Tax Administration and Revenue Generation in Local Government in Oyo State

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Certification

This is to certify that **Adeyemi, ADESINA** with the matriculation number **LCU/PG/000507** carried out this research work titled: **Tax Administration and Revenue Generation in Local Government in Oyo State** in the Department of Management & Accounting, Faculty of Management & Social Sciences, Lead City University, Ibadan, Nigeria for the award of Master of science Degree (MSc) in Accounting and this has not been previously submitted.

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Dedication

This work is dedicated to God Almighty and my family whose support is immeasurable towards the realization of this goal.

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Abstract

Tax administration in Oyo State faces challenges such as inadequate amenities, distrust between taxpayers and officials, and complex tax laws, leading to poor taxpayer awareness and compliance. Thus, the aim of this study is to examine the tax administration and revenue generation in Local government in Oyo State. This study used a descriptive survey design to explore opinions and perceptions among 10,007 local government employees in Oyo State, focusing on 290 staff from Revenue and Taxation departments in nine purposefully selected secretariats with low tax revenue. A self-structured questionnaire captured demographic and research-specific data on a 4-point Likert scale. Validity was confirmed by experts, and reliability was established through a pilot study (Cronbach's Alpha = 0.68). Data were analyzed using descriptive statistics and Chi-square tests at a 0.05 significance level with SPSS Version 23. The findings highlight the impact of tax laws and revenue on local government revenue generation and utilization. Regression analysis shows that tax law has a statistically significant positive effect on revenue generation, explaining 2.5% of the variance (adjusted $R^2 = 0.025$, SE = 0.44675, $F(1, 288) = 7.532$, $p < 0.006$, $\beta = 0.160$). This suggests that improved tax laws can foster better compliance and enhance revenue generation. However, the relationship between tax revenue and its utilization was found to be weak, with only 0.5% of the variance explained (adjusted $R^2 = 0.005$, SE = 0.49753, $F(1, 288) = 1.328$, $p = 0.250$, $\beta = 0.068$), indicating that tax revenue does not significantly impact how funds are utilized. Further analyses revealed significant bottlenecks in tax processes, with Chi-Square tests highlighting administrative delays, inefficiencies, and corruption as major barriers to effective revenue management ($\chi^2 = 234.772$, df = 11, $p < 0.000$). Despite these challenges, the community demonstrated a commendable level of tax awareness ($\chi^2 = 328.000$, df = 14, $p < 0.000$), reflecting successful outreach and educational initiatives. However, dissatisfaction persists regarding the utilization of tax revenue, with respondents expressing concerns over the lack of transparency and limited impact on community development. The study recommends simplifying tax laws through workshops and campaigns, establishing transparent reporting and community forums, and tackling inefficiencies and corruption with a comprehensive review and oversight body. Improving taxpayer support services, such as digital payment options, and sustaining community outreach will further enhance compliance and trust, optimizing revenue generation and utilization.

Keywords: Tax Administration, Taxpayer Awareness, Tax Compliance, Tax Law, Tax, Revenue Generation.

Word Count: 300

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List of Acronyms

Abbreviation	Meaning
FIRS	Federal Inland Revenue Services
GDP	Gross Domestic Product
GMM	Generalized Method of Moments
SA	South Africa

Chapter One

Introduction

1.1 Background to the Study

For government to generate fund to fuel its developmental projects and goals, taxation is one of the medium. Tax is a compulsory levy imposed by government through its agents on its subject or his property to achieve such goals. These goals are meant to improve the general standard of living in the country[1]. For developmental goals of any successful government to be achieved, what is needed is financial resources. Those goals are provision of infrastructure, security of properties and maintenance of law and order. However, taxation is the most important sources of revenue to the government from the point of view of certainty and consistency of taxation[2]. Here's a more accurate rewrite of the statement:

During the 1970s and 1980s, Nigeria became heavily dependent on oil revenue as its primary source of national income, particularly following the 1973 oil boom. While a tax system existed, it was significantly underutilized as the government prioritized the more readily available oil revenue[2]. During this period, most states and local governments became increasingly dependent on allocations from the federation account, which was predominantly funded by oil earnings. This shift away from traditional revenue sources, including agricultural exports and taxation, created a rentier state structure where subnational governments relied heavily on oil-based federal distributions rather than developing robust internal revenue generation systems[2]. This dependency on oil revenue would later prove problematic for Nigeria's economic diversification efforts.

In 2014 when there was economic recession and a sharp fall in oil prices in the world market hence the proceeds from federation account reduced. Because of the over dependence on income from oil, this led to the inability of government that is, federal government to implements fiscal policies. The government (Federal, State and Local) began to look inward and focusing on Internally Generated Revenue as an alternative means of financing developmental projects. As results of the aforementioned point, revenue accruing from federation account over the years considered grossly insufficient to meet the growing social and public spending required in fostering economic growth and development. As a result of a sharp fall in the price of crude in the world market, taxation was employed as the alternative source of revenue. In addition to the above, taxation is also employed by government to achieve some of its fiscal policies. In order to increase the purchasing power of individual and private sectors and increase money in circulation, taxation or tax rate is reduced on the other hand increment taxation will invariably increase revenue generation of the government[3]. In Nigeria, local government autonomy remains a critical challenge in revenue generation and administration. Despite constitutional provisions granting local governments status as the third tier of government, their financial autonomy is often compromised by state government interference and the joint state-local government account system[3]. This has significantly impacted their ability to generate and manage internal revenue sources effectively, making many local governments overly dependent on federal allocations. The lack of true fiscal autonomy has hindered their capacity to fulfill their constitutional responsibilities and implement meaningful developmental projects at the grassroots level[3].

Tax administration is concerned with the administration, management, conduct, direction and supervision of the execution and application of the internal revenue laws or related statues and tax convention, in most developing economy the role of tax administration is critical and helps ensuring the governments generate enough revenue in order to carry out the developmental goals. Proper tax administration by government will determine the amount of revenue available via taxation for the business of governance. To improve revenue in any given economy, tax administration is the right tools to employ[4].

The impact of revenue generation in any given economy is significant and enormous because of its fundamental role of rendering quality service to the tax payer to encourage voluntary compliance of tax laws and detect and panelize noncompliance with effective and efficient tax administration will helps in controlling tax evasion and tax avoidance[5]. It will also help to formulate strategies that will boost revenue collection and help to enhance revenue that is generated by three tiers of government.

Nigeria practices federal system of government, having three tiers of government (Federal, state and local government). Each tier of government has its own separate tax administration, which carry out responsibility of identifying taxable individuals, companies and properties, assessing the taxes that need to be levied, collecting the taxes and remitting same to the respective government as at when due[6].

The effectives of each tax administration in each tier of government will determine the amount of revenue that will be collected and remitted to the various tax administrations at the different levels of governments. Three tiers of government in Nigeria (Federal, State and Local government) get the major part of their revenue from the tax.

The revenue from tax compare to other sources of revenue available to each government available to each government, it contributes significantly to total revenue generated by the government. In light of the foregoing, it is expedient that each government should put in place effective and efficient tax administration. In reality the tax administration is in a sorry state inherent with many problems[7].

The following are the problems associated with ineffective and inefficient tax administration in the country namely lack of equipment to tax administrations to carry out their job. Lack of skilled staff in the area of tax collection, lack of good road network that would give the tax collectors access to the rural area in order to expand tax base, lack of training for the tax officials, lack of data base to keep the records of the tax payers and business in Nigeria. Lack of adequate enlightenment to the tax payers, understaffing, poor remuneration for tax officials, inability of tax pay on time, ineffective mechanism of localizing tax evaders and non-working internal control mechanism[1,8].

Many honest tax payers have been hindered from performing their civic responsibility of paying tax due to mismanagement of tax revenue. Unfairness on the part of government in the provision of social amenities for which tax collected make people of Nigeria to oppose payment of any forms of taxes and rates[9].

A good tax should have the qualities of equitability, efficiency, neutrality, flexibility, and simple. These principles still hold today and even act as a guide for policy formulation[10]. However, the ability to achieve all in a single tax policy is practically impossible; There is no good tax[11]. This is because an efficient tax might be inequitable.[12] "An efficient tax may not necessarily be considered fair and one that is considered equitable may not be efficient".

Ordinarily, people abhor tax payment due to its effect on their income. Only a few people are enthusiastic about paying tax. Tax policy must be generally accepted by the people if it must gain compliance.[12] It therefore means that a good tax system must be in consonance with Equitability, Neutrality, efficiency, flexibility and simplicity[12, 13].

1.2 Statement of the Problem

The challenges of tax collection and administration is universal. 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. Since a major challenge facing Nigeria's economy is the diversification of its revenue base. This diversification has become necessary with the realization that dependency on crude oil earnings cannot sustain public expenditure. However, in an economy like Nigeria where great reliance is placed on one source of revenue by the Government and where state depend large on revenue allocation, the understanding and appreciation of the significance of tax as a source of revenue is of paramount importance to each tier of government. This is not only to enable one the opportunity to examine potential revenue generated in the state but to enable the decision makers and government to appreciate the need for administration changes within the context of tax system.

Since tax revenues contribute significantly to the total revenues generated by the government of Nigeria, it is very important that effective and efficient tax administration be put in place. However, the state of tax administration in Nigeria is worrisome. Prominent among the problems attributed to the ineffective and inefficient tax administration in Nigeria include lack of adequate equipment for the tax administrators to carry out their job, lack of skilled staff in the area of tax collection, lack of good road network that would give the tax collectors access to the rural areas in order to expand the tax base, lack of training for the tax officials, lack of database to keep the records of the taxpayers and businesses in the country, lack of inadequate enlightenment to the taxpayers, understaffing, poor remuneration for the tax officials, the inability of the taxpayers to pay on time, ineffective mechanism of locating the tax evaders, and non-working internal control mechanism[15]. Likewise, the Payment of taxes and levies are difficult to collect from an average individual and tax collector is nailed by the people. The problem is worsened by the poor performance on the part of government in providing amenities required for the administration and collection of taxes and levies, lack of confidence and mutual distrust of government represented by tax officials, the tax officials do not enjoy the confidence of the tax payers, complexity of Tax law and ambiguities of tax law which results into lack of understanding on the part of the tax payers. Hence most of the tax payers are not aware of many tax laws. The case may not be different from inherent tax administration problems in Oyo State most importantly local government areas in Oyo state.

