THE EFFECT OF TAX ADMINISTRATION ON REVENUE GENERATION IN ENUGU STATE.

(A CASE STUDY OF THE STATE BOARD OF INTERNAL REVENUE ENUGU STATE)

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AUGUST, 2012

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A RESEARCH WORK PRESENTED TO THE DEPARTMENT OF ACCOUNTANCY IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF B.Sc DEGREE IN ACCOUNTANCY, FACULTY OF MANAGEMENT AND SOCIAL SCIENCES, CARITAS UNIVERSITY AMORJI – NIKE ENUGU STATE

AUGUST, 2012

CERTIFICATION

We certify that this work was carried out by ADEOGUN RAPHAEL ADENIYI ACC/2008/491 for the award of B.Sc. (Accountancy) of Caritas University Amorji – Nike, Emene Enugu State, Nigeria.

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EXTERNAL EXAMINER

DATE

DATE

DATE

DEDDICATION

This research work is dedicated to My HOLY TRINITY IN ONE GOD (God the father, God the Son, God the Holy spirit).

ACKNOWLEDGEMENT

My sincere gratitude to God Almighty for His good deed in my life right from when I was conceive to this present and I pray He continues His marvelous work in Me, God I say thank You. I humbly appreciate the best Daddy and Mummy: Pastor J.O Adeogun and Pastor Mrs. M. Adeogun, for their unlimited support and effort both Spiritually, Morally, Financially and other wise may Almighty God bless them abundantly.(Amen). I sincerely appreciate My supervisor Mr. Desmond Obani, My Hod Dr. Frank E. Ovute and my wonderful lectures which am also indebted to Mr. Enekwe Chinedu, Mr. Nsoke P. U. Mr. Ugwu James, Mr. Ezeamama Martins, Prof. Nwadialor E. O, Mr. Agu C.I, whose efforts have guided me in the pursuit of my career.

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ABSTRACT

The level of revenue generated in the state has been in a declining form due to poor administration and collections of taxes and lack of proper return of accounts. These are the negative effects that affect government revenue generation which are targeted to meet her basic functions like provision of basic amenities for her citizenry in the state. The aim of this research study is to evaluate the effect of tax administration on revenue generation to the Enugu state government. The research design adopted in this study was survey research method. Primary and secondary sources of data were used in collecting information which was analyzed using simple percentages and hypothesis tested using chi – square statistical method at 0.05 level of significant for validity and to make decisions. Findings show that there was rampant incidence of tax evasion and avoidance in the state, and the tax administration in Enugu state is inadequate, not effective and not efficiently managed thus: inadequate staff and facilities also hinder tax administration and collection. The researcher, in the final analysis drew a lasting conclusion, some of which are:- the apathy of Enugu state people towards payment of tax could be reduced by involving them in the decision making of tax administration, collection and utilization of the tax revenue. The environment should be made better by both the government and its agencies. The staff of the SBIR Enugu should be well remunerated and ensure adequate administration of tax laws in accordance with the laid down rules and regulations.

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<u>CHAPTER ONE</u>

INTRODUCTION

1.1 BACKGROUND OF STUDY

In all generation, the problems of personal income tax generation and administration continues to surface in one form or another in virtually every society, especially in this part of the world. It is important to point out that the federal government has taken adequate steps in effective tax administration.

This failure on the part of the federal government is responsible for poor financial positions of both the state and local government. Besides, this inadequate planning and absolute laws governing taxation, evaluation and collection is characterized by chaos.

This chaotic nature of the system can be appreciated by political influence or interferences in the process of taxation during the civilian administration in the country which gave rise to untrained and inexperienced personal being entrusted with the work of collection and administration of personal income tax.

The important of these issues to tax administration in the developing countries like. Nigeria, can be seen from the following extract from tax administration in under developed countries. The tax administration finds himself working with a staff which is inefficient in experienced, and poorly paid.

BOARD OF INTERNAL REVENUE ENUGU

The board of internal revenue Enugu was established to administer income tax in Enugu state just as there are likely to states of the federation.

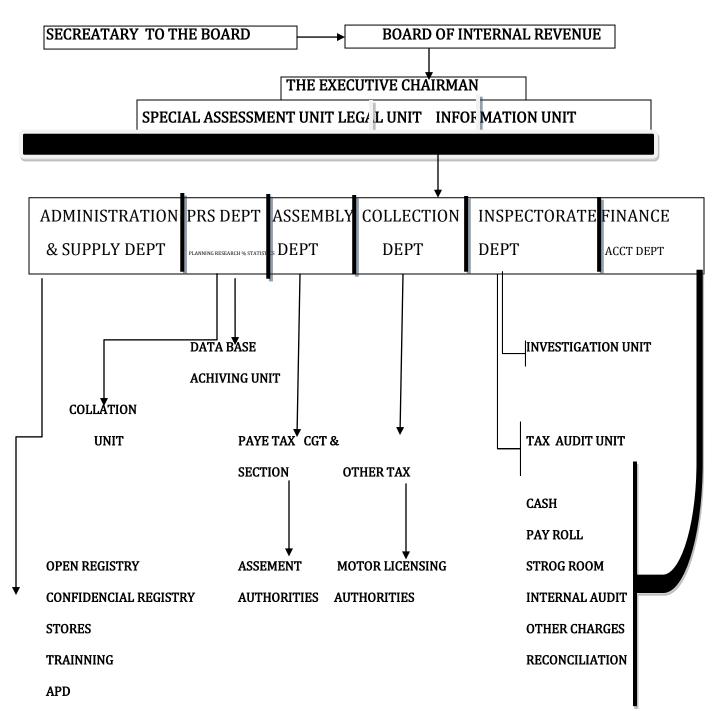
Income tax was first introduced in Nigeria in 1904 by late Lord Lugard. The introduction of Native Revenue ordinance of 1927 was most difficult in the Eastern areas of the country, due mainly to absence of recognized central Authority Resistance to this form of direct taxation in such that it result to riots notably in calabar, Owerri and the famous, Aba women Riot of 1929 which was so severe that it attracted a probe. Beside, the Native Revenue ordinance were also Native direct taxation ordinance for the colony and the Native income tax ordinance.

These ordinance were late modified and incorporated into the Direct taxation ordinance No 29 of 1940, cap 54 and the income tax ordinance No 29 of 1943 respectively.

The direct taxation ordinance 1940 empowered native authorities to tax Africans in their areas of jurisdiction while the income tax ordinance 1943 was for the taxation of non-Africans in companies. The two ordinances were the foundation of our modern taxation which necessitated establishment of board of internal revenue in each of the states of the federation which Enugu Board of internal Revenue is one of them.

ADMINISTRATIVE STUCTURE OF THE BOARD OF INTERNAL REVENUE IN ENUGU STATE

The chain of administration in the state board of internal revenue



The zonal tax Authority which Enugu North Board of internal Revenue belongs to the Enugu Zonal Authority. The highest authority in the Area is the Assessment Authority.

THE ASSESSMENT AUTHORITY

The assessment officer is the head of the board of internal Revenue in the area. He is appointed by the Board of internal Revenue, Enugu State. He is responsible for the assessment of tax and its collection and as well as accounting for it. He carries out the duty with the help of collection, Assessment and Administrative officers. He is directly in change of assessment and administration. He has the power to issue notice to tax payers to deliver statement of incomes or to finish further returns.

Where there is suspected doubts as to geniuses of returns, he might ask the tax payer to produce before assessment Authority books and documents of the tax payer covered by pay as you earn (PAYE).

The Assessment Authority could ask an employer to prepare and deliver a return on his employees. After assessment and responsibility of collection of this assessed income rests on the tax collector. He makes use of tax agents, tax drivers or the workers of the board and other processes which may be applied from time to time to generate tax in the area.

ADMINISTRATIVE FRAMEWORK

The structural administration of personal income tax is rested in the joint tax Board (JTB) under the income tax management Act 1961.

The board is made up the chairman who is appointed by federal Board of internal Revenue (FBIR) which is the federal body. The personal must be experienced in tax matters. Also, a secretary and a legal adviser are appointed, some of their functions are:

To exercise the powers or duties conferred upon them by any express provision of the Act, and any other power and duties arising under the Act which may be agreed by the board.

To exercise the powers and duties conferred on them by any enactment of the Federal Government imposing tax on the income or properties of companies or which may be agreed by the Federal Board of internal Revenue.

STATE INTERNAL REVENUE BOARD

The administration of the income tax in each states its collection and administration is vested on the state Board of internal Revenue.

It is headed by a chairman with the Director of Revenue as his Deputy Chairman and the chief executive of the board. Other members of the board include representative of specified ministries and from field economics, accountancy and legal professions.

Their major function includes, to see the retrieval of the revenue collected by various tax officers in all local government head quarters and forward it to state government for disbursement.

INSPECTOR OF TAXES

Inspector of taxes are controlled by the Board. They have variety of duties covering all aspects of taxation some of their duties are:

- a. Receipt and examination of tax returns and other information from tax payers.
- b. Preparing and issuance of assessment based on the returns on which tax is payable.
- c. They also employ the best of judgment guesses, if returns were not received or there is evidence of false information.

TAX COLLECTORS

They are concerned with the service of

- i. Returns of income forms
- ii. Notice of assessment
- iii. Summonses and affidavits and other sources of information.

1.2 STATEMENT OF THE PROBLEMS

It is true that problem of tax collection and administration is universal but the third world countries of which Nigeria is one, seem to be more plagued and inflicted both in weight and magnitude than the developed nations of the world.

