rural areas to improve their standard of living thus encouraging the taxable members of these areas to pay tax promptly hence enhancement of self compliance.

**Conclusion**

Taxation viewed in all ramifications has been analyzed as a mandatory system of contributing funds under various and policies to the government to ease its capital and recurrent expenditures. The problems militating against the ultimate effectiveness and efficiency of Tax authorities thus reducing their productivity level has been discussed and necessary recommendations
propend to ease such problems relating to Tax administration finance poor communication system etc. it is hoped that those relevant parties involve in enacting action based on the aforementioned recommendations will make it.

At this juncture, it is necessary to state that the Nigeria Tax system involves asset of rules, solutions, and aggregates of Tax arrangements institutions and agents that interact with each other and the rest of the economy to generate revenue. Also Taxes in its various forms which was critically studied in this subject is the village between the government and the people hence the need to appraise its administration in Nigeria can hardly be over emphasized. It is therefore worthy of note in this study that Tax performance in the economy of Nigeria is impressively satisfactory. Conclusively, tax administrations however, need to be continuously given a good concession inflation to all its dynamic nature so that the stated corporate goal will be achieved in terms of better productivity.

Bibliography