Consequently, there are varieties of studies that examine the effect of tax administration on revenue generation in Nigeria. Some of the authors include[16,17,18]. However, majority of the studies focused on Lagos and other more economically advanced states in Nigeria. This study is triggered to fill the gap in literature by examining this relationship from Oyo State perspective especially in the wake of recent reforms brought about by the New administration through Oyo State Board of Internal Revenue. Furthermore[19], examined the effect of Personal income tax on revenue generation in Oyo state and recommended that Oyo state government should look inward on how more internal revenue will be generated extensively in the state in order to achieve micro objectives of the government, and to eradicate the paucity of government revenue. This arose the need to the examine how electronic or digital administrative system will contribute to tax revenue generation in Oyo Town of Oyo State as majority of the previous studies focused on more economically state in the country. It is on this ground that the study set to examine the Tax Administration and Revenue Generation in Oyo State.

1.3 Aim and Objectives of the Study

The aim of this study is to examine the tax administration and revenue generation in Local government in Oyo State. However, the specific objectives of the study are to:

1. To examine the relationship between Tax Laws and Revenue Generation
2. To investigate the extent to which tax revenue is utilized in the local government
3. To investigate the various bottlenecks associated with tax revenue in the selected local government
4. To examine the level of tax awareness in the selected local government

1.4 Research Questions

1. What is the relationship between tax laws and revenue generation in the selected local government?
2. To what extent is tax revenue utilized in the selected local government?

3. What are the various bottlenecks associated with tax revenue in the selected local government?
4. What is the level of tax awareness in the selected local government?

1.5 Hypotheses

The following four hypotheses would be formulated and tested for it is research work.

Ho1: There is no significant relationship between tax laws and revenue generation in the selected local government.

Ho2: There is no significant relationship between tax revenue utilization and revenue generation in the selected local government.

Ho3: Tax revenue bottlenecks do not significantly affect revenue generation in the selected local government.

Ho4: Tax awareness level does not significantly influence revenue generation in the selected local government.

1.6 Scope of the Study

To evaluate Tax Administration and Revenue Generation in Oyo state's Local Government Areas (LGAs), tax and revenue data from nine LGAs, representing each senatorial district, were gathered. Three LGAs with the lowest tax revenue collections in 2020 were chosen from each senatorial district: Oyo North (Ogbomoso South, Irepo, Oorelope), Oyo Central (Surulere, Oyo East, Atiba), and Oyo South (Ibarapa East, Ibarapa North, and Ibarapa Central). The analysis also examined government projects and social amenities provided by both the state and selected local governments. This evaluation aimed to gauge the impact of taxation on the development of LGAs in Oyo state and identify bottlenecks and potential avenues for enhancing tax administration and revenue generation.

1.7 Significance of the Study

The local governments in the Oyo state will benefit from this study in terms of correctly administering their obligations, facilitating and boosting revenue generation through taxes and levies collected by the local governments in the course of them overtax related tasks. This will aid the government in formulating effective tax collection policies and enforcing fines for tax evasion and default.

The study will help the tax officials in employing new strategies that will enhance compliance by individuals in the fulfillment of their civil responsibilities as expected of them. The study will help in capacity building which enhances educating administrators and the tax officials on the need of timely and continuous tax assessment, the need to serve tax payers notice of assessment which will propel increased revenue base of the local government.

It also helps to educate the general public, taxable and rate able individual the need to carry out their civil responsibilities as a citizen of the local government and the state in general.

1.8 Operational Definition of Terms

Informal Economy: Informal economy includes all business activities not regulated by law and not covered by formal arrangement.

Revenue Committe: is responsible for the assessement of and collection of taxes, fines and rates under its jurisdiction and shall account for all amount so collected in a manner to be prescribed by the chairman.

Revenue Generation: This could be viewed as the annual or periodical yield of taxes as well as other sources of income that a nation or a state or public sector collect or receives into the treasury for public use.

Tax Administration: Is the process of managing tax policy and implementation of Tax Policy.

Tax Assessment: The ascertainment of chargeable income the amount of tax payable on it by tax payer for the year under review.

Tax Avoidance: Tax avoidance is an attempt to escape the tax liability by circumventing the law not breaking.

Tax Evasion: Tax evasion is the commission or omission for an act knowingly with intent at a decisive, so that the tax reported by the tax payer is less than the tax payable under the law or conspiracy to commit such an offence.

Tax System: The process of taxation involving set of rules, regulations and procedures with the organs of administration interacting with one another for the generate fund to government.

Taxation: Taxation is an imposition made by government on the citizen for public purpose without reference to specified benefit to be conferred on taxpayers.

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Chapter Two

Literature Review

2.1 Conceptual Review

2.1.1 Revenue Generation

Revenue generation is considered as annual or periodical yield of taxes and other sources of income accruable to the federal government, state government and local government this revenue consists all tolls, taxes, interests, rates, fees, duties, penalties, and all others receipts of government from any source coming in over a period of either one year or half of a year, revenue generation can also be viewed as the process through which the three tiers of government raise revenue that are required to meet their capital and recurrent expenditure. Government earnest revenue from the following sources, taxes levied on the income and wealth of individual and corporate bodies, on goods and services produced, export and import. Non taxable revenue sources include income from government –owned corporations, revenue from central bank capital receipt in form of external loans, money borrowed from international financial institution as debt[1].

In this country the revenue collected by federal government of Nigeria can be classified into two namely revenue from oil and revenue not from oil. The revenue from oil consists of revenue generated from oil and gas activities in this country. The non oil revenue is the revenue derived from other sources other than oil and gas activities. Some countries have the source revenue as tax and non tax revenue. But in Nigeria as earlier discussed it has oil and non revenue from oil is the major revenue drivers of the economy. The Nigeria constitution thoughogical source of revenue several source revenues available to the three tiers of government. But it is interesting to make that (80) eighty percent of the annual revenue of the three tiers of government is received from oil. But the fall of in price of oil in the world market in the recent time affected the revenue base of the three tiers of government;

negatively. Hence serious attention is now shifted by the three tiers of government to tax revenue as alternative source of revenue in order of finance the error increasing budgets and in order to steer economic growth and development[1]

2.1.1.1 Revenue Generation in Nigeria Local Government

The revenue generation in Nigeria Local Government is basically from Tax. Tax is a compulsory levy imposed by government on individuals and companies. The necessary ingredient for civilization is Tax. The effectiveness of any system rules depends on financial independence.

The direct taxation in Nigeria Local Government started from Pre-Colonial era when community taxes are levied on commodities.

The Local Government in Nigeria was created for the aim of rendering services and provision of amenities for both rural and urban dwellers according to the document establishing the local government reforms 1976.

The social amenities such construction of roads, provision of pipe borne water, hospitals, good roads, education for the youth, stadium, electricity, etc. are made available from revenue generated from the people. It must be noted that the provision of above-mentioned amenities are hindered by inadequate finance. The term independent sources of revenues are not really independent because any revenue to be collected requires the authorization of government. Local government authorities cannot increase community the rate of local tax (community tax) independently unless it is backed up by constitutional provision. All these are approved by government before inclusion in the estimate. Despite the legislative process required for any tax or levies to be collected the local government are saddled with the following constitutional responsibilities in Nigeria[5].

Economic planning and development, health service, land use control, regulation of Advertisement, pets, small business markets, public conveniences, social welfare, sewage and refuse disposal, registration of birth, death, marriages, primary, adult, location education, development of agriculture and natural resources[4].

2.1.1.2 Impacts to Internally Generated Revenue in Local Government

The people residing in any local government area stand to enjoy a lot of benefits from internally generated revenue of the local government.

The following are the benefits: provision of clean and portable water for the people of the local government, construction of good roads for easy movement of transportation, provision of well-equipped health centre in the community to reduce death rate of the people, provision of free education in the community to reduce of illiteracy in the society, stability of electricity in the community[2].

Ways of Improving Local Government Revenue Generation

For the improvement of Local Government Revenue Generation need to be corrected and addressed in order to improve the revenue generations.

The dependable tax base is essential for the local government.

Untrained valuation will make taxes on property difficult to assess. The question of graduated tax has created an unjustifiable dispute over the years. The following are the strategies for improving revenue generation good infrastucture is another strategies for improving revenue generation, when a local government council provides good road network for easy movement of vehicles, when there is available pipe-borne water, hospitals, schools, etc. that make people to coming to stay in the local council.

According to Henry Fayol, motivation is a driving force which stimulates a worker in action, workers need to be encouraged so that can put in the maximum services, this motivation will increase the revenue collection. Training and capacity building of workers for knowledge enhancement should embedded in the motivational force. With proper implementation of these motivational factors the revenue generation will be improved tremendously[4,5].

Establishment of Projects assist strategies for improving revenue generation if the local government council can establish minimize industries that will create employment opportunities for the people. The council should also provide and improve on agricultural ventures like crop farming, this will encourage the participation in agriculture that will improve the standard living of people. Revenue Management is most of the government establishments are characterized with corruption and mismanagement as well as embezzlement. Because of the mismanagement of revenue collected by the official which has been hindering the populace from seeing the impact of revenue collection in the council area. If effort is made to centralize the collection department, rotation of jobs and assignments.

Loyalty of Taxpayers is claimed to be strategies for improving revenue generation the people can change their unpatriotic attitude of evading tax and they pay their taxes the revenue will improve. The people who pay their dues (taxes) are small in comparism with those who do not pay tax. If the tax evaders change their bad orientation towards taxes and levies the revenue generated in the local government[6].

Local Government Collection Machinery

The established structures for tax administration are as follows at federal and state level we have federal Board of Inland Revenue (FBIR) and states Board of internal Revenue (SBIRS) respectively. The regime of Late General Sanni Abacha created a permanent structure for tax administration at the local government level throughout the federation in form of Local Government payment committee. Section 85 Decree PITA as amended makes the provision that go does: There shall be established for each Local government area of a state a committee to be known as the Local Government Revenue Committee (in this Decree referred to as he Revenue Committee).