The research work primarily involves identifying the problems of the personal income tax generation and administration in Nigeria taking a case study of Board of Internal Revenue, Enugu state. The specific problems of this research are as follows:

- Improper system of keeping accounts and records in the internal Revenue office, which was seen to be quite mechanical and out dated.
- 2. Lack of staff and inadequate training of the available tax collectors.
- 3. No enlightenment on the part of tax payers as regards the importance of taxation is another problem of tax generation and administration in Enugu state.
- 4. Tax collection and administration in Enugu state is not efficient and efficiently managed.
- 5. Also corrupt alliance of tax collectors with tax payers to avoid tax for them (tax collectors) to make fast money.

Thus lack of enforcement power on the board makes tax laws useless and not serious to tax offenders /defaulters.

1.3 OBJECTIVES OF THE STUDY

The general objective of the study is to asertain the effect of tax administration on revenue generation in Enugu state, using the state board of internal revenue as a case study.

The specific objectives of the research work is to

- To examine if the use of mechanical and outdated system in recording and keeping accounts affect tax administration on revenue generation in Enugu state.
- 2. To ascertain whether lack of adequate staff in the SBIR affect tax administration on revenue generation in Enugu state .
- 3. To examine if enlightening the tax payers on the importance of taxation affect tax administration in the state.
- 4. To determine if the effectiveness and efficiency of personal income tax collection and administration in the state is properly manage.

5. To ascertain whether they are corrupt alliance of tax collectors with tax payers to avoid tax for them (tax collector) to make fast money.

1.4 RESEARCH QUESTIONS

Upon the following research questions, hypothesis where formulated.

1. To what extent has the use of mechanical and outdated system of keeping and recording accounts affect tax administration on revenue generation in Enugu state.

2. To what extent does lack of sufficient staff and inadequate training of the available tax collectors affected tax administration on revenue generation in Enugu state.

3. To what extent has lack of improper enlightening of tax payers has affected tax administration on revenue generation in Enugu state.

4. To what extent has tax administration in Enugu state been effective and efficiently manage.

Owing to flexibility of tax laws in Nigeria and attitude of government toward the local government level in the area of administration and collection of personal income tax. It is pertinent to make some assumption that will guide the work for an opinion to be expressed.

1.5 RESEARCH HYPOTHESIS

HYPOTHESIS ONE:

Ho: The use of machnical and oudated system does not affect tax administration and collection in Enugu State.

Hi: The use of mechnical and outdated system affects tax administration and collection in Enugu State.

HYPOTHESIS TWO

- **Ho2:** Inadequate staff and training of the available tax collector does not affects tax administration and collection.
- **Hi2:** Inadequate staff and training of the available tax collector affects tax administration and collection.

HYPOTHESIS THREE

- **Ho3:** Enlightening the tax payers on the important of tax payment does not affect tax administration in Enugu state.
- **Hi3**: Enlightening the tax payers on the important of tax payments affects tax administration in Enugu state.

HYPOTHESIS FOUR

- **Ho4**: Tax collection and administration in Enugu state **is** effective and efficiently managed.
- **Hi4:** Tax collection and administration in Enugu state **is not** effective and efficiently managed.

1.6 SIGNIFICANT OF THE STUDY

The researcher is motivated to study the ways through which internally generated revenue in Enugu state could be enhanced.

The information contained here will benefit the society at large as it will expose the society to the need to pay tax and consequence of failure to pay tax.

The study will no doubt charge the aggressive attitude of an average Enugu man towards the payment of tax and collectors of taxes who were hitherto regarded as enemies.

Owing to the present steps taking by federal government in re – branding the economy activities, the research work will recommend measure that will be taken by the state Board of internal Revenue, Federal Inland Revenue Services, budget and Planning department and other government decision – making bodies ways to enhance effective administration of her services and achieve immensely her stated objectives, especially in the area of tax administration on revenue generation.

The study will also unleash problems affecting tax effectiveness, which if appropriate corrective measures taken will go a long way in improving the state internally generated revenue machineries of the government.

1.7 SCOPE OF THE STUDY

The research will focus on:

- Reasons why tax payers avoid or evade tax.
- How tax evasion and avoidance are carried out.
- > The rate of revenue generation.
- The manner of sourcing for tax in Enugu state government for the past few years.
- > What are responsible for poor tax collection in the state.

1.8 LIMITATION OF THE STUDY

The study will cover the capital city of Enugu and the remaining two senatorial zones of the state.

This study would have been extended to the entire South East states of the Federation but for limitation of resources and time.

Inadequate time due to the combination of class schedule and project work.

Uncooperative attitude of some employees that were approached.

> Exeat : restriction to go out and source for materials.

Insecurity as a result of bombings in most states in Nigeria during the period which this work is carried out also limits the study.

Financial constrains

Despite all this limitations mentioned above and hindrances, the research study no doubt turned out to be successful.

1.9 DEFINATION OF TERMS

Words that are frequently used in this research work are short listed here and briefly discussed to enable the reader get equipped with their meaning. Some which are:

- **Tax:** This can be defined as a compulsory transfer of resources and Income from the private sector in order to achieve some of the nation "economic goals Okpe (1998: 109)
- Tax Evasion: Here, the tax payer adopts illegal means so as to pay less than he should ordinarily pay. "It is also involves an unlawful refusal or neglect by a tax payer to pay the tax due." J.C Aroh & E.O Nwadialor (2009: 352)
- **Tax Avoidance** : This is a means where by the tax payer arranges his affairs legally so that he pays less tax than he should otherwise pay.
- **Revenue Generation:** This is systematic gathering / collection of income revenue.

Revenue: This could be described as an income accruable to person(s), government and organization.

Statutes:This is a legal frame work upon which actions/ inaction arebased.

Tax Jurisdiction:This refers to an area where one tier of government haspower to collect tax.

Tax Allowance: This refers to the proportion of income exempted from tax.

Tax Holiday:This is a period of grace granted to a company during whichit's income is not subjected to tax.

Taxable Income: This refers to that proportion of income that is liable to tax.

P.A.Y.E (Pay As You Earn) is one of the systems of personal income tax based on the proportion of the income usually deducted at source.

<u>CHAPTER TWO</u>

2.0 <u>REVIEW OF RELATED LITERATURE</u>

2.1 GENERAL OVERVIEW ABOUT THE STUDY

In view of the low achievement recorded in internal revenue generation, the state government put in place aggressive internal revenue collection machinery in order to reduce our over – dependence on the federal government in 2006.

The apathy of the people towards payment of tax in this part of the country as well as the administration deficiencies accounted for the non – performance of internally generated revenue over the years. It is obvious that taxes are the major sources of government revenues. There are many types of taxes in Nigeria. They include income tax, profit tax, death duties, capital gain tax, custom duty, purchase tax, value added tax, entertainment tax etc.

According to Ewujowo (1996: 68) of the personal income tax, revenue comes from the government employees and it's associated establishment.

Ironically, in this country the tax system is progressive and the collection is prompt and efficient only as it affects the public sector;(Government ministries parastatals and government Agencies) and the organized private sector, when it comes to the collection of the direct tax from the self employed citizens in the country who constitute the affluent members of the society it becomes difficult to assess and collect.

For instance, because it was compulsory for candidates viewing for political positions to pay tax in 1979, it was discovered that many highly placed citizens never paid tax. This gave rise to the issue of whether one pays tax as at when due because they paid their areas of taxes retrospectively.

The continued use of revenue consultant in the state is not helping matters either. Most other states have since discarded the use of revenue consultants in assessing and collecting revenues.

According to Nzewi (1986: 108) the rich and influential in the society pay less as a result of this unprogressive nature and inefficient system of collecting direct taxes. Real tax revenues tend to decline under inflationary condition.

Ewujowo (1987: 62) attributed the cause of low tax revenue from the private sector to the tax administrators inability to control and protect official documents resulting in high rate of corruption among tax payers and official hence fake tax clearances certificates and lack of encouragement in the new areas of tax through research has been responsible for the inactiveness of the entire taxation system in the developing countries with particular references to Nigeria. It was also revealed that lack of cooperation among the federal and state tax officers aids evaders, hinders development and decreases in tax revenue. A visit to any revenue officer be it federal or state will reveal man power shortage, yet we have millions roaming the street without gainful employment. Olaruko (1988: 201) really said no tax system be it income or property without adequate labor force will ever succeed.

Many companies in recent times have expressed serious concern on the excruciating impact of multiple taxation on their cash flow as well as the method being employed by the authorities. While some state governments require tax consultants and agents with a belief to examine the books of the companies operating from their areas as a compliance with tax decree No. 104 of 1993. Other simply raise tax forces backed by armed security personnel to coax money out of the corporate entities with little regard to taxability.

It appears something is fundamentally faulty in our tax system. Bayo Lawal (1985: 202) in his work on tax system generally in Nigeria, opined that our tax system is completely faulty and that it was too rigid to be effectively used as an instrument of fiscal policy. The tax system, He continued, does not encourage industrial development and economic growth.

Oche (1987: 92) in his contribution said that in Nigeria the introduction stage of taxation dates back to the beginning of the 19th century. In the twenties, he continued, imposition of tax by whatever method or name was resisted sometimes physical in the part of the country.

For lack of knowledge in tax experience, the consultants engaged by some states to asses, collect and account for tax have been employing extra judicial means to collect taxes from the tax payers to extort money from them; sometimes these monies are not receipted, therefore, defying the taxation principles.

2.2 ORIGIN OF TAXATION

2.2.1 BIBLICALLY:

It should be noted that almighty God in Heaven is the author of taxation.

Taxation started during the time of Cain and Abel who conferred to God from their wealth, unfortunately Cain refused to remit or make his own offering to the level of blessings he received from God (Gen 4: 5). Again Abraham paid tithes of all he had to Mechizedek (Gen 14: 20). More over, just before the birth of Jesus Christ in the city of Bethlem, Saint Luke wrote in the Holy Bible (Luke 2 : 1) and it came to pass in those days that they went out a decree from Ceaser Augustus that all the world should be taxed, since then man has been rendering to God those things that are God's.(TITHS). This happened when the Pharisees asked Jesus, is it good to pay tax? He said unto them whom inscripture is on the money, they said Ceaser and He said: *"Give unto Ceaser what belong to Ceaser and unto God what belong to God."*

In view of the above facts, failure to pay tax is not only a crime against government but also against God.

2.2.2 WORLD ORIGIN OF TAXATION:

The first known system of taxation was in Ancient Egypt around 300 BC – 2800 BC in the first dynasty of the old kingdom. The earliest and most wide spread form of taxation was the corvee and tithes. The corvee was forced labour provided to the state by peasants(too poor) other forms of taxation (labour in ancient Egyptian is a synonym for taxes). Records from the time document that the pharaoh would conduct a biennial tour of the kingdom, collecting tithes from the people. Other records are granary receipts on

limestone flakes and papyrus. Early taxation is also described in the Bible. In Genesis 47 verse 24 – end in the new International version: it states *"but when the crop comes in, give a fifth of it to pharaoh. The other four – fifth you may keep as seed for the field and as food for yourselves and your households and your children"*. Joseph was telling the people of Egypt how to divide their crops, providing a portion to the pharaoh. A share (20%) of the crop was the tax.

Later, in the Persian Empire, a regulated and sustainable tax system was introduced by Darius 1 the Great in 500BC. The Persian system of taxation was tailored to each satrapy (the area ruled by a satrap or provincial governor). At differing times, there were between 20 and 30 satrapies in the Empire and each was assessed according to it's supposed productivity. It was the responsibility of the satrap to collect the due amount and to send it to the emperor, after deducting his expenses (the expenses and power of deciding precisely how and from whom to raise the money in the province, offer maximum opportunity for rich pickings). The quantities demanded from the various provinces gave a vivid picture of their economic potential for instance, Babylon was assessed for the highest amount and for a startling mixture of commodities; 1,000 silver talents and four months supply of food for the army. India a province fabled for it's gold, was to supply gold dust equal in value to the very large amount of 4,680 silver talents. Egypt was known for the wealth of it's crops; it was to be the granary of the Persian Empire (and later of the Roman Empire) and was required to provide 120,00 measures of grains in addition to 700 talents of silver. This was exclusively a tax levied on subject peoples. Persians and modes paid no tax, but they were liable at anytime to serve in the army.

The Rosetta stone, a tax concession issued by Ptolemy V in 196 BC and written in three languages "led to the most famous decipherment in history the cracking of hieroglyphics".

In India Islamic rulers imposed JIZYA (a poll tax on non Muslims) starting in the 11th century. It was later abolished by Akbar.

These and many more mark the history of taxation down to this modern world of taxation.

2.3 TAX ADMINISTRATION

According to Naiyeju (1999: 48), the tax administration involves three elements. The tax payers, the tax authority and tax law. The tax prescribe the right and obligations of the tax payer as well as the limits of the tax authority. In the olden days, the tax authorities, were coercive and usually victimized the tax payer because of the authority of government at it's disposal. This perhaps accounted for the behavior of the native average Enugu man towards tax authorities. But in this modern time, tax payer ought to be respected as a responsible citizen who is expected to perform his civic responsibility voluntarily.

The tax administration in the country is divided in three to take care of the three tires of government, the tax authorities of these tiers of government derive their creation from the federal laws and include:

The Federal Tax Authority -

- 1. Federal Board of Inland Revenue (FBIR) section 12 and 3 company income tax amendment law of federal republic of Nigeria 1990.
- The state tax authority, the state board of inland revenue sub section 85 A
 B and C of personal income tax as amendment by decree number 31 of 1996

3. The local government revenue committee section 85 D & E of personal income tax amended.

The joint tax board JTB was created in the tax law by section 85 subset(1)(2) of personal income tax to harmonies, tax administration of the country, subset 85 (1 and 2) of personal income tax to harmonies tax administration of the country, subset 9 of section 85 states among other functions according to Okoe (1998: 112).

- 1. They exercise the power and duties conferred on it by the express provisions of PITD 1993 any other power and duties arising under the act which may be agreed to by the government of each state to be exercised by the government.
- 2. To advice the federal government in respect of any proposed amendment to personal income tax and other tax laws.
- 3. To promote uniformity both in application of tax laws and incidence to tax on individual through out Nigeria.
- 4. To exercise any power or duties coffered on it by an enactment of the federal government, imposing tax on the income of profit of companies.
- 5. To advice the federal government on request, in respect of double taxation arrangement with any other country and in respect of rate,

capital allowance and other taxation ,matters having any effect through out Nigeria.

- 6. To settle complaints or conflicts among the state tax authorities.
- 7. To exercise powers expresses conferred on it by government of the states.

At the moment, Naiyeju 1998 contended, it appears that tax authorities at the state and local government levels are either non – existence, important or not in control of tax administration in their area of jurisdiction.

The jurisdiction delimits each tiers of government. The constitution delimits the scope of taxes that each tier of government should assess and collect so as to avoid the present chaos in the tax scene. Unfortunately, some tiers of government particularly the state and local government in their quest for revenue generation has to resort to all sorts of taxes which the public tagged as multiple taxes. To arrest these, the federal government in 1997 called on the joint tax board to streamline all taxes to be imposed and collected through out the country.

In the 1998 budget, government further directed that the approved list of taxes to be collected by each tier of government be promulgated into law and it is hoped that with compliance, the problem of multiple taxes will be put to rest.

At this juncture, it is pertinent to examine the principle objective of any tax system. All other objectives particularly in the developing world. The realization of this cardinal objectives is precipitated on the efficient manner the tax administration is run.

Unfortunately many of the state and local government in the country are yet to realize the need to install a vibrant and reliable tax administration in their area of jurisdiction.

2.4 PURPOSE OF TAXATION

According to Sills (1962 :208), any tax that has a yield, extracts money from people or organizations and provides money for the government, this transfer of money from people organization to government gives rise to two functions of taxation. A reduction in the spending potential of the private and increase the spending potential of the public sectors.

There are many reasons why taxes are imposed by the government of any country. In Nigeria for instance such a reason according to Oyo (1999: 96) are:

2.4.1 REVENUE GENERATION

Revenue is regarded as the principle purpose why Government imposes tax on her subjects. Revenue from taxation is required to cover a widening field of government expenditure.

According to Hanson (1937:191) in the early days, taxes were imposed to cover the cost of administration, defense and maintainace of law and order, these being services which individuals could not adequately render. Heavy borrowing by the countries to cover the cost of wars during the past years as enormously increase the national dept , interest of which has become an important claim on government expenditure. The rang of service provide by the state has increased very tremendously in the recent time. The health service and education are both very costly but large sums are also required for housing, pension, supplementary allowances, a portion of this expenditure been the form of grant to local authorities to supplement expenditure financed out of local rates.

The negative function of reducing the spending potential of people often may be viewed as an unfortunate bye product of taxation.

By the time of Napoleonic words, the British government had discovered the conveniences of having the bank of England to provide it with

the money using power. Massachusetts has the distinction of been the first government in the world to issue paper money. World war One was the first occasion when the power of finance government by creating money was fully used by all major belligerents. This financial [power was clearly recognized by government during world war two and was used as a vast scale. In the contemporary world, the possibility of national government having insufficient money of finance for their internal expenditure is no longer a reality. Thus: the amount of money to be raise by taxation depend on the policy objectives rather than on government financial necessity.

Taxation is preferred as means of raising revenue. It is worthy to note that when taxes are collected, the money is usually expended for the building of schools, construction of roads, provision of pipe born water and the establishment of industries all geared towards the raising of the living standard of the citizens.

2.4.2 RESOURCE ALLOCATION

In addition to the revenue function of taxation, it also perform the function of resource allocation. For instance, certain commodities are made more expensive by imposing high taxes on them. Such goods include tobacco, wine, spirit, while necessity goods and services are made in expensive by reducing tax payable on them by subsidizing such goods.

Taxes are imposed on such harmful goods as tobacco to reduce their consumption and at the same time derive revenue from die hard consumers of such goods.

2.4.3 INCOME RE – DISTRIBUTION

Another main function of taxation is the re – distribution of economic power as measured by income of wealth. With respect to money income, a tax system is distributionally neutral if it reduces each persons income in the same proportion. Taxation may be systematically progressive in the sense of taking on increasing proportion of income as tax increases. A tax system is technically defined as progressive if the marginal rate of tax with respect to income exceeds the average rate of tax with respect to income provided, the marginal rate do not exceed 100% while regressive tax structure refers to the opposite case , PAYE, (Pay As You Earn) maintain the principle of equity. The poor or low income groups are taxed according to their income while the higher income earners are highly taxed.

2.4.4 STABILIZATION ACCOUNT

This refers or relate slightly to the resource allocation. It is done through fiscal measures by imposing duties on certain commodities that are imported into the country there by making them expensive to importers. The importers will be faced with the choice of importing at high prizes to face low demand at home as result of high prize or investing in local industries / substitutes. If the later is chosen it will reduce national dept and may increase our foreign reserve there by stabilizing the economy in the long run.

2.5 QUALITIES OF A GOOD TAX SYSTEM

Adam Smith (1976) renowned economist enumerated the qualities of a good tax system. These qualities of a good tax system now refers to Adams Smiths cannon of taxation. The qualities are:

- 1. Equality
- 2. Economy
- 3. Convenience
- 4. Certainty
- 5. Neutrality
- 6. Flexibility

From the definition of tax, tax as a compulsory payment of individuals or body corporate to government for which no explanation need be given, places the ones of making the tax system attractive and convenient to both tax administration, tax payers at all levels of government. This can be achieved by regularly evaluating the tax system with a known set of criteria modified to suit the prevailing circumstances. A good tax system should be evaluated with the following qualities.