Composition of Revenue Committee

The Supervisor of finance as the Chairman, the Local Government Councilors as members, two other persons experienced in revenue matters to be nominated by the Chairman on personal merits section 85(i) provides that; The Revenue committee shall be responsible for the assessment of and collection of all taxes, fines and rates under its jurisdiction and account for all amounts so collected in a manner to be prescribed by the chairman of the local government. The Revenue committee shall be autonomous of the Local Government Treasury and shall be responsible for the day to day administration of the Department which forms the operational arm. The coordination and harmonization of the activities of each local government Revenue committee is shone by a joint state revenue committee with the following composition. The Chairman of the state internal Revenue service as the Chairman ,the chairman of each local government revenue committee, a representative of the bureau Local Government affairs not below the rank of a director[2,6], a representative of the revenue mobilization allocation and fiscal commission as Observe, the state sector commander of the Federal Road Safety Commission as an observer, the Legal Adviser of the states internal revenue service, the Secretary of the commission who shall be a staff of the States Internal Revenue Service.

The functions of Joint Revenue committee as states in section 85G PITA are to; Implement the decision of Joint tax board, advise the Joint Tax board, harmonize tax administration in the state, enlighten members of the general public on the state and local government revenue matters, Carry out such other function as may be assigned it by Joint Tax Board4,6.

Furthermore section 2(i) of Taxes and levies Decree prohibits person other than the appropriate tax authority from assessing and collecting on behalf of government. The subsection prohibits the mounting of a road block in any part of the federation for the purpose of collecting any tax or levy.

2.1.1.3 Sources of Revenue in Local Government

In order fosters the effectiveness of the functions of the local government in the country. The fourth schedule of the constitution of the Federal Republic of Nigeria specified the following sources of taxation to the local government.

As enshrined in 1999 constitution generally the local government has eight main sources of revenue namely, Rates, Grants, Statutory, Allocation fees, and charges, Fines earning and profit loan and miscellaneous[3].

Rate: This is an independent sources of revenue paid by an individual residing in a local government area. This is the local tax of local government and are the one classified into three namely, Property rate, Special rate, and Capital rate that is also called poll tax, property is a fixed percentage of amount paid on current value of property owned by and individual living in the local government. Capitation rate – this is fixed amount paid by a rate table individual residing in the local government. It is fixed and equal for every payer so that the property and capitation rate are paid annually. This is low and flat so that it will be easy for low income people to pay. Special rate – is a fixed amount paid by any ratable adults residing in the local government. This type of rate that is special rate is means for specific and priority projects like education, Water supply and rural electrification which the local government may not have enough fund to finance[7].

Statutory Allocation: Local government receives statutory allocation from federation accounts- just as state and federal government receive from federation. It is should be noted the statutory uallocation certain and definite. The statutory allocation is fixed by law- part of it also comes from state government internally generated revenue based on the percentages formula and it is fixed by law it is very important to know that statutory allocation is not voluntary but it is fixed by law. The legislative process that established us cannot change it.

Fines: The penalties imposed by the customary court on anybody who is condemned by law of the local government, to regulate and control services allocated to them within their areas of jurisdiction. The revenue received by local government through the source is very small[7]

Earning and Profit: Earning and profits interest and premium received by the local government for investing their excess funds on economic ventures, they are money realized from commercial ventures and industrial establishment- namely Mass Transit Services, Soap Industry, Bakery, Agricultural farms, share that is owned in companies it is very important the ventures will yield higher revenue if is managed effectively and devoid of local government interference and political influence[3].

Fees and Charges: Local government council generates revenue through the payment for services it provides for the people the payment is in the form of fees which are meant to regulate and in order cases to maintain these services. When fees and charges are imposed and revenue are collected through the issuance of various types of license like bicycle, wheel barrow, canoe and cart license, other are charges on bakers sales of liquor in restaurant and public places, Erecting of sign-board, registration of birth, death and marriage certificate, motor parks and markets, personal identification, public urinary and toilet to mention few examples. It must be noted that these charges and fees on these services must be backed by an enabling law to be lawful[3,7].

Grants: Federal government and state government provide grants to local government that is referred to as grants-in-aid that allows the local government to effectively carry out its developmental project in the area of provision and maintenances of certain basic amenities for the people such basic amenities like water and electricity supply, building of educational and health facilities. For the sakes of clarity the maintenance of roads attracts grants from four main types of grants namely, General or block grants, Specific grants, Equalization grants, Matching grants.

The local governments are required to embark on developmental projects that are listed as priorities of government. It is must be noted that any of the local government that embarks on above mentioned priority projects will enjoy the matching grant that are meant and designed to stimulate and encourage development.

Loan: The local governments have the power to obtain loans from the federal government state government and other local government. The local government has the privilege of raise loans and credit facilities from banks and individual. The loan will be granted for the project incurred which fall within statutory functions namely; Educational, Agricultural and Industrial projects, drainage schemes, health and market development are good example of developmental project for which loan can be raised. It is generally known that local government can only embark on reasonable giant stride in rapid community development except through borrowing. It is generally believed that loans are necessity provided and prudently applied on capital project for which they are obtained on capital project which must be of immense benefit to the people and coming generation and these developmental loans which the repayment in the future are from rates and other forms of taxes they will pay[5,6].

Miscellaneous: The payment of levies like developmental and educational levies also serve as revenue generation machine in the local government. Revenue can also be generated from the payment rents paid for using any land or building belonging to the local government, gift and donations from individuals' philanthropies and corporate bodies from sources of revenue of the local government[3].

From the foregoing local government are empowered to generate revenue to enables them carryout their statutory and permissive functions. Since the local government has statutory and permissive function and statutory allocation from federation account is not enough to allow the local

2.1.1.4 The Need for Revenue generation in the Development of Local Government Areas

The need for taxation cannot be overstressed because it is the means through which local government generates revenue to carry out its developmental project. The management of revenue generated through taxes and levies in the local government constitutes the crucial and central component in the administrative process of the local government. The finance available to the local government will determine the services to be rendered by the local government[3].

To solve diverse functions allocated to the local government. The function allocated to local government is diverse and large in scope, functions such as Education, Health, Water supply, rural electrification for this reason the sources of revenue must be large in scope, viable and rich in content to accommodate the diverse functions. [7] to be able to pay their highly skilled personnel. The diverse functions requires the service of large body of high skilled, professionally trained and technically competent employee that must be paid the attractive emolument that will serve as motivation to the personnel. The employment will equally require the purchase of a lot of costly equipment materials these personnel will need to discharge their duties effectively.

To Tackle large Territorial landmass and population of the local government Area, majority of local government in Nigeria is large in terms of territorial and population sizes, this large territorial and population size require a large amount of revenue to allow them to cope with the developmental problem of the large area as well as to be able to meet the diverse needs of the large population satisfactory. The fact remains that any local government that will succeed or fail will depend on financial resources available to the local government and the way those resources are utilized. The guideline for local government reforms of 1976 stated that therefore, a meaningful local government is to be expected in the country much larger financial resources are needed in the development of the local government area[8].

2.1.1.5 The Problems of Local Government Revenue Generation

The problems of local government taxation and revenue generated are numerous namely over depends of local government on statutory allocation of federal and state government low borrowing capacity corruption, mismanagement and misappropriation of local government funds in effective strategies for enhancing internally generated revenue and lack of skilled and technical personnel.

2.1.2 Taxation

Taxation is a financial charge on income levied by the Government on the citizen, corporate entities, business or possession that yield revenue. Taxation is compulsory donation from individuals and property possession that the government imposes on by the power vested on the government that is meant for funding of Government administration and for public necessities. Taxation is source of revenue that comes from the society that is required for public expenditure and are meant to improve economic, social and standard of living of the tax payers. Tax that is imposed on personal or corporate income are called direct tax, the tax that is imposed on sales of goods and services are called indirect tax[18]. In actual fact, tax is a monetary liability imposed on individuals which meant to support government expenditure. Tax is not a voluntary payment but rather a payment enforced by the Law. The most economies of the world considered Taxation as fiscal and critical instrument for national development. In economic parlance provision of employment which is meant to help the citizen to create wealth which will allow them to earn income to cater for their needs. In addition, pay taxes to government as their quota tend commitment to National Development.

According to National Tax Policy of Nigeria cited in compendium of tax and related laws, taxes does not only create economical revenue to government to carry its expenditures and provide development to its citizen and place the citizen in part of stakeholder who are facilitating national development. The government should be used as an economical stage for guaranteeing growth in the Nigerian Economy, through taxes can be used to provide wealth and employment opportunities for individuals who are presently not paying tax because of law or no income so that they can earn income on which taxes would be paid and the loops of growth and development in the economy is maintained. Government of a country through enacting laws raises revenue it requires to carry its responsibilities to its citizens.

The government uses taxation to take part of tax payers earnings in exchange for goods and services the government will provide for the citizens. The government can use taxation as fiscal tool to serve as incentive to the citizens to perform certain type of activities. For example, government can make interest on mortgage loan as tax – deductable, meaning the tax payer would not pay tax on money spent as interest on mortgage loan. Taxation can also use as fiscal tools to serve as disincentive to discourage some habit or consumption of some goods that may be considered as harmful. For example, government may impose high tax on cigarette, tobacco and alcoholic beverages to discourage citizens from smoking cigarette and tobacco.

Taxation and income taxation as a process by which sovereign, through its law-making body, raises revenues used to defray expenses of government. Tax revenue is defined as the revenue to the government through taxation. The money the government collected as revenue from taxes will help the government in the planning and implementation of developmental projects, social and security projects in the country. Successful implementation of the above depends heavily on tax revenue. Tax revenue plays a decisive and major role in the funding of economic and other developmental projects in the country. Tax revenue is viewed as part of receipt budget, which in turn is part of the annual financial statement of union budget.

2.1.3 Characteristics of Good Tax System

A good tax system should be rational fair, unbiased and is not expected to be discriminatory in nature and practice. The National Tax Policy of Nigeria in 2008 and others in compendium of tax and related laws. Neutrality a good tax system should be neutral, free from bias through economic activities and hence not excessively castigate effort in support of leisure.

Visibility as good features of tax syste tax payer should see government spending the revenue from tax for developmental project for the benefit of tax payers in order to encourage them. Majority of the citizens do not know the running public affairs by government require money. The government needs revenue from tax to meet its developmental needs. The processes from tax revenue should be spent judiciously for the benefit of tax payers. The major problem of most developing nations is that tax revenue is not properly managed.

Fairness, in context of taxation, it means equity and fairness in the tax system. Payment for tax should be according to earnings. The wealthy people are expected to pay higher share of their income as taxes due to higher earning than the poor people whose earnings are lower.

Simplicity, a good tax system should be simple for easy administration and enforcement by the government. A good tax system must not be costly for the government and the tax payers. In Nigeria, the tax system requires critical and serious consideration, because the tax Laws are complex and old in nature. This has led to different understandings and interpretation when it comes to practices[19].

Convenience, a good tax system should be convenient in order to assist tax payer and tax collectors to exercise their function effectively with a convenient tax system. the cost of administering the collection, which will encourage compliance on the part of tax payers and by extension reduces tax evasion. The time taken to collect a convenient tax system is reduced.

Administrative Efficiency, the system of assessment and collection of taxes should administratively effective, efficient, economical and transparent, devoid any ambiguity.

Inefficiency in the administration for example collection and enforcement of taxes makes the tax to be expensive. It will be unreasonably and not economical to use half of taxes collected on administration process. Productive, a good tax system should be productive in order to provide adequate revenue to the government. Since payment of taxes involving tax payers, give out part of their income as taxes. In the light of this they will be looking for loopholes in the tax system in an attempt to evade taxes.

A tax system that is seen to be productive will looks and block loopholes in the tax laws in the order to prevent leakages and improve the revenue due to the government[22].

Overview of Tax System in Nigeria

Nigeria practices federalism. The implication of this is that the fiscal operations also adhere to the same principle of governance which has serious implications on how the tax system is managed in the country. In this country, the fiscal power by extension the tax system is based on three tiers tax structure – namely the Federal, State and Local Governments with the each tier of government having different tax jurisdiction. The three level of government collect forty taxes and levies that are share between tiers of government. This must be noted that the Nigeria Tax system is encumbered by unnecessary complexity, distortion and largely inequitable tax laws that have limited application in the informal sector that dominates the economy in the recent times the Nigeria tax system has been subjected to significant changes. The tax system is viewed as a process of taxation which consists of sets of rules, regulations and procedures, with the organs of administration interacting with one another to generate fund for government. The Nigeria tax system is of tripartite activities which include the tax laws, as tax policies and tax administration. In the current Nigerian Tax Laws, as enshrined in the Law, the enforcement of taxation lies with three tiers of government namely: Federal, State and Local with each having its sphere clearly spelt out in the taxes and levies, (approved list for collection decree). Nigerian Tax System is structured as means of generating revenue to the government. The system is been to lopsided and dominated by oil revenue.

The central objective of the Nigerian tax system is to contribute to the well being of all Nigerians directly through improved policy formulation and indirectly though appropriate utilization of tax revenue generated for the benefit of the people[23]. In generating revenue to achieve this goal, the tax system is expected to minimize distortion in the economy. Other expectations of the Nigerian tax system according to the Presidential Committee on National Tax Policy (2008) include; to encourage economic growth and development, eenerate stable revenue or resources needed by government to accomplish loadable projects and or investment for the benefit of the people, provide economic stabilization, to pursue fairness and distributive equity, correction of market failure and imperfection.

In an attempt to fulfil the above expectation, the national tax policy is expected to be in compliance with the principle of taxation, the lubricant to effective tax system. The Nigerian tax system has been flawed by what is termed multiplicity of tax and collecting entities at the three tiers of government levels – Federal, State and Local government.

The most veritable tax handlers are under the control of federal government while the lower tiers i.e. state and local collect less tax revenue. In the light of the foregoing, the federal collects from corporate bodies while the state collects tax from individuals. The ninety percent of total tax revenue is collected by federal government annually. Only account for about seventy percent of total expenditure in the past years the breakdown of total tax and levy collection of three tiers was 96.4 percent for federal government and 3.2 percent for state and 0.4 for local governments[18, 20].

The following are the objectives of the tax system namely: revenue generation, resources allocation, a fiscal tool for stimulating economic growth and development and social functions like redressing rural urban population drift and making everybody to be responsible.

The fundamental components of required by development nations, their nations are taxes and tax system. What the local government requires to underwrite the capacity of local government to carry out their taxes. Taxes form one of the central arenas for the conduct of local government, states relations and they shape the balance between accumulation and redistribution that gives local government their social character.

Tax is required for building capacity i.e. provision of security, meeting basic needs or fostering economic development. Tax binds legitimacy and consent such as creation of consensual accountable and representative government. As discussed earlier, the tax system in Nigeria encompasses tax policy, tax laws and tax administration. The economic goal is going to be achieved when all these work together. The objective of National Tax System is to contribute directly to the wellbeing of the citizens through improved policy formulation and indirectly to the utilization of tax revenue generate for the advantage of the populace. Furthermore, the National Tax Policy according to Presidential Committee on National Tax Policy, the system is expected to minimize distortion in the economy to encourage economic growth and development, generate revenue needed by government to carryout viable investment or projects for the benefit of the citizens to provide economic stabilization to pursue fairness and distributive equity, connection market failure or impaction.[25] According to the foregoing, the Nigerian Tax System is tripartite activities which include tax laws, tax policies and tax administration, all these will be fully discussed now.

Taxation Power of Local Government

The Taxing power could be viewed as the power of a level of government to impose tax by its own law and prescribed conditions for administration of the tax, either by its own agency or by the agency of another level of government. Hence local government taxes would refer only to taxes imposed and administered by a local government authority under its own law and for executive use or benefits independent of any control[2].

For the sake of simplicity and according to the section of the constitution of 1999 is vested only the federal and state government. The legislative power of the local government to make by law is only exercise by delegate legislative the issue of legislative delegate connotes the local government cannot make any by-law. Impose any tax on any subject matter[2,3]. The provision of section four of 1999 constitution do not directly empower the local government council with the right to collect taxes.

The process is that the states government will first of all enact appropriate enabling law, this law will determine the taxable persons, assessment procedure and method of collection, recovery and penalizes for tax delinquency after enactment of the law the local government will exercise its power as enshrined in the law and the power should not be exercise beyond what the law prescribed. Any exercise of power beyond provision of the law will be null and void[2,4]. From the foregoing it is crystal clear that the local government has no power to impose taxes.

Taxes and Levies Collectible by Local Government

In order to put sanity to the fiscal landscape and to guide against multiplicity of taxes, a decree was propagated in 1998, the taxes and levies (Approved list for collection decree part III of the schedule to the decree listed twenty subject matter on which local government could collect taxes and levies thus:shops and kiosk rate, tenement rates, and off liquor license fees, slaughter slab fees, marriage, birth and death registration fee, naming of street registration fee excluding street in the capital city, right of occupancy fees on land in rural areas excluding the one collected by federal and state government[2]. market axes and levies excluding any state which the State Finance is involved: motor part levies, domestic animal license fee, bicycle, truck, Canoe, wheel barrow and cart fees other than a mechanically propelled Truck, cattle tax payable by cattle farmers only, merriment and road closure levy, radio and Television license fees (other than radio and television transmitter) , vehicle radio license fee (to be imposed by local government of the state in which the car is registered), wrong parking charges, public Convenience, sewage and refuse disposal fees, customary burial ground permit, religious places establishment permit fees, signboard and advertisement permit fees[4].

Constitution of Local Government Tax Establishment

The bye – law of Local government are based on each source of fund of the local government:

Tenement Rate: The law is applicable to all occupants that have the premises in the towns and villages in the local government area as the order direct from time to time. The duty and responsibility to the collect the rate prescribed and payable under the law is vested in the officer of revenue treasury department. It is the duty and responsibility of the local government officials appointed for the purpose of enforcing and ensuring the observance of the provision and purpose of the law[2,5]. The tenement rate charge by the rating authority is usually based on rate-able value of the property and payable by occupiers or the owner for the rate period and is usually paid at the beginning of rate period. The classification of rate areas into rural and urban areas which determined by the local council from time as contained in the Nigeria Local Government Bye Laws 1991.

Abattoir and Slaughtering of Animals

The Nigeria Local Government Law 1991 stressed nobody should slaughter an animal meant for sale in a public slaughter house in a method specified either general or especially in respect of the animal by health officers. No person shall slaughter an animal for sale unless he obtains permit that will authorizes him to slaughter the animal from a person appointed by the council to issue slaughter permit[5]. The prescribed fees as contained the schedule shall be payable in respect of tenement of slaughter house, licensed permit issued for the opening of meat shop and slaughter of animal for sale, though each fee is subject to review from time to time to keep with the prevailing market value.

Entertainment and Blockage of Road for Ceremonies

The celebrants and organizers of social parties in all towns advantages that make up the local government areas are liable to pay as the council may by order determine and publish from time to time upon the payment by the celebrants as the organizer of the social parties of the fees prescribed by collecting officer of the local government shall endorse as appropriate and issue to the paying organizer or celebrant an authentic receipts as evidence of payment to be produced on demand by the officials of the local government appointed for that purpose.

Liquor License Fees:

This provision of this bye-law is applicable to all towns and villages and settlements that make up the local government.

The prescribed fees shall be payable in respect of licenses set out under the law and is subject to review from time to time by the council. The officer in harge of revenue in the treasurer department of the council appointed for same purpose to collect the taxes prescribed and payable under the law.

Market and Allied Matters

The council may deem it fit to establish a market any place within the local government area. The Nigeria Local Government bye-law stipulates that nobody shall sell on attempt to sell any goods or carryout any business or craft on act as a broker in any market unless he has paid the council the prescribed fees.

government for this reason the enhancement of taxation of local government is necessary to help the local governments carryout its duties and as well as the developmental projects[3].

2.1.4 Tax Avoidance and Revenue Generation

Tax avoidance is a legitimate effort by taxpayer to escape tax liability by circumventing the law. The legislative and judiciary arms of government view tax avoidance as the act of winning games without cheating. The act beating the tax authority and the government to their own game, tax avoidance is another term for tax planning which encompasses reducing one's tax liability. Tax avoidance is the technique adopted by taxpayer to reduce or escape tax liability by take full advantages of all exemptions, deductions concessions, rebates, allowances, and other tax reliefs or benefit permitted by law[6,8]. The tax avoidance is a legal and legitimate attempt of paying low tax or not paying at all. Adopting a legal course to keep down tax liability taking the advantages of the loop holes in tax law to reduce tax payable, this can also be referred to as[8] "Tax mitigation". The position of tax law is that tax avoider has not broken the local and hence he or she is not liable to fine, penalty or imprisonment.

Characteristics of Tax Avoidance

The overall objectives reduce tax liability

The objective will be achieved through preconceived acts or design of that tax payer. Critical study of the taxes Acts is undertaken and plan implemented to take the best advantages of all reliefs exemption allowances loopholes in the tax laws.