2.5.1 EQUALITY

This does not mean that each tax payer must pay an equal amount of money. What it implies is that where two people are earning the same salaries and having the same responsibilities , they should pay the same income tax. Equality also mean that people should pay taxes according to their ability to pay. Progressive taxation which takes into account the size of people incomes and satisfies the principle of equalities.

According to Umole (1985: 172), this principle could be likened to progressive taxation which is based on the higher the income, the higher the tax charged or the more you earn the more you pay. The attempt here is to bridge the gap between the rich and the poor as the revenue generated will be used to provide certain social amenities at affordable prizes to the generality of the citizens.

2.5.2 ECONOMY

This quality lays emphasis on the fact that the amount collected should be higher than the expenses incurred in course of collection of the taxes, and the revenue ought to be judiciously used to the best interest of the state as a whole. This is because if the expenses involved in assessing and collecting tax is greater than the revenue derivable from tax it makes nonsense of the tax system. A good tax system according to Okpe (1998: 78) is one which is economical to collect.

2.5.3 CONVENIENCE

This emphasizes that tax should be levied at the time in the manner in which it is most likely to be convenient to the contributor (tax payer) to pay. The pay as you earn system of tax collector is convenient because the tax is collected by the employer before his employee receive his salary or pay. Other tax deduction at source also meet this quality as they are easily paid to the revenue unit at no extra cost at the appropriate time and in the manner convenient to payer.

2.5.4 NEUTRALITY

A good tax system should interfere as little as possible with the supply of goods and services and labor. A good tax system should not affect people's willingness to work. Such a situation may arise when a tax impose on tax payer is greater than what is receives from his extra effort. It is against this background that tax should be less than the extra income earned as a result as of extra effort. It should not affect people's willingness to work, save, and invest.

2.5.5 FLEXIBILITY

This means that it should be easy to change the tax system when condition and situation changes. If government requires additional money urgently, it should be possible to make changes in the tax system that is attainable.

2.6 CLASSIFICATION OF TAXES

In tax classification the following is taken into cognizance

1. Tax base

- 2. The rate structure
- 3. Identification of legal tax payer.

From the foregoing tax may be classified as personal or business tax. A tax on beer is a business tax because organizations are infact the legal tax payer. According to Hanson (1973: 220) though personal income tax vary widely in the their characteristics among countries, the presume element of tax base of personal income is used for grouping purpose.

Taxes are widely classified as direct tax or indirect tax. Direct tax is the tax in which the legal tax payer can not shift any of the tax liabilities to other people such as customers or suppliers. Here, a tax is intended to reside at its original impact point while indirect taxes refer to those that are thought to be shiftable from legal tax payer to others.

 Table 1:
 CLASSIFICATION OF DIRECT AND INDIRECT TAXES

S/N	Direct Tax	S/N	Indirect taxes
а	Personal income tax	а	Value added tax
b	Capital Gain tax	b	Excise Duties
С	Corporate Income tax	с	Custom Duties
d	Capital Transfer Tax	d	Stamp Duties
		e	Property tax
		f	Read Taxes

Source Board of Internal Revenue Enugu, Enugu State

The direct taxes are further split in to those that fall on individual called personal income tax and those that fall on companies called company income tax. Base on this classification the personal income tax in Nigeria is assessed and collected by various state government on those individual's resident in their state through board of internal revenue, whereas the company income tax which is charged on corporate bodies is assessed and collected by the Federal Inland Revenue Service of the Federal Government.

A tax is an instrument of revenue generation all tiers of government struggles to collect if possible all available taxes.

This gave rise to scramble among the three tiers of government to collect taxes indiscriminately resulting in taxing the tax payer double. It is an attempt to remove this conflict by the Federal Government of Nigeria issued Official Gazette number 54 of 2nd October 1988 vol. 85 in government Notice No 135 as stated here under.

TAXES TO BE COLLECTED BY FEDERAL GOVERNMENT

The degree cited as the (taxes and levies approved list for collection) Decree 21 of 1998 gave the federal government, state government schedules of taxes to be collected by each tiers of government as follows. **Part 1 Section Of The Decree** gave the Federal Government the power to collect the following taxes:

- I. Company income tax
- II. Withholding tax on company, residents of the federal capital territory Abuja and non resident individuals.
- III. Petroleum profit tax
- IV. Value added tax.
- V. Education tax.
- VI. Capital gain tax on residents on federal capital territory Abuja, bodies corporate and non- resident individuals.
- VII. Stamp duties on bodies corporate and residents of federal capital territory Abuja.
- VIII. Personal Income Tax in aspect of
 - a. Members of Armed forces of the federation
 - b. Residents of the federal capital territory, Abuja.
 - c. Staff of the ministry of foreign affairs and non-resident individual.

PART 11 Of The Decree gave the State Government power to collect the following taxes.

- 1. Personal income tax in respect of
 - a. Pay as you earn
 - b. Direct taxation (self assessment)
 - c. Withholding tax (individual only)
- 2. Withholding tax (individuals only)
- 3. Capital gains tax (individuals only)
- 4. Stamp duties on instrument executed by individuals.
- 5. Pool betting, lotteries, gaining casino taxes.
- 6. Road taxes
- Business premises registration fees in respect of the area as defined by each state
- (a) Maximum of ten thousand naira(№10,000) for registration and
 №5,000 per annual for renewal registration and
- (b) Rural areas
- (c) №2000 for registration and №1000 for renewal of registration.
- B. Development levy (individual only) not more than ₦1000 per annual on a taxable individual.

- 9. Naming of street registration fees in the state capital.
- 10. Right of occupancy fees on land owned by the state government in Urban area or state.
- 11. Market fees an levies where state finance is involved.

Part 111 Of The Decree

Taxes and levies to be collected by the Local Government are as follows:

- 1. Shops and kiosk rates
- 2. Tenement rates
- 3. One and off-liquor license fees.
- 4. Slaughter slab fees
- 5. Marriage, birth and death registration fees.
- 6. Name of street registration fee excluding any street in the state capital.
- 7. Right of occupancy fees on land in rural areas excluding those collectable by federal and state governments.
- 8. Market taxes and levies including any market where state finance is involved
- 9. Motor park levies
- 10. Domestic animal license fees

- 11. Bicycle, truck, canoe, wheel barrow and cart fees, other than mechanically propelled truck.
- 12. Cattle tax payable by cattle farmers only
- 13. Merriment and road closure levy
- 14. Radio and television license fees other than radio and television transmitter.
- 15. Wronging packing charges
- 16. Public convenience sewage and refuse disposal.
- 17. Vehicle radio license fees to be imposed by the local government of the state in which the car is registered.
- 18. Customary burial ground permits fees
- 19. Religious places establishment permit fees
- 20. Signboard and advertisement permit fees

Having spelt out the taxes and levies collectible by each tiers of government, the decree went further to amend the sharing ratio of value added tax (VAT).

Part IV Value Added Tax

The State Government had in several occasions complained to the Federal Government to amend the sharing ratio of the value added tax, which was a form of a replacement tax for sales tax, which was then an exclusive source of revenue for State government.

Since inception, however, the significant yield of this tax has tempted the federal government authorities to temper at will with the revenue sharing formula.

The Federal Government underwriting of the infrastructure require to collect the tax not withstanding the former revenue sharing formular 35:40:25 for Federal, State and Local Government was quite unacceptable. Because it has not taken into account the infrastructural distress of the states and local authorities, which in the final analysis is responsible for their harassing the companies with multiple levies.

When VAT was introduced in 1993 by decree NO. 102 of 1993, it was greeted with lot of criticisms but today, VAT has justified the aspiration of the proponents of the VAT. In terms of revenue generation VAT has lived up to expectations as can be seen from the table below:

TABLE 2

BUDGET AND ACTUAL REVENUE FROM VAT BETWEEN 2000 TO 2006

Date	Target	Actual	
2000	64 billion	44 billion	
2001	64 billion	48 billion	
2002	66 billion	50 billion	
2003	70 billion	52 billion	
2004	73 billion	55 billion	
2005	78 billion	56 billion	
2006	80 billion	57 billion	

SOURCE: FROM MINISTRY OF FINANCE ENUGU, ENUGU STATE

According to Okpe (1998: 118) tax evasion is a situation where the tax payer adopts illegal means to pay less tax while tax avoidance is a means whereby a tax payer arranges his affairs legally so that he pays less tax than he would otherwise pay.

Akambi (2000: 54) identified the causes of the tax evasion as:

Lack of appropriate channel to seek redress against questionable tax assessment. The observation was made by a Lagos based tax lawyer Iloba. He noted that Nigeria fiscal legislation did not emphasis the right of the tax payer as it did to their obligation. He observed that avenues for companies and individuals to claim their right were limited, a development he said left the tax payer at the mercy of tax authorities. The tax of lawyer who said the VAT Decree 102 initially providing for refunding of excess tax to companies however noted that the provision was never implemented.

He said it was an effort to find a way out that the Federal Inland Revenue Service (FIRS) decided to credit refunds to tax accounts of companies rather than make actual payment.

According to him, Federal Inland Revenue Service (FRIS) ought to have devised a means of making refunds since tax paying organization today might note be alive liable tomorrow, adding that payers could not enforce their right to refund because of paucity of legal instruments.

On education tax, Iloba (2000: 169) section 7 (2) of the education tax decree no 7 of 1993 circumscribed the right of companies to seek redress where there was a dispute over assessment. The sections reads:

The institutions of proceedings of penalty under this decree shall not relieve a company from liability to pay the Board a tax which is or may become due under this decree. The tax lawyer maintained that the provision was disincentive to legal redress by tax payers who might feel displeased by the fiscal policies of government. He however communed the FIRS efforts for successfully launching the Education tax despite lack of investment in its administrative machinery by the government. According to him, the FIRS has so far handled the implication of the Education tax well despite the poor legal instruments it had to work with noting however that strategic reforms were still needed to enhance the impact of tax on the education sector.