Tax avoidance is not a criminal act. Tax avoider cannot be liable to fine, penalizes or imprisonment since no offence has be committed. Back duty does not arise with tax avoidance

Tax payer will show up and present all the necessary papers to the revenue authority and the subsequent assessment will be settled.[13]

2.1.5 Tax Evasion and Revenue Generation

This is a criminal attempt to escape tax liability wholly and partly by breaking the law. Tax evasion is considered as a criminal act because it involves principally by making false declaration such as under reporting income or over reporting relief and allowances. Tax evasion is all activities that made a taxpayer not paying the tax is supposed to pay on his income.

Tax evasion is an act that contrives the law committed by taxpayer who derives a taxable income who either pay no tax or pay less tax this included the failure to disclose in a return the true amount of income derived. Tax evasion is the commission or omission at an act knowingly with intent at decisive, so that the tax reported by taxpayer is less than the tax payable under the law or a conspiracy to commit such an offence. This is a deliberate misrepresentation, concealment or with holding of material fact[9]. Since it is a criminal offence, tax evictor is liable to fines, penalties, at times, coupled with imprisonment. It is also an illegal means which the individuals, firms trusts and other entities evade tax- it encompasses dishonest tax reporting.[13]

Characteristics of Tax Evasion

The overall objectives are to reduce the tax burden, the objectives will be achieved through preconceived acts of taxpayers, it could be due to fraud or influence default which could arise from the deliberate understatement of income or over statement of expenses as well as negligence in safeguarding accounting records, tax evasion is a criminal act, tax evader may be liable to fines and penalties and as times imprisonment in addition to the payment of the tax cost through taxpayer act. A tax form of (anti-tax evasion) tool is back duty. The tax affairs of tax evader are subject to investigation by revenue officer and assessment can be-re-opened beyond statutory time limit of six years, taxpayer may not show up to tax authorities and therefore may not be subject to any assessment[10,13].

Types of Tax Evasion and Avoidance

Custom Duties- The major area were tax is evaded or avoided in Nigeria is the act of evading or avoiding custom duties. The act of evading and avoiding by the importer involves the under invoicing or charging product description in attempts to lower rates of duty.

Bringing goods to the country through unauthorized routes is an attempt to evade the payment custom duties.

Personal income Tax- Fraudulent employers of labour may evade employment taxes through intentional failure to remit to tax authority the pay as you earn (PAYE) deducted from their employers may dissolved the company or claim bankrupted and they will leave the employment taxes deducted prior the dissolution unpaid

VAT Evasion – The commonest way to evade VAT is to hike the VAT input claims to deducts VAT paid at earlier stages also by outright fabrication of fake invoices for purchases that were not made.

2.1.6 Effect of Tax Evasion and Avoidance on the Economy

Taxation is one of important sources of revenue to the country, it is also promotes economic development, the annual expenditure budget are hinged on the projected tax revenue for the country, with the ripple effect of tax evasion and tax avoidance the relevant tax authorities will not be able to meet the tax revenue target collection this will result into shortfall in the projected revenue which by extension will lead to budget deficit that will have effect on the economy of the nation. For the sake of clarity and simplicity of idea there are two broad effects of tax evasion and tax avoidance in this country. Decrease in Revenue, there is going to be a decrease in the revenue to be accrued to government there is going to be a shortfall in the tax revenue that government suppose to realized from taxation. The tax revenue avoidance and evaded through tax evasion and avoidance cannot be accurately quantified and is affect the well being of the people because it will hinder the government from engaging developmental projects. Independent supply of Basic services the shortfall on the revenue occasioned by tax evasion and tax avoidance will makes it difficult for government to execute its social economic program like provision of social amenities such as portable water supply, security, good health care, building of schools, construction of roads, etc for the general well being of the people.[15, 16].

Modus of Operations of Tax Evasion

Making a false return of income by understating income or overstating expenses. Making a false statement in a return affecting tax liability, giving false information on any matter affecting tax liability, preparation or maintenance of false books of accounts or records, application of fraud e.g. manipulation of stock sheets and valuations destruction of or defacing of accounting records, non issuance of sales receipt etc, under-invoicing or misdeclaration of quantity to save custom duty. Custom duties are important sources of revenue in the country. The important purpose to evade custom duty by: Under- invoicing, Mis-declaration of quantity and product description, it is common practice that ad-vahereem import duty, involves reduction in tax base done through under-invoicing. Product description is changed match on its code commensurate with a lower rate of duty1[5,16].

Smuggling involves Importation and exportation through unauthorized route. Smuggling lead to evasion of leviable custom duties, it also facilitates importation of contraband good. The smuggling of goods does not involve payment of duties act taxes as the products are routed through unauthorized route. Evasion of Value Added Tax (VAT) and sales taxes producer may evade through under reporting the number of sales.[15] Reason for high rate of tax evasion.

Evasion in Nigeria

The following are the reasons for high rate of tax evasion: Lack of the spirit of national consciousness on the part of taxpayers, false declaration of assets by taxpayers, lack of honesty on the part of tax payers, lack of qualified personnel to administer tax laws in Nigeria Corruption among tax policy makers as a result of instability in the polity, poor economic condition of the tax payers, high level of illiteracy in Nigeria.[16]

Curbing Tax Evasion

The federal and state government here embarked on measures in order to curb and reduce tax evasion to be the bearer minimum in the country. The measures is enshrined in various legislation that empower the government department, ministries, agencies or any commercial bank in which any company has any business dealing with respect to any kind of transaction to request from the person or company a tax clearance certificate of three years of assessment[16].

In this same veil the government also introduces of provisional tax within 30 days by corporate entities or declaration of interim dividend, the aforementioned measures serve as anti-evasion measures. Another anti evasion adopted is the inclusion in the tax laws punitive momentary measures and criminal sanchons in an attempt to eradicate the problem of the tax evasion. Among those provision is companies income Tax act section 66 – the section conferred on the federal Inland Revenue service (FIRS) the power to seize and sell the defaulting taxpayers goods, chartels as well as premise in extreme cases in order to recover the amount of tax owned by such taxpayers[16,17]. Furthermore FIRS ACT of 2007 stipulates the following offences and penalties as follows

The penalty on conviction is to pay tax withheld or not remitted in addition to a penalty of 10 percent of tax withheld or not remitted per annum plus interest at preventing CBN rate and imprisonment for a period not exceeding three years.

Possible Solutions to Tax Evasion in Nigeria

Godwin and Robison[17] cited that tax payers should be educated about their civic responsibility, recruitment of honest and trust worth people as tax officials, bureaucratic documentation should be reduced to avoid forgery, recruitment of qualified, experienced and competent staff as tax official, activities of tax officials should be monitored to minimize the incidence of fund embezzlement, establishment Revenue court, tax policies and tax law in Nigeria should be made consistent, staff penalty for contravening any section of the law[17].

Specific Anti Avoidance Provisions

The following are anti-avoidance provisions Personal income tax (PITA) section 4 schedule to provides that "where by virtue or in consequence of a settlement and during the life of the settle an income is paid to or for the benefit of a child of the settler in any year of assessment the income shall, I at the time of payment the child was infant an unmarried be treated for the purpose of this act as income of the settler for that year and not as income any other person.

This involves definition of operative words in a way that will cover schemes or transaction that might used to avoid tax liability for instance "settlement" in section 8 schedule 2 of PITA is defined as including any disposition, covenant arrangement or transfer of assets" this method of extending the ordinary meaning of words by statutory definitions is open to the legislature at all times and can be used with much effect to stamp out any scheme of tax avoidance.

Section 1 schedule 2 of PITA stipulates concept of "deeming the act provides that the income of settlement or trust or trust shall for all the purpose of this Act be deemed to be the income of settler or the person creating the trust" where the settler retains or acquire a general power of appointments, makes use either directly or indirectly of the income arising from the settlement of where the settlement is revocable and the settler resumes control.

Employment of the arm's length rule to catch associated transactions between related persons. The rule is employed by the tax authorities to prevent tax avoidance which will lead to reduction tax liability. These transaction are considered and suspected not be between related parties as claimed by the tax payers, because the tax authorities may believed that the taxpayer may devised to avoid tax[17,18]. The use of alternative words companies income tax 2004 in section a provides alternative words with respect to the assessment of foreign income of any new company actually resident in Nigeria. The alternative words are contained in charging provision to guide against tax avoidance and to put the liability of taxable income beyond the reclaims of controversy.

2.1.7 Tax Administration

It is the responsibility of the government to make policies, rules and regulations on taxation. The organs of government in charge of implementing tax policy are referred to as administrative organ or tax agencies. Tax Administration is hinged on the implementation and enforcement of tax legislation and regulations.

The duties inherent in tax administration encompasses the following namely identification and registration of tax payers, processing tax returns and information, examination of the completeness and correction of tax returns, assessment of tax obligations, tax collection and provision of services to tax payers. Tax administration operate in a society that are dynamic coupled with increasing demand and high expectations from divergent stakeholders involving new demands from tax payers for a qualitative and sophisticated government services[12].

The tax administration requires strategic policies and the redefinition of its strategic course of the rapid economic development and higher expectations on the part of tax payers. A tax administration is the whole organizational set up for the management of the tax system. Tax administration is a government department and operates under the regulations embedded in the tax legislation. Tax administration is the process of assessing and collecting taxes from taxable individuals and companies by relevant tax authorities in a manner that correct amounts is collected efficiently and effectively with minimum tax avoidance or tax evasion. Tax administration encompasses all principles and strategies employed by any government in order to impose, collect account control and coordinate personnel saddled with the responsibility of taxation. Tax administration can also be viewed as the effective use of tax revenue for efficient provision of necessary social amenities and other facilities for the tax payer.

The following are the tax authorities in Nigeria. Federal Board of Inland Revenue, the State Board of Internal Revenue and Local Government Revenue Committee. The Federal Inland Revenue is saddled with the responsibility of assessing, collecting and accounting for taxes and other revenue accruing to the Federal Government, State Boards of Internal Revenue and Local Government Revenue Committee assess, collect and account for taxes accruing to the state and the local government respectively. As regards tax jurisdiction, individuals are taxed by State and Local Government while the Federal Government carryout similar functions for corporate bodies. In a situation where tax jurisdiction is shared between Federal government and State Government the power of legislature is retained by the Federal Government and the administration is performed in collaboration with the state[19,23].

The federal government exercises tax jurisdiction on taxes such as information technology levy, tertiary education tax and Value Added Tax (VAT) these are newly introduced taxes.[27]

Efficient and effective tax administration is needed by any government either at the Local, State and Federal levels that will assist the government to generate revenue that is needed to carryout responsibilities of providing infrastructure such as good roads, health centers, bridges, hospitals, drinkable water, uninterrupted power supply, communication systems, security (both internally and externally). Whether the government will raise needed revenue for its developmental project will depend solely on the type tax administration that is put in place. Hence the methods, mechanism put in place to generate the revenue that is needed to embark on its developmental project is known as tax administration. The tax administration provides the help that is needed by the tax payers for easy reporting, filing and paying of taxes.[23]

As earlier discussed, the responsibility to collect various taxes by each tier of government are gunned by constitution provision. The Nigerian constitution vested on the Federal Government exclusive power to collect levies like personal income tax, companies' income tax, petroleum profit tax, capital gain tax, excise duties, Value Added Tax, custom duties (import and export duties), stamp duties, all these paid into federation account apart from education tax and are shared among the three tiers of government in line with national constitution.

The State Government are vested with constitutional power to collect personal income tax in respect to all taxable individuals with exception of armed forces personnel and individual personnel in the capital territory, right of occupancy fees on lands owned by state government in the urban areas market taxes and levies where state finance is involved, naming of street in the state capital, entertainment tax, survey fees, pools betting and other betting taxes among others, the local government is vested by constitution power to collect license (trading) motor pack dues, property tax, shop and kiosk rate, domestic animal license, tenement rate, on and off liquor license, slaughter lab fees, market tax, motor pack levies, cattle tax, naming of sheet with the exception of those in the state capital, merriment and road closure levy, radio and television license fees, vehicle radio license, wrong parking charges, religious places establishment permit fees and signboard, advertisement permit fees, and signboard, advertisement permit fee and public convenience, sewage disposal fees[13,24].

It is one thing to make policies, rules and regulation in an attempt to attain a desired goal or objective and it is another thing to implement these policies, rules and regulation. The organs and or agencies in charge of tax policy implementation in Nigeria are referred to as the administrative organ or agency in this research work. Efficiency and effectiveness should be the watch word in designing a tax administration structure that will give the desired result (McPherson 2004).[14,24]put differently, tax administration in Nigeria is the responsibility of the various tax authorities as established by the relevant tax laws. Citing Section 100 of the personal income tax Decree, 1993 and amended by Decree No 18-Finance (Miscellaneous Taxation Provisions) Decree 1998, noted "Tax authority "to mean Federal Board of Inland Revenue, the State board of internal revenue and the local government revenue committee. Together with the Joint tax board (JTB) and Joint state revenue committee or Local Revenue Committee, Nigerian tax authority administers taxes in Nigeria.

The fiscal autonomy granted the three tier of government had led to multiplicity of tax. Tax payers and corporate bodies had been subjected to multiple levies or charges of tax of same name in different form. This had increased evasion and avoidance as such payment either eat deep into the profit of business or affect negatively, the distributable income of the individual. Nigeria practices a Federal system of government and by implication its tax policy can simply be referred to as that of a fiscal federalism. The tax revenue generating power is shared between the three tiers of government–Federal, State and Local government respectively. The tax jurisdiction of the various tier of government is spelt out in the constitution but sometimes with some overlap. Matters of difference are referred to the Joint Tax Board or the Board of Appeal commissioners.

The Federating states normally get periodic allocation from the central government in addition to the revenue internally generated through the State Board of internal revenue for the administration of the state. From the State, the local government equally gets periodic allocation in addition to the revenue generated locally from the local people through the revenue department of finance in the Local council for the administration of the people.

The whole process makes for the administrative convenience, quick decisions and implementation, independence and people friendly since they can easily get to the grass root.

However, this is not without some setbacks as it brings about uneven economic development of the country. The inequitable distribution of nature in terms of natural resources makes some States and local government very backward in the scheme of things since their only hope is on the insufficient periodic allocation from either the Federal or State government as the case may be. Worst still, most State and Local government authorities seems to have lost their sense of reasoning due to their over dependent of the so call allocation from the upper tiers of government. Kano State representatives complain of insufficiency of Federal government monthly allocation to take care of the peoples need as if the people are beggars. Invariably other areas of revenue generation such as taxation have been relegated to the background. Quoting Sule Ya'u Sule, the Kano State government spokesperson, [16, 24] stated "the Federal government only give you a little amount every month. And it is that amount that it expects you to develop the state". "This Money is not enough to finish the work and distribute it to the need of the people". Development can only come if the "little" resource from the Federal government receives a boost through internally generated revenue from the state and eventually invested in education, health, electricity, water and other areas that will be of benefit to the life of the people. Other revenue source should be explored as Kano state is endowed with potentials in Agriculture. Relying, completely on allocation from the Federal government in this economic jet age will rather impoverish the people and the country at large. State government need to create the enabling environment for the people to be gainfully employed.

However, Lagos State is among a few states in Nigeria that have left a landmark in terms of independence and the use of internally generated revenue. He observed that in 2007, the state achieved a GDP of N3.68 trillion an equivalent of $29.028 billion making it the biggest contributor to the Federal government. This was kudos to Fashola, the visionary leader who was then the governor of the state in that era of economic transformation[33]. "The achievement of the former military administrator of Lagos State, Col. Marwa would not have been possible without fund[27].

2.1.7.1 Intents of Tax Administration

For the government to plan any developmental policies taxation is required as powerful and potential stabilizer in the major countries of the world. The purpose of setting up tax administration is to generate revenue for government expenditure on social welfare such as provision of defense, law and order, health services and education. Tax revenue can be expended in capital projects which referred to as consumer expenditure, creating social and economic infrastructure which will improve social-economic life of the populace. Taxation is employed in most countries as an instrument to encourage investment both for local and foreign investors through the use tax incentives such tax exception, double tax relief, tax holiday in areas of goods manufacturing, export processing and oil and gas to mention few examples. Taxation is used to discourage consumption of some goods considered to be harmful to the people. Consumption of such goods is considered as anti-social behaviour such drinking of alcohol, smoking to mention few examples discouragement can be done through imposition of higher taxes on the production of such goods[13, 25].

2.1.7.2 Elements of Viable Tax Administration System

The following principles constitute a good tax system efficacy, a viable tax system must emphasize that ethics of professionalism, transparency; accountability, probity and efficiency in tax collection; simplicity; tax system and tax law should be simple, flexible and adjustable to induce compliance on the part of the taxpayers and efficiency in operation by tax administrators; neutrality, it must be devoid of penalty, economy the tax system must ensure the betterment of the economic situation. The economic contribution of the tax payers must not be adversely of tax payer. The national output of taxes should not be affected negatively by the compliance cost to the tax payers and administrative cost to the government equity the amount payable should be based on resentment or personal feels and bias, certainty. The time payment, amount payable, and manner of payment should be clear to the tax payers and the tax authorities, convenience the time of payment and manners of payment should not inconvenience the tax payers, productivity – a good tax system must generate huge revenue[13].

2.1.7.3 Tax Administration in Nigeria

In Nigeria the administration of taxes vested on the organs of tax administration. The organs are tax authorities', the joint Tax board (JTB) the joint state Revenue committee (JSRC) and Tax appeals Tribunal (TAT). Tax authorities connotes the Federal Board of inland Revenue (FBIR) for the Federal government, state Board internal Revenue (SBR) for the state government, and the local Government Revenue communicate (LCRC) for the local government.

The Federal inland Revenue service and operational arms of the FBIR assesses and taxes corporate bodies, also assesses and taxes individuals that are residing in Federal Capital Territory, non- resident members of Nigeria Army, Navy, Air forces and external affairs officers. Partnerships and individual are assessed and taxed by state internal revenue service of the state which the resident, it should noted that business and individuals that are residing within a local government area pay specified levies rates and fees to the local government revenue committee for that area. For the sake of entry and simplicity the taxes collected by (FIRS) belong to the Federal government the tax collected by SBIR (SBIS) belongs the state government and the tax collected by (LGRC) belong to the local government[19].

It must be noted that joint Tax Board is the highest unifying body of all the tax authorities in Nigeria. It is equally an adjudicating body and it deals and resolves dispute and problems arising among various tax authorities in Nigeria. Joint Tax Board JTB is charged with responsibilities and resolution of conflict involving states as a result of issue that centered on income tax, claims and individual place of residence[19].

The state Joint Revenue Committee was equally established in 1998 with the primary responsibility of implementation of Joint Tax Board decision of the and also advices the state and local government tax authorities on the appropriateness of tax collection methods. The tax appeal Tribunal which are made up of three or more members are instituted by the law to take decision on appeal tax assessment, by either confirming amending the disputed tax assessment brought by the taxpayer Tax is also saddled with the responsible sibilate of resolving conflict between taxpayers and tax auditor taxes arising from assessment or related grievances. If any of a aggrieved party is not satisfied with decision of the tax appeal Tribunal. The aggrieved party can seek a redress party in the high court, there after court of appeal and finally Supreme court.

The (SBIR) the state Board of internal Revenue whose operational arm is (SIRS) state internal Revenue Service was established PITD 1993. The (SIRS) consists of following composition. [19, 23] The chairman appointed by the Governor within the service and must be a tax expert and must be very experienced in taxation matters three other nomination of commissioner of finance on personal merits. The directors and Head of departments with the service, a director from the state ministry of finance. The secretary with an appointed by the board within the service a legal adviser, it must be noted that the board quorum is five including the chairman the state board performs its function in accordance with the powers vested on it end within the ambit of law and to ensure that taxes are collected efficiently and moneys collected are paid to government coffers. It is also the duty of the board to recommend to the JTB the appropriate tax policy returns legislation breaks among others where necessary. The local government Revenue committee is not responsible to local government treasury as its takes charge of every operational arm under it. The committee asses and collect fines, rates and levies and the revenue collected are remitted to the local government treasury. This committee made of Chairman who is also the superior for finance the committee is also made up three other local government counselors and two experienced tax personnel's to be nominated by the chairman.