He contended that it was the right of tax payer to see that their tax payments were actually invested in productive public goods and services, saying this was the philosophy of such a policy.

He urged National Assembly to urgently consider an overhaul of Nation's tax laws. Such legislative appraisals much however take into cognizance, the tax capacity of companies, the imperative for administrative and structural incentives and Nigeria's growing profile as an investment worthy economy.

Nigerians watch silently the use to watch their tax fund is put into. For example when Nigeria muted the idea of paying technology tax, a lot of criticisms greeted the idea, which made the government to drop the proposal like a piece of hot iron. Nduilor (1998: 124) said that the mandate given by the government that the private sector of the Nigeria economy should contribute 2% of their net profit to technology fund could not be obliged. The reason he said was not that the idea was wrong but that the government has not been accountable enough to justify further payment of such taxes. He went on to say that private sector operators are demanding explanations on the use of government has put the Education tax for which they are required to pay two percent of their assessable profit.

The operators argued that until the federal government gives convincing explanations, the technology tax could be considered as mere duplication and irrelevant since education tax could be logically channeled to development of technology and science.

The Manufacturing Association of Nigeria (MAN) according to Akambi (2000: 12) has kicked against the plan by the panel set up by the federal government following alleged non-assessment and non collection of tax for certain period by Federal Inland Revenue Service. The panel's terms of reference included imposition of penalty on companies for non payment from January 1993 as well as collection of tax underpayments among others between 1994-1999. Manufacturer Association of Nigeria (MAN) in a memo to the secretary of the federal government faulted the 1993 enforcement date of penalty arguing that the 1995, Federal Budget had indicated that the education tax would be implemented from 1995.

Besides the MAN's complaint against implementation date for the Nigeria education tax, the sector is complaining of multiplicity of the country's tax system.

According to Faguniade (2000: 10). The federal government should halt the attempt of retrospective implementation of collection date.

Public sector of the Nigeria economy has cried out against what it described as multiplicity of the country's tax system.

2.7 ENUGUSTATE BOARD OF INTERNAL REVENUE

The board of internal revenue of a state as one of the ministries/Boards that generates revenue internally for the government. The Board of internal revenue is empowered to generate revenue for the state in respect of personal income tax and road taxes only.

Some of the other ministries and department that generates revenue for the state are:

- (a) Ministry of commerce and industries
- (b) Ministry of works, lands
- (c) Water corporation
- (d) Ministry of Agriculture, produce/veterinary
- (e) Enugu State Broadcasting service (TV, Radio)
- (f) Ministry of Health
- (g) Ministry of finance
- (h) Judiciary

(Source – Enugu State Board of Internal Revenue)

POWER AND DUTIES

Their main duty is to assess, collect and account for taxes so collected. These assessments are on individual and persons. For the attainment of the above duties, they also carry out the following functions according to the chairman Mr. F.O.C. Chime.

- (i) Authorize the communication of information regarding tax.
- (ii) Appointment of agents
- (iii) Confirmation of offence that may arise from time to time.

(iv) Appointment of a person or board of persons to assess the total income of the tax payers.

(v) Variation of assessment, estimates and computation.

(vi) Imposition of penalties where necessary and appropriate.

(vii) Make refunds where necessary e.g. assuming somebody has been over taxed.

2.8 THE REVENUE GENERATION IN ENUGU THROUGH TAX

By the December 1998, the state received sum of N1.98 billion as statutory allocation from the federal government out of N2.892 billion budget for that year. By the end of the same year, the sum of N467.04 million was realized as internally generated revenue (IGR) out of sum of N934.08 million naira budgeted that year.

The percentage of internally generated revenue to the federal allocated revenue points conclusively that the revenue generated internally in Enugu state is inadequate.

Thus:

From the above, it is clear that the state government depends on the federal allocation to carry out it statutory functions.

In 1999, there was a charge of baton from military to civilian government. The budget speech of the present governor as at then pointed conclusively to inadequate internally generated revenue. The governor in 1999 stated; "I find it pertinent to state here that numerous constraints characterize the revenue generation of Enugu state since the beginning of 1999.

He went further to clarify as follows

- a. Internally generated revenue N590 million.
- b. Statutory allocation from federal government N1.86 billion.

Percentage ratio =

This shows that only 32% of the total recurrent revenue was from internally generated revenue.

2.9 INADEQUATE STAFF AND FACILITIES HINDER TAX GENERATED REVENUE IN ENUGU STATE

Inadequate of staff and facilities in Enugu state board of internal revenue is to say the least chaotic. The staff strength of the Enugu state board of internal revenue in the nominal roll is 254 [two hundred and fifty four] of all cadres after the infamous disengagement policy of the state government of 1999. One therefore wonders that this tax strength would be able to achieve in terms of revenue generation where they are to man the 17[seventeen] main and 41[forty-one] sub-offices of the board in different parts of the state.

Of the 254 staff of the board, only 11 [eleven] and the chairman are inspectors of the taxes category. Apart from the chairman, 4[four] other highest staff are the assistant chief of inspectors of tax, 3[three] principal inspectors, 3[three] senior inspectors of taxes and 1[one] inspectors of taxes. There is no qualified accountant at present in the board.

From the foregoing, it is glaring that staff position of the board is grossly inadequate and therefore cannot perform effectively. The remaining staff disposition are as follows, 68[sixty-eight] are revenue assistant cadre made up mainly the diploma and school certificate holders, while the remaining are made up of bailiffs, messengers, cleaners and typist.

It is therefore, evident that the staff strength of the board is grossly inadequate no matter the ratio used in posting the officers to the different offices, in the various local government. Each local government has one main office where the vehicle licensees take place, other taxes assessment and collection are also done there. An average of twenty (20) personal is required in one local government main office and at least in the sub offices which some local government has between three to six offices in each local government.

The number of vehicle allocated to the entire board is only two unhealthy vehicle, one for the chairman of the board, and the other for the secretary. Non of the local government has a vehicle. The main offices of the board apart from the Headquarters had no sound type writer at this age we are talking about having computers in different homes. Most of the returns to the head quarters are typed at business centers around the location of the different offices.

This officers have no steel cabinet to protect the document of the board and offices that had steel also lack sits and tables for the officers and their guest. More than 50% of the field officers are having a leaking roof or has part of the offices abandoned to dilapidation. Where the offices are hired, the landlords are threatening to throw them out as rent have not yet been paid for upwards of two years or more. For instance, in Nkanu east local government, the rent was last paid in December 2001 and the landlord is asking them to evacuate is building has he is even prepared to forgo the arrears of the outstanding rents.

2.10 INCIDENCES OF TAX EVASION AND AVOIDANCE IN ENUGU STATE

The greatest obstacles of effective tax administration in Nigeria today are: Tax avoidance and evasion. The twin evils have for years posed insurmountable obstacles to increased tax revenue.

In Enugu state as in other states, to perfect tax avoidance, there is always connivance between the tax payer. This apathy is made worse by the fact that the people generally find it difficult to part with their hard earned income.

According to Okpe (1998: 87) tax avoidance is a situation where the tax payer arranges his affairs legally so that he pays less tax than he might otherwise pay.

He also describes tax evasion as a situation where the tax payer adopts illegal means to pay less tax.

TAX AVOIDANCE

This is the commonest practice especially in villages where clever people fake debilitating illness and apply for out right exemption from payment of tax.

Another avoidance technique is to approach/consult tax experts to help

fill tax assessment forms for clients who pay paltry sum of tax consultants and in turn secure reasonable tax reduction.

TAX EVASION

This is a situation the tax adopts illegal means to pay less tax than he would ordinarily have paid. In principle this defrauds Enugu state government of the needed tax evasion is more prevalent in pay-as-you-earn system. PAYE tax inspection audit was carried out in some selected ministries and departments in Enugu state employees pay records. The result revealed a lot of mal-practices of fraudulent activities by some employees, some of which are itemized below:

- i. Inflation of salaries and allowance by employees in order to obtain enhanced personal allowance that will increase the total free pay allowance.
- ii. Non disclosure and non inclusion of taxable allowances and other sources of income. In for "A" all these help reduce tax payable inserted inflation on the deduction cards by the board.
- iii. Arbitrary inflation or bloating of the pay roll unit.
- iv. Faking and fraudulently obtaining tax deduction cards and forms C from touts.

- v. Adding and super imposition of figures on both form C and tax deduction cards by employee themselves and submitting same to employers.
- vi. Non return of employees records to the board so that the employee's income will not be assessed to pay-as-you-earn making such employees to evade tax.
- vii. Willful under-deduction of tax by employees (pay roll unit) using the minimum rate of tax especially when returns and income are not rendered to the board.

It could be recalled that the federal government at the incidence of tax evasion, introduced tax clearance certificate in 1979/1980 year as a measure to curb the ugly incidence among wealthy business men and women.

To enforce payment of taxes the presentation of tax clearance certificate was made mandatory for any person or corporate body seeking any of the following, Okpe (1990: 299-300).

- 1. Application for government loan for business or industry.
- 2. Application for fireman license.
- Application for foreign exchange control, permit to remit money outside Nigeria.

- 4. Application for certificate of occupancy.
- 5. Application for award of contract by government or its agencies and registered companies.
- 6. Application for registration of building plans.
- 7. Application for trade license.
- 8. Application for transfer of real property.
- 9. Application for import or export license.
- 10. Application for gaming or pools license.
- 11. Application for registration for distribution.
- 12. Application for allocation of market stalls.