Tax administration in Nigeria is faced with myriad of challenges ranging from little or no taxpayer education, corruption, lack of qualified tax personnel, illiteracy, lack of inter personal relationship between taxpayers and tax authorities, lack of adequate qualified accountants, apathy among Nigerian taxpayers due to the fact that they receive little no value from the taxes they pay. Furthermore, the under listed are the problem of tax administration in Nigeria: namely Corruption, Lack of adequate and qualified tax personnel, poor government supervision, lack of revenue court, lack of data management, multiplicity of taxes, non-remittance of PAYE deduction, and tax evasion and avoidance[28].

Education Tax Decree no 7 LFN 1993: This law regulates the imposition of 2% tax on the accessible profits of companies registered in Nigeria and who are liable to pay tax in accordance with the requirements of Company income tax act (CITA) and Petroleum Profit Tax Act (PPTA). Education tax was introduced in Nigeria to fund the deteriorating educational system. Though introduced in 1993, it was never enforced until 1995. According to Nigeria (2009), assessment of education tax goes together with the company income tax. Defaulters are to pay 5% plus interest at commercial rate for non-compliance. Its administration was purely the responsibility of the Federal Inland Revenue services (FIRS). Its introduction brought about increase in multiple taxes and discouragement of foreign investors due to the fact that it further robs companies of their merger earned profit. As a way of shelving the burden, companies may have to understate their profit.

National Information Technology Development Agency (NITDA) Act, lfn 2007: This law is one of the most recent tax laws in Nigeria. Its inception follows the technological innovations that brought about the use of mobile phones, cyber companies and Internet providers, etc. Administered by the federal government through FIRS, the law places a levy of 1% on the profit before tax of "GSM service providers and all Telecommunication Companies.

Cyber Companies and Internet providers, Pension Managers and pension related companies, banks and other financial Institutions and Insurance companies"

This equally amounts to duplications and multiplicity of tax since these companies equally pay tax as required by CITA.

2.1.8 Tax Laws and Legislation

Tax Laws are described as whole body of enacted acts of legislation. This tax laws that have been subjected to legislative procedure. From taxation point of view, it is the codified system of order that describes the legal implications of taxation that the government levies on economic transactions. The administration of each type of tax is backed legally, by tax laws. The law stipulates the applicable rate of each type of tax. What constitutes offence and the appropriate sanctions to each offence, the tax laws highlighted best practices in relation to ethical and professional conduct[10, 20].

2.1.8.1 Tax Policy Reforms and Institutional Development

Because of the problem of low tax revenue and returns, this prompted the Federal government to embark on series of reforms to existing tax laws in order to address the anomalies and shortfall in the tax returns. The following are the objectives of tax reforms in Nigeria namely to bridge the gap between the national development needs and the funding of the needs, to ensure taxation as a fiscal policy instrument to achieve improved service delivery to the public, to improve on the level of tax derivable from non-oil activities vis – a – vis revenue from oil activities, efforts at reviewing the tax laws to reduce tax evasion and avoidance and improve the tax administration so that tax administration to be more responsive reliable, skillful and payers friendly and to achieve other fiscal objectives.

It must be noted that since 1904 to date, Nigerian tax system has experience series of reforms. The effects of the various reforms in the country are as follows: The introduction of income tax in 1904 and 1959, the grant of autonomy to the Nigerian Inland Revenue in 1945, the Raisman Fiscal Commission of 1957, the formation of the Inland Revenue Board in 1958, the promulgation of the Petroleum Profit Tax Ordinance no 15 of 1959, the promulgation of Income Tax Management Act 1961, the establishment of the Lagos State Inland Revenue Department, the promulgation of the companies Income Tax Act (CITA 1979), the establishment of the Federal Inland Revenue under CITA 1979, the establishment of the Federal Inland Revenue Service between 1991 and 1992, the Tax Policy and administration reforms amendments 2001 and 2004, and also the most current amendment of the Personal Income Tax Act 2011.

The Nigerian government embarked on another reform by instituting the study group on the Nigerian Tax System. The study group was inaugurated on the 6th August 2002 and are saddled with the responsibilities of examination of the tax system and make appropriate recommendations towards entrenching a better tax policy and improved tax administration in the country. The composition of the study group consists of individuals from business world, academia, and the government[10,19].

The regulation of tax administration and tax practice is vested on the Chartered Institute of Taxation of Nigeria (CITN) which was established in 1982 and Chartered by Act No 76 of 1992 and CITN is a major stakeholder in the Nigerian Tax System.

The following are the urgency of the tax reforms:

The compelling need to diversify the revenue base of the form oil sector to non-oil sector for the nations from to safeguard volatility of oil price in the world market and dwindling oil revenue and in order to promote fiscal sustainability and economic viability at lower tiers of government. The nation operates a cash budgetary system: This system of budget involves expenditure proposal must have hungered to revenue projections, this projection will help to determine optimal tax rate for a given level of expenditure. The revenue projection is very essential because it will help to determine an appropriate framework for sustainable fiscal management. The realization of this objective will be achievable if tax reforms are undertaken on the existing tax policies. The nation tax system is centered mainly on petroleum and trade tax and whereas broad-based indirect tax like Value Added Tax has potential for expansion, the impact of the indirect tax is limited because dominating influence of the informal sector.

The tax reform is very essential in the formal sector has the backing of strong unions that acts as pressure group and to prevent any appreciable tax increment from gross income.

The tax reform becomes imperative because widening fiscal deficit over the years has threatened macro-economic stability and prospects for economic growth. The need to promote certain macro-economic objectives such as promoting rapid growth of the economy generating employment, maintaining price level and improving the balance of payment conditions of the country. The driven force to the measure is Nigeria's fiscal policy.

According to the report of the presidential committee on National Tax Policy (2008), "The National tax policy provides a set of rules, modus operandi and guidance to which all stakeholders in the tax system must subscribe". Tax policy formulation in Nigeria is the responsibility of the Federal Inland Revenue Services (FIRS), Customs, Nigerian National Petroleum Corporation (NNPC), National Population Commission (NPC), and other agencies but under the guidance of the National Assembly i.e. the law making body in Nigeria (Presidential committee on National Tax Policy, 2008). Suffice it to say that if there must be any effective implementation of the Nigerian tax system or attainment of its goal, the use of the national tax policy document remains absolutely essential.

According to the Presidential Committee on Tax Policy (2008), "Nigeria needs a tax policy which does not only describe the set of guiding rules and principles, but also provide a stable point of reference for all the stakeholders in the country and upon which they can be held accountable. The inability of tax policy to meet up with efficiency and equity criteria against which it is being judged. It was further noted that tax policy is continually subjected to pressure and changes which most time does not guarantee outcome that are in line with the overall goal[10].

Unfortunately, most policy changes in Nigeria are without adequate consideration of the taxpayers, administrative arrangement and cost plus the existing taxes. This has in no small measure hindered the effective implementation and goal congruence of the nation's tax system.

The best approach to reforming taxes is one that takes into account taxation theory, empirical evidence and political and administrative realities and blend them with good dose of local knowledge and a sound appraisal of the current macroeconomics and international situation to produce a feasible set of proposals sufficiently attractive to be implemented and sufficiently robust to withstand changing times, with reason and still produce beneficial results".[26]

2.1.8.2 National Tax Policy

The codified document that set broad paraments for taxation and other auxiliary matters that are related to taxation is the National Tax Policy.

It is statement that highlighted the principles that governs tax administration and revenue collected from taxation. Tax policy provides a self-guidelines, rules and mode operations that are required to regulate taxation in the country.

This refers to the embodiment of rules and regulations relating to tax revenue and the various kind of tax in Nigeria. They are made by the legislative arms of the government. These laws are constantly subjected to amendment. There is no doubt that the frequency of amendment is a manifestation of inconsistencies and consequently hinders the achievement of the set up goals. However, in an attempt to meet up with the three years policy review as earlier stated and or adjust to the economic dynamism of the country, amendment could equally be made[10].

Objectives of National Tax Policy

The major reason for instituting a National Tax Policy is to alleviate the multi-dimensional problems facing Nigerian tax System. providing a system of tax that will contribute to the well-beings of all the citizens in Nigeria. To ensure that revenue collected from taxes are employed in a way that will have positive impact in the lives of the people of Nigeria.

For actualization of the aforementioned objectives the government should utilized the tax revenue judicious and ensure tax justice. For the sake of clarity and simplicity the following are the major objectives of the National Tax Policy.

Promotion of fiscal responsibility and accountability, facilitation of economic growth and development, provision of financial resources to government to provide public goods and services, checking and addressing inequalities in income distribution, provision of economic stabilization, ensuring fairness and equity and to correct market failures[12,22].

The Influence of E-Tax System on Tax Administration

Digital technologies have impact on the organization processes and operation and the functioning of any economy, and most importantly the digit technologies have great impact on taxation. Information technology is an integration of digital technologies into our everyday life and tax administration is an exception. Information technology is the employing of digital technologies to modify a business model in relation to tax administration in accordance with internationally best practices with the aim of creating valued form the use of advanced technologies by exploiting digital networks dynamic for the benefit of the improved tax generation and ease of tax payments by taxpayers. The process of re-organization of administrative tax, work methods, strategies to obtain grater advantages which encompasses the implementation of new technologies.

The need by the government to improve public service delivery vis-à-vis motivating tax payers to fulfill the tax obligation better by the respective tax authority has been of concern to the government of this country. In order to fulfill these enormous challenges prompted tax authorities to migrates from analogy mode of operation to e-government led & solution like electronic tax filing (e–filing). The introduction of the above mentioned technological moderation are having a greater influence on the administration of local system and administration of taxes in the nation. In this country Nigeria the major driver that facilitation internal economy is the information and telecommunication sector. It is discovered that the employment of digital technologies for improvement and effectiveness of tax administration, expansion taxpayer services and to enhance tax compliance is attracting increasing attention in developed and developing countries E-tax would help tax authority to complete and to process tax returns and in the issuance of tax refunds as fast as possible as compared with the manual method, E-tax also assist tax authority in taking key administrative decision tax administration and compliance functions. The most comprehensive, authentic and currents financial business and economic data for policy formulation in the government is obtainable from (e-tax) electronic tax[22, 28].

For the enhancement tax administration and simplification of tax compliance process in Nigeria, Federal Inland Revenue Service (FIRS) embarked on an integrated Tax Administration system (ITAS) project in 2013, this system is technology-driven. Before the full implementation of this system platform in 2015, the pilot scheme embarked in Lagos and Abuja for few taxpayers registered with the large tax offices revealed that the system ITAS has potential to bring sanity and improvement tax practice in Nigeria by enhancing interaction between (FIRS) and taxpayers. ITAS assists taxpayers to file the tax returns electronically, enhances online payment of taxes get instant credit for withholding taxes clearances certificate and with that local tax office through the message centre.