Staff of the board of internal revenue connives with dubious business men and women who want tax clearance certificate but do not want to pay tax as at when due. The tax officials manipulate the assessment of the prospective tax clearance certificate seekers and issue same without following due process.

The process is abuse because there is no adequate security for tax clearance certificate forms. The existence of touts provided easy link between tax evaders and officials to strike their deal which in the final analysis deprives the government of the such needed revenue. In Enugu state, in the rural areas, the men there are the most culpable of the offence of evading tax. They don't pay tax. On the market days when the tax officials are expected to be in the market within these areas, the men goes on hunting. The only go to market on ordinary days other than the native weekly market days to evade tax. When they go to market on market days, it must be on weekend market day.

2.11 EFFORTS MADE BY ENUGU STATE BOARD OF INTERNAL REVENUE TO IMPROVE REVENUE GENERATION

According to the chairman, Enugu state Board of internal revenue, revenue generated by taxes is limited by laws which define tax jurisdiction for each of the three tiers of government. The federal government spelt out the classes of taxes to be collected by each tier of government that is, federal, state and local government.

The state board of internal revenue is left with the option of perfecting the performance of the existing sources.

However, the following measures are being embarked upon by both state board of internal revenue and the state government. The state board of internal revenue is left with the option of perfecting the performance of the existing sources. However , the following measures are being embarked upon by both state board of internal revenue and the state government.

- 1. Information processing centre have also been opened to process and issue new national driving license.
- 2. The state government has opened up new motor licensing offices in each of the 17 (seventeen) local government areas of the state.
- 3. The radio jingles of Enugu state radio broadcasting services each time they are about reading the news calling on people to be patriotic, pay their taxes and join hands in building the state.
- 4. Tax offices have been opened up in each of the 17 local government areas of the state as well as sub-tax offices. This brings the tax officials close to the tax payers for an increased revenues generation.
- 5. Government participation as the major collector of his revenue rather than using contractors have helped in attracting revenue to government through which tax could be raised by stamp duty and withholding tax.
- 6. The status of Enugu as a state capital has always attracted a lot of businesses and the environment friendliness of the state has also attracted multinational companies like Nigeria Breweries that built ultra modern brewery close to ₩44 billion naira.

7up has also completed its plant and went into production in the month of august 2003. The Guinness Brewery has fenced the large expense of land, indication that they are getting ready to stake off if not completed by now. Also in the polo park between IMT and popularly know Celebrity restaurant is a multi million **Word Trade Center** (Shoprite, and other bigger establishment in it).

- 7. Pool Betting and Gaining Casino are also contributing to the revenue generation of the state.
- 8. The popular okada (cyclist) has been scraped following the introduction of the cool city taxi scheme and keke napep to minimize the rate of crimes committed through the use of okada and with a view of generating greater revenue in the state.
- 9. The government of recent has been encouraging revenue generation by releasing the needed fund for the procurement of the working material. With time, revenue yield will increase as we put finishing touches on the system, the chairman of the Board of Internal Revenue Mr. F.O.C. Chime retorted.

TABLE 3: STATEMENT OF INTERNALLY GENERATED REVENUE BY THE STATE

BOARD OF INTERNAL REVENUE: FROM 2005 – 2011

YEAR	SUB TOTAL	SUBTOTAL	OTHER INCOME	GRAND TOTAL
	PERSONAL IN	ROAD TAX		
	COMETAX			
2005	1,330,825,027.21	91,034,235	1,278,140,738	2,700,000,000
2006	2,170,718,631.19	70,019,103	473,123,488	2,713,861,222
2007	1,429,563,495.78	76,920,595	2,880,997,513	5,531,481,603
2008	2,606,358,903	81,619,659	3,812,621,437	6,500,000,000
2009	4,870,170,556	186,402,515	4,436,287,558	9,492,860,629
2010	3,742,618,070	211,706,220	4,867,197,942	8,821,522,232
2011	3,080,913,202	268,603,338	3,938,135,428	7,287,161,299

Source: State Board Of Internal Revenue Service

FOR 2012: JANUARY TILL DATE CUMULATIVE.

MONTHS	SUB TOTAL	SUB TOTAL	OTHER INCOME	GRAND TOTAL
	PERSONAL	ROAD TAX		
	INCOME TAX			
JANUARY	308,913,202	13,070,950	346,353,997	668,338,149
FEBUARY	315,185,153	16,911,220	455,798,920	787,895,293
MARCH	430,830,678	25,561,837	443,443,520	899,836,035
APRIL	307,656,369	29,671,264	527,070,195	864,397,828
MAY	430,087,417	19,824,747	401,522,105	851,434,269
TILL-DATE	1,792,672,819	105,040,018	2,174,188,737	4,071,901,574

Source: State Board Of Internal Revenue Service

In the above Tables, **The Subtotal Personal Income Tax** constitute: PAYE – State Employment, PAYE – Other employees, Direct Assessment, Other Direct Payment to Consolidated A/C, Withholding Tax, Mortuary Tax, Development levy and the Capital Gain tax. The Sub Total Road Taxes constitute: New registration – Motor Vehicles, Motor Vehicle Licenses, drivers Licenses, Road Traffic Exams, Sales of Badges & Emblems, Trading Account – Motor Plates.

Other Income constitutes: Ministry and Departments, Coal City Garden Estate established in 2011, Coal City garden Taxi Scheme established in 2010 and Other Parastatals.

The performance of Board of internal Revenue is commended but he the Chairman Mr. F.O.C. Chime think otherwise. He believes that with the effort of the state government, the revenue gotten should be more than what they already have in the past years owing to government activities in re – branding of the nations economy activities in various sectors of the Federation.

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The State Board Of Internal Revenue, Enugu State.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

Due to the complex nature of this research, it is therefore of paramount necessity that I take time to spell out the sources of data used (upon which the justification of the outcome of the study will be based) the pattern of the responses, sample design and method of data analysis. Based on the foregoing, the under listed design and methodology were used in this study.

3.2 RESEARCH DESIGN

Survey research design was adopted through the use of questionnaire, oral interview and personal observation.

3.3 AREA OF THE STUDY

The area of the study is the Enugu state government and the state board of internal revenue service in the state.

3.4 POPULATION OF THE STUDY

The population of workers in the state board of internal revenue is 254. Due to the nature of the research in which experience and educational qualification was needed, the population size of the study was 60 comprising of managers and head of units in the SBIR and the general public comprising other experts in the field.

3.5 SOURCES OF DATA COLLECTION

Basically there are two sources of data

- 1. Primary sources
- 2. Secondary sources

a. THE Primary Sources Of Data

These are data obtained from the SBIR, citizens, business organization, civil servants etc that are residing in Enugu with the aid of some prepared questionnaires which are differently answered by them. In addition, oral interview were conducted with some accounting clerks of the Enugu State Board of Internal Revenue and Federal Inland Revenue.

The options 'Yes/No' and fill-in-the-gap response types of question were structured. Others were unstructured to allow the respondents to provide their own answers. However, the questions used in testing the hypotheses were scaled response questions.

b. The Secondary Source of data

The secondary dates consists of data from several sources, they include; textbooks on business and investment analysis, accounting and finance, taxation, business management, journals, newspapers and periodicals.

The secondary data is very important in this resource study as it provided the direction and preview of the work, and more over, its reliability is based on the strong belief that the people whose ideas were expressed are experts in their chosen fields.

3.6 DETERMINATION OF SAMPLE SIZE

In deciding the sample size to be used the researcher believed that the sample size will be a good representation of the whole population.

To determine the sample size for this research, we are going to employ the Taro Yamani method. This is designated by the formulae:

$$n = \frac{N}{1 + N(e)^2}$$

where n = the sample size

N= total population size

1 = constant

e= error limit (5% Error and 95% level of confidence).

$$n = \frac{60}{1 + 60(0.05)^2}$$
$$n = \frac{60}{1 + 60(0.0025)^2}$$
$$n = \frac{60}{1 + 0.15}$$
$$n = \frac{60}{1.15}$$
$$n = 52$$

3.7 METHOD OF DATA ANALYSIS

The result of the questionnaires were analyzed by the use of tables. Simple percentage were computed and findings were presented, discussed and interpreted, deductive reasoning relevant to the research objective and hypothesis were also used. The Chi-square (X²)was used in testing the hypothesis.

THE CHI-SQUARE(X²)

The chi-square is one of the standardized statistical distribution used in hypothesis testing. It was developed in 1930 by Karl person. It enables us to know whether the discrepancy between the actual outcomes the expected outcomes could be observed reasonably. This is to determine if the observe outcome can be attributed to chance. It is given by the formula

 $X^2 = \sum (F0 - Fe)^2$

Fe

Where;

 $X^2 = chi-square$

 Σ = summation of value

F0 = observed frequency

Fe = expected frequency

Once you have computed your X2, you then state the decision.

DECISION RULE

If the calculated chi-square value (X²o) is greater than the value gotten from the chi-square distribution table (X²e), then reject the null hypothesis(Ho) and accept the alternative hypothesis(Hi). But if the chi-square distribution table value is greater than the calculated value, then reject Hi and accept Ho.

3.8 VALIDITY OF THE INSTRUMENT

This research study has been read, corrections has been made by the supervisor and hence has approve the validation of the study.

3.9 RELIABILITY OF THE INSTRUMENT

Data from the primary sources are very reliable. It has been tested over and over again and same result were obtained which means the information are very reliable.

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CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 DATA PRESENTATION

In this chapter, we are concerned with analysis of the answers to the questions in the questionnaires administered to the respondents. The use of table will be used or adopted to clearly show the responses obtained in each question of the questionnaires and the research hypothesis from chapter one will be use to test hypothesis guiding the study through the use of percentages and chi-square (X²) techniques.

4.2 DATA ANALYSIS

According to the table below, out of 52 questionnaires distributed to the respondents, and a total of 45 were completed and returned and 7 were not returned at all. Therefore, the total of 52 questionnaires is used for the analysis and it took the duration of one month for the administration of the questionnaires. The below table shows the distribution of the questionnaires

PATTERN OF RESPONSE

Table 4.1

Option	Response	Percentage (%)
Numbered Returned	45	86.54
Numbered Not Returned	7	13.46
Total	52	100

Source: Field Survey 2012

From the table above, the total returned questionnaires are 45 (86.54%) of the respondents, while total not returned of questionnaires are 7 (13.46%) respondents.

Do the techniques/ mechanism adopted for your financing and accounting system for tax purposes effective?

Table -	4.2
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Option	Response	Percentage (%)
Yes	40	88.89
No	5	11.11
Total	45	100

Source: field survey 2012

Table 4.2 shows that 40(88.89%) of the respondent was in support that the techniques / mechanism adopted in financing and accounting system for tax purposes is effective, while 5(11.11%) was of the view that it is not effective.

Enlightenment of tax payers on the important of tax is very relevant to tax administration.

Table 4.3

Option	Response	Percentage (%)
Yes	45	100
No	NIL	NIL
Total	45	100

Source: field survey 2012

Table 4.3 shows that 45 (100%) of the respondent are fully in support no doubt that enlightenment of tax payers on the important of tax is very relevant to tax administration.

Do you think that tax Administration in Enugu state are very effective and efficiently managed?

Table 4.4

Option	Response	Percentage (%)
Yes	15	33.33
No	25	55.56
No Idea	5	11.11
Total	45	100

Source: field survey 2012

Table 4.4 shows that 15 (33.33%) of the respondent was in support of the view that tax administration in Enugu state are very effective and efficiently managed, 25 (55.56%) disagree that tax administration is not very effective and not efficiently managed, 5 (11.11%) have no idea about it.

Tax Evasion and avoidance is as a result of poor administration in the state?

Table 4.5

Option	Response	Percentage (%)
Yes	30	66.67
No	10	22.22
No Idea	5	11.11
Total	45	100

Source: field survey 2012

Table 4.5 shows that 30 (66.67%) of the respondent was of the opinion that tax evasion and avoidance was as a result of poor administration of tax in the state, 10 (22.22%) was against it that is never an excuse, 5(11.11%) have no idea at all.

QUESTION FIVE

Do you think that the level of tax revenue generated in Enugu state is adequate?

Table 4	4.6
---------	------------

Option	Response	Percentage (%)
Yes	15	33.33
No	25	55.56
No Idea	5	11.11
Total	45	100

Source: field survey 2012

Table 4.6 shows that 15 (33.33%) out of the respondent was of the view that the level of tax revenue generated was adequate, 25 (55.56%) was against it that it is not adequate, while 5 (11.11%) have no idea about the revenue generated from tax.

QUESTION SIX

Inadequate staff and facilities hinders tax revenue generated in Enugu state.

Table 4.7

Option	Response	Percentage (%)
Yes	35	77.78
No	10	22.22
Total	45	100

Source: field survey 2012

Table 4.7 shows that 35 (77.78%) of the respondent was of the opinion that inadequate staff and facilities hinders tax revenue generated in Enugu state, 10 (22.22%) was not in support that inadequate staff and facilities hinders revenue generated in Enugu state.

QUESTION SEVEN

There are incidence of tax evasion and avoidance in Enugu state.

Table 4.8

Option	Response	Percentage (%)
Yes	40	88.89
No	5	11.11
Total	45	100

Source: field survey 2012

Table 4.8 shows that 40 (88.89%) of the respondent was of the view they are incidence of tax evasion and avoidance in Enugu state, while 5 (11.11%) was of the view that it doesn't exist.

QUESTION EIGHT

Outdated/ mechanical system of keeping and recording accounts affects tax administration and collection in Enugu state.

Option	Response	Percentage (%)
Yes	40	88.89
No	5	11.11
Total	45	100

Table 4.9

Source: field survey 2012

Table 4.9 shows that 40 (88.89%) of the respondent was of the opinion that outdated / mechanical system of keeping and recording accounts affects tax administration and collection while 5 (11.11%) was not in support of the it.

QUESTION NINE

Does the SBIR encounter any problem in tax administration in Enugu state.

Table 4.10

Option	Response	Percentage (%)
Yes	40	88.89
No	5	11.11
Total	45	100

Source: field survey 2012

Table 4.10 shows that 40 (88.89%) of the respondent was agree that the SBIR in Enugu normally encounter problems in tax administration in Enugu state, while 5 (11.11%) was against the motion that the SBIR are not encountering any problem as regards to tax administration in the state.

QUESTION TEN

Do you think that proper administration of tax affects tax revenue generation.

Table 4.11

Option	Response	Percentage (%)
Yes	45	100
No	NIL	NIL
Total	45	100

Source: field survey 2012

Table 4.11 shows that 45 (100%) of the respondent are fully and completely in support that proper administration of tax will affects the level of tax revenue generation in the state.

QUESTION ELEVEN

How do you view the effect of taxation on the revenue generation of the state.

Table 4.12

Option	Response	Percentage
Satisfactory	38	84.44
Not satisfactory	7	15.56
No Idea	NIL	NIL
Total	45	100

Source: field survey 2012

Table 4.12 shows that 38 (84.44%) of the respondent are completely in support that taxation has a good effect on revenue generation to the state while 7 (15.56%) was of the opinion that taxation has a bad effect on the revenue generation.

4.3 TEST OF HYPOTHESIS

Having presented all the information and data gathered from the selected companies, it is now left o test the hypothesis formulated in the first chapter of this research work.

HYPOTHESIS ONE:

Ho:The use of machnical and oudated system does not affect tax administration and collection in Enugu State.

Hi: The use of mechnical and outdated system affects tax administration and collection in Enugu State.

Table 4.9

Option	Response	Percentage (%)
Yes	40	88.89
No	5	11.11
Total	45	100

Source: field survey 2012

Expected frequency (fe)	=	45	=	22.5
		2		

Observed frequency (fo)= 45

Degree of freedom = (n-1)

= (2 - 1) = 1

Formular:

 $X^2 = \sum (FO - Fe)^2$

Fe	$= (40.00 - 22.5)^2 + (5.00 - 22.5)^2$
	22.5 22.5
	$X^2 = (17.5)^2 + (-17.5)^2$
	22.50 22.50
	$x^2 = 13.61 + 13.61$
	$X^2 = 27.22$

As was stated in chapter three, a choice of 95% level of confidence for testing all the hypothesis. This implies that the critical level will be 5% (0.05) level of significant.

Decision Rule

At a 0.05 level, the difference is significant if X^2 with 1degree of freedom is above 3.841, or falls in the rejection region. The computed value of $X^2 = 27.22$ is larger than the critical value 3.841 or fall in the rejection region. This will reject the hypothesis **Ho**:The use of machnical and oudated system does not affect tax administration and collection in Enugu State, and Accept **Hi**: The use of mechnical and outdated system affects tax administration and collection in Enugu State.

HYPOTHESIS TWO

- **Ho2:** Inadequate staff and training of the available tax collector does not affects tax administration and collection.
- **Hiz:** Inadequate staff and training of the available tax collector affects tax administration and collection.

Table 4.	7
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Option	Response	Percentage (%)
Yes	35	77.78
No	10	22.22
Total	45	100

Source: field survey 2012

Expected frequency (fe) = 45 = 22.5

Observed frequency (fo) = 45

Degree of freedom = (n-1)

$$= (2-1) = 1$$

Formular: $X^2 = \sum (FO - Fe)^2$				
		Fe		
	(35 – 22.5) ²	+	(10.00 - 22.5) ²	
$X^2 =$				
	22.50		22.50	
$X^2 = (12)^{-1}$.50) ² +	(-12.50))2	
22.	.50	22.50		
$X^2 = 6.94 + 6.94$				

 $X^2 = 13.88$

As was stated in chapter three, a choice of 95% level of confidence for testing all the hypothesis. This implies that the critical level will be 5% (0.05) level of significant.

Decision Rule

At a 0.05 level, the difference is significant if X^2 with 1degree of freedom is above 3.841, or falls in the rejection region. The computed value of $X^2 = 13.88$ is larger than the critical value 3.841 or fall in the rejection region. This will reject the hypothesis **Ho2:** Inadequate staff and training of the available tax collector does not affects tax administration and collection and Accept **Hi2:** Inadequate staff and training of the available tax collector affects tax administration and collection.

HYPOTHESIS THREE

- **Ho3:** Enlightening the tax payers on the important of tax payment does not affect tax administration in Enugu state.
- **Hi3**: Enlightening the tax payers on the important of tax payments affects tax administration in Enugu state.

Table 4.3

Option	Response	Percentage (%)
Yes	45	100
No	NIL	NIL
Total	45	100

Source: field survey 2012

Expected frequency (fe) = 45 = 22.50

2

Observed frequency (fo) = 45

Degree of Freedom = (n - 1)

$$= (2 - 1) = 1$$

Formular: $X^2 = \sum (FO - Fe)^2$

Fe

 $X^2 = (22.50)^2$ <u>22.50</u>

X2 = 22.50

As was stated in chapter three, a choice of 95% level of confidence for testing all the hypothesis. This implies that the critical level will be 5% (0.05) level of significant.

Decision Rule

At a 0.05 level, the difference is significant if X² with 1degree of freedom is above 3.841, or falls in the rejection region. The computed value of X² = 22.50 is larger than the critical value 3.841 or fall in the rejection region. This will reject the hypothesis **Ho3:** Enlightening the tax payers on the important of tax payment does not affect tax administration in Enugu state, and Accept **Hi3:** Enlightening the tax payers on the important of tax payments affects tax administration in Enugu state.

HYPOTHESIS FOUR

- **Ho4**: Tax collection and administration in Enugu state **is** effective and efficiently managed.
- **Hi4:** Tax collection and administration in Enugu state **is not** effective and efficiently managed.

Table 4.4

Option	Response	Percentage (%)
Yes	15	33.33
No	25	55.56
N <u>o idea</u>	5	11.11
Total	45	100

Source: field survey 2012

Expected frequency (fe) = 45 = 15

3

Observed frequency (fo) = 45

Degree of freedom = (n-1)

$$=(3-1)=2$$

Formular:
$$X^2 = \sum (FO - Fe)^2$$

re.

X2	=	(0)2	+ (10) ² +	(-10) ²
		15	15	15
X2	=	0 + 6.0	67 + 6.67	
X ²	=	13.34		

As was stated in chapter three, a choice of 95% level of confidence for testing all the hypothesis. This implies that the critical level will be 5% (0.05) level of significant.

Decision Rule

At a 0.05 level, the difference is significant if X^2 with 2degree of freedom is above 5.99, or falls in the rejection region. The computed value of $X^2 = 27.22$ is higher than the critical value 5.99 or fall in the rejection region. This will reject the hypothesis **Ho:** tax collection and administration is effective and efficiently managed in Enugu state, and Accept **Hi:** tax collection and administration is not effective and efficiently managed in Enugu state.

CHAPTER FIVE

5.0 SUMMARY, OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Introduction

Inline with the objectives of the research, which is essentially concerned with tax administration, the researcher has studied the effects of tax administration on revenue generation to Enugu state government by using the State Board of Internal Revenue as a case study. Findings of the research from previous chapters are discussed in this chapter and the discussion will be discussed be based on the presented and analyzed data from the questionnaire administered and informations gathered.

5.2 Summary of Findings

In chapter four, we have been able to present and analyze all the relevant data collected. Equally, a test of hypothesis was carried out. The following was the result of the test;

Mechanical and Outdated system of recording and keeping accounts affects tax administration and collection in Enugu State.

Inadequate staff and training of the available tax collector affects tax administration and collection.

There is no proper enlighten of the tax payers on the important of tax payments hence it also an effect of tax administration on revenue generation in Enugu state. The government's negative attitude towards tax education; a kind of enlightenment campaign to change the prejudice of the people about tax payment aid evasion and avoidance.

Tax collection and administration in Enugu state is not effective and efficiently managed. It is found that this practice is prevalent because of lack of proper data on individual self – employed businessman. The bulk of tax collected by the government is pay-as-you-earn deducted at source from employee's salaries by government, tax on contracts. It was also discovered that there is inability to protect official documents resulting in high rate of corruption among tax officials and tax payers.

The causes of tax avoidance and evasion ranges from non – acceptance of tax liability by qualified tax payers; low income of tax payers, preference for community development projects within their community that direct benefit to them than paying tax to government where it will not be put to as specific use for their immediate benefits. It was also discovered that wealthy businessman do not pay tax commensurate with their first income. They easily arrange their affairs so well that they pay less tax to the government. Lack of encouragement in the area of research into new areas taxation, rewarding efficient tax officials through adequate incentives all combined to impact negatively on the entire tax system in Enugu state.

5.3 CONCLUSION

There many obstacles to tax administration on revenue generation in Enugu state both internally created and external forces (habits of citizens to wards tax). The tax official should see himself more as one that should assist tax payers so as to encourage them part with their resources in payment of tax.

The tax environment needs to be made better by both the government and it's agencies. State Board of Internal Revenue should not concentrate effort only on generating more and more revenue but the cost benefit of this should be considered against the future loss of income that will result if marginal tax payers are driven out of existence.

Whereas the result of increased tax efforts improves the wealth of the nation, the killing of business by double/multiple taxes(VAT,PAYE,CGT,EDUCATION,CIT) given to some provision of the tax laws

may end up with giving one hand and withdrawing with the other therefore evading some taxes.

5.4 Recommendation

The effect of tax administration on revenue generation in Enugu state can be improved i.e rebranded by adopting the following measures:

The tax administration in the state should be granted total autonomy. This will make the internal revenue board to recruit the best professionals to manage the professional posts in the state. In this regard, it will be possible for the authorities to attract the best brains and pay them handsomely. It is my feeling that tax officials being at the vanguard of generating revenue and increasing the wealth of the nation should be given full autonomy in tax administration.

Also the board lack basic facilities and necessary working material there by reducing their work efficiency and proffessionality. I recommend that the government should assist in Provision of the required tools, facilities and environment necessary for tax administration to increase the rate of revenue generated. More so with the view of this, where every tax office is provided with adequate data processing system, the power generating sets working, then it will be possible for the revenue authority to have complete data about tax payers with a view to generating a data bank with which a proper monitoring of taxes paid, or and to be paid by tax payers can be done.

Recruiting, training and development of staffs, which is essential for effective performance should be embarked upon by the board so as to improve the productivity of the staff.

There should be an efficient information system which will enable tax authorities networking to encamp tax payer that avoids or evades tax. This will help significantly in limiting the incidence of tax evasion.

Government should embark on people oriented project where more than 70% of the tax generated from a particular community should be invested in the area. This will help the community and motivate them to pay their taxes promptly as they are used for community development projects for which individuals are levied.

It has been the fault of government by believing that tax education is not necessary and hence no investments into tax matters. So most people has this natural dislike for taxation. If proper tax education is conducted, the tax payer will appreciate the importance of tax and not just its dark side.

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<u>APPENDIX 1</u>

FACULTY OF MANAGEMENT AND SOCIAL SCIENCES,

ACCOUNTANCY DEPARTMENT,

CARITAS UNIVERSITY,

AMORJI – N IKE ENUGU STATE,

PMB 01784,

ENUGU STATE,

1st AUGUS, 2012.

THE CHAIRMAN,

STATE BOARD OF INTERNAL REVENUE SERVICE,

ENUGU STATE.

Dear Sir/ Madam

TO WHOM IT MAY CONCERN

This is to certify that **Adeogun Raphael Adeniyi (ACC/2008/491)** is a final year student of Accountancy department **Caritas University** Amorji – Nike Enugu. He is currently doing his research work for the award of Bachelor of Science degree in Accountancy.

Please kindly accord him necessary assistance in respect of his research work on the *topic:*

The Effect of Tax Administration on Revenue Generation In Enugu State: (Case Study State board of internal Revenue Service Enugu State).

Thanks for your anticipated cooperation and God bless.

(supervisor)

Mr. Obani Desmond

Dr. Frank E. Ovute

HOD of Accountancy

APPENDIX 2

FACULTY OF MANAGEMENT AND SOCIAL SCIENCES, ACCOUNTANCY DEPARTMENT, CARITAS UNIVERSITY, AMORJI – N IKE ENUGU STATE, PMB 01784, ENUGU STATE, 1ST AUGUS, 2012.

Dear Sir/ Madam

TO WHOM IT MAY CONCERN

This is to certify that **Adeogun Raphael Adeniyi (ACC/2008/491)** is a final year student of Accountancy department **Caritas University** Amorji – Nike Enugu. He is currently doing his research work for the award of Bachelor of Science degree in Accountancy.

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Thanks for your anticipated cooperation and God bless.

(supervisor)

Mr. Obani Desmond

Dr. Frank E. Ovute

HOD of Accountancy

APPENDIX 3

QUESTIONNAIRE ON THE EFFECT OF TAX ADMINISTRATION ON REVENUE GENERATION IN ENUGU STATE. (CASE STUDY STATE BOARD ON INTERNAL REVENUE SERVICE ENUGU STATE)

INSTRUCTION:

Please tick [$\sqrt{}$] against your chosen options for the multiple choice questions

SECTION A

PERSONAL DATA

1) Sex:	Male []	Female []		
2) Age: 20-30 []	31-40 []	41 Above []		
3) Marital status: Marr	ried []	Single []		
4) Qualification: Waec/GCE [] HND [] MSc/PhD []				
5) Post Held: Manager [] Accountant [] HOD[] Director []				
Other[]				
6) Which of these options is	applicable to you	1: Self employed []		

6) Which of these options is applicable to you: Self employed [] Employed [] Employee []

For SBIR Only:

7) Which of the sub departments do you belong to:

 Administration & supply dept 	[]
 Planning Research and statistics 	[]
 Assembly department 	[]
 Collection department 	[]
 Inspectorate department 	[]
 Finance Accounting department 	[]

SECTION B

OTHER INFORMATION

1. Do the techniques/ mechanism adopted for your financing and accounting system for tax purposes effective?

Yes [] No []

- Enlightenment of tax payers on the important of tax is very relevant to tax administration. Yes [] No []
- 3. Do you think that tax Administration in Enugu state are very effective and efficiently managed? Yes [] No [] No Idea []
- 4. Tax Evasion and avoidance is as a result of poor administration in the state? Yes [] No [] No Idea []

5. Do you think that the level of tax revenue generated in Enugu state is Yes [] No [] adequate? No Idea [] 6. Inadequate staff and facilities hinders tax revenue generated in Enugu Yes [] No [] state. 7. There are incidence of tax evasion and avoidance in Enugu state. Yes [] No [] 8. Outdated/ mechanical system of keeping and recording accounts affects tax administration and collection in Enugu state. Yes [] No [] 9. Does the SBIR encounter any problem in tax administration in Enugu Yes [] No [] state. 10. Do you think that proper administration of tax affects tax revenue generation. Yes [] No [] 11. How do you view the effect of taxation on the revenue generation of the Satisfactory [] Not satisfactory [] state. No Idea []

<u>APPENDIX 4</u>