The E-tax allows taxpayers to file either returns electronically and make payment electronically. This system enhances interaction between tax administration online and tax payers it lead to enhancement of compliance on the part of taxpayers. Electronic taxation is based on two concepts; electronic filing (e-filing) and electronic payment (e-payment) system. This platform e-filing and e-payment allow and returns to be filed and payment are made via internet, the acknowledgment of receipt is done through confirmation sends by tax authority. For e-payment, the taxpayers will receive a debit confirmation from their financial institutions it should be noted that e-tax has led to improvement in interaction between taxpayers and tax authorities.

E-tax system increases the quality and quantity of information available to tax officers, it allows taxpayers to complete their transaction accurately and faster the goal of any tax administration through the world is to maximize tax revenue collection through improvement in tax compliance. Before the advent of electronic taxation, tax administrator was confronted by challenges which made the performance of their assignment ineffective and inefficient. It must be noted that the problem of tax evasion avoidance have contributed to limiting revenue collection of the federal government in Nigeria[22,25,28].

The tax administration can be considered to be in a better position to perform effectively and efficiently, if tax rules and procedures are simples compliance cost are low, there is easy access to information by taxpayers and there exists mutual trust between taxpayers and tax authority.

The combination of computer technology with political will help to enhance tax collection in order to yield grater revenue. The tax identification member must be tied to other means of identification such drivers licensor international passport. For Nigeria government to make a meaningful progress in its revenue diversification it requires corruption free and efficient administrative machinery with adequately trained personal that are equally motivated.

Tax compliance means the full payment of all tax dues which encompasses timely filing and reporting required tax information the correct self assessment of taxes owed, the timely payment of those taxes without enforcement action hence tax compliance involves three dimensions. Namely, Filing, Reporting and payment compliance. A taxpayer that is a compliant which submit correct tax form, render adequate and pay tax liability timely. Any taxpayers that does not submit correct form to tax authority does not render accurate returns and does not make in a timely manner is considered non-compliant.

2.1.8.3 Tax Laws and Policies in Nigeria

This is considered as the embodiment of rules and regulations with respect to tax revenue and the various kind of tax in Nigeria promulgated by the legislators at various tiers of government and amended to date.

The following are some of the prevailing tax laws in Nigeria:

Personal Income Tax Act (PITA) CAP 8 LFN, 2004, Company Income Tax Act (CITA) CAP 60, LFN 1990 & LFN 2004, Petroleum Profit Tax ACT (PPTA) 2004 & 2007 Value Added Tax (VAT) Act No 102, LFN 1993 & 2004, Capital Gain Tax Act CAP 42, LFN 1990, Stamp Duties Act CAP 41 LFN 1990, Education Act No 7 LFN 1993 & 2004, Federal Inland Revenue Service Act 2004, Custom, Excise Tariff, etc (Consolidation) Act 2004, National Sugar Development Act 2004, and National Automotive Council Act 2004, Information Technology Development Act 2007, Based on the report of the Presidential Committee on

National tax Policy (2008), the national Tax Policy prescribes rules, mode of operation and guidance which the stakeholders in the tax system must abide with.

The responsibility for the formulation of tax administration policy in the country is based on the recommendation of the following government agencies and extra ministerial department namely:

Federal Inland Revenue Services (FIRS), Customs, Nigerian National Petroleum Corporation (NNPC), National Population Commission (NPC) and other agencies but the strict guidance of the National Assembly, (Presidential Committee on National Tax Policy, 2008). It should note therefore to the tax law led to enactment of Tertiary education Trust Fund Act 2011, Personal Income Tax Act, and Federal Capital Territory Act 2015.

Tax Registration

One of the fundamental functions of Tax Administration is registration and recording of tax payers led information, this exercise drives how other core administrative functions operate. An inaccurate taxpayer database will automatically lead to ineffective compliance programmes. Timeliness and accuracy in collection and recording of basic identifying information of the taxpayer will permit the Tax administration to understand its taxpayer base, staff itself accordingly, and to effectively plan other core Tax Administration functions. The management of taxpayers by Tax Administration will not be possible if it does not know who the taxpayer are, where they are located and whether they are active or inactive. A good tax administration system should recognize all those that are required to pay taxes, issue unique tax identification number that are fed into master file upon which update are made and in which retrievals are made. Tax identification number is one of the most important aspect Tax Administration. The more tax payers are identified and registered the less the number of people evading tax. The tax payers are identified and registered. It would lead to efficiency and it would actually ease revenue collection[18,25].

Taxpayer Assessment

The taxpayer assessment is one of the key aspects of tax administration. This is the process of ascertaining a person's tax liability. Tax assessment needs to perpetual and progressive in nature, emphasizing on fairness of tax of individual incomes, with the higher income received to afford higher tax rate and pay higher taxes.

Tax assessment is also defined as ascertainment of chargeable income and the amount of tax payable on it by the taxpayer for year under review. The major assessment activities are evaluation and audits, the audits is very important and for it to be effective and selectively based on some rational citizens and should include intensive field audits conducted by well named officers. It must be noted that any tax formula is made of two elements; namely, the object of assessment and the function. The function relates the quality of revenue to be raised from individual tax payers to the quality of assessment objects of assessment is the relationship between revenue and tax base. It must be noted the three element of the tax burdens are the process of implementing amount taxpayers, the cost of incurred as result of compliance is known as compliance cost have arose due to the payment of taxes, there are other cost associated with operating a particular tax system which is the cost of complying with the laws. It is very important to determine and monitor the cost of salaries and wages of tax collectors, enumeration and assessment of the taxpayers. If the above mentioned costs are achieved with high level of accuracy, the efficiency in the tax collection would be realized.

These enhance the smooth running of revenue collection exercise and reduction of tax evasion and avoidance. There is relationship between tax revenue and tax base. Tax base is basically some sum of money or income in some cases it is the quality of stuff such as commodities or land. In a nutshell, the tax revenue is the function of tax base. It is noted that tax assess meant and collection require personnel and equipment. The tax revenue collectors must be facilitated with equipment that would help them to effectively and efficiently execute their assignment.

The personnel must be empowered to rightly assess, collect and remit tax revenue to the treasury. The amount of revenue to be collected as tax revenue will depend on how well equipped a tax personnel.

Tax Assessment

The aim of tax assessment is to ensure that every taxable person within the frame of tax law are assessed properly in order to guide against discrepancy and bring leakages to a barest minimum. Generally, tax payment is classified into individual enterprise, usually sole proprietorship or self-employed, partnership, corporate organizations, limited liability companies by share and as well as unlimited liability companies by guarantee. Tax assessment as given to me is the profit of organization from its trading activities at that given. The assessment may be done by self, by government, tax payers' or minimum tax bases. For self-assessment system, this involved the filling of their rebate forms accurately before prescribed periods. It should have noted that non-compliance to the tax laws will attract punishment in accordance with relevant statute. A proof of payment is required by the tax issuing authorities within two months frame within which to settle the assessment. This is must be noted in individual or corporation organization who fills their assessment as at when due and those enclose evidence may be given a waiver to pay the remaining by installments[17].

Tax Collection

Revenue collection is viewed the effort of government agency in collecting outstanding financial obligation from the public. There are many sources of revenue that are open to government namely: taxes, license fees, fines to mention few examples. Revenue generation can also be viewed as government agency billing the public for fines, taxes or many other fees. The major hindrances to effective tax collection is the tax payers' perception of the use of tax revenue. The tax payers perceived the tax revenue is being mismanaged by the government.

The Nigerians are not motivated to entrust their resources to the government because of lack trust they have for the government. In the light of the foregoing they decide to rank the payment of taxes as the least obligation. This is due to the fact that the tax payers believed that tax revenue is to finance government functionaries instead of the needs of tax payers.

When the tax revenue is not used for the benefit of tax payers or the populace; the tax authority and government will not enjoy the trust of the citizenry. For many years now, the Nigeria tax system had faced a lot of problems and difficulties which has brought a reduction in tax revenue collection and has hindered national development. In actual fact, some of the challenges that have led to low tax revenue yield include poor information management system, poor record keeping, and data preservation by tax administrators Complex tax laws, corruption and leakages in the administrative system, poor and irregular monitoring and compliance visits, irregular tax assessment, poor inter-agency interface and energy approaches, inability to bring informal private sector into tax net. It is generally viewed that the amount of revenue collected from taxes over the years by government as compared to the increasing social, political infrastructural developmental need of the nation's grossly insignificant. The following factors are responsible for loss in tax revenue in Nigeria namely tax fraud, non-tax compliance, waste of public fund, corruption in tax administration[17, 26].

Tax Collection Procedure

Tax collection procedures are efforts to collect money from the tax payer and their effectiveness can be seen from the number of complaints tax payer on whom it is made. The use of aggression and coercive means for tax collection will make the tax to be unpopular. It will contradict the principle of simplicity and fairness to taxpayers. In order to ensure better compliance, tax administration should be strengthened. The citizens engage in tax evasion when benefits of taxes are not equal to expected cost. The rational choice to evade tax will be based on the expect gain or loss associated to the decision. The broader perspective the tax structures in developing economy raises little revenue due to the following reasons; weak administration, tax evasion and tax avoidance and to obtain better compliance. The following should be put in place: tax administration activities should be strengthened including the collection procedure.

Collection procedure and Tax assessment are beneficial to both tax payers and tax authority. The use receipts as tax collection procedure is vital and to ensure that assessors are effective in registering and assessing the potential taxpayers, for tax authority to manage tax administration they may be hinder a situation where employees of various level connive with taxpayers so as to gain what would be revenue for the institution. Enforcing the above mentioned strategies of tax administration will help to control unethical and undesirable activities in managing taxes such as undervaluing, under assessment, receiving bribe from taxpayers and failure to register potential taxpayers[27].

Tax Fraud

Tax deception is an intentionally falsification of vital records on the returns with an intention of deceiving tax authority in order to reduce tax liability by an individual or corporate organizations. Tax fraud is assumed to be committed when there is breach of duty through deception that will hinders the determination of accurate tax amount that will result into a loss tax revenue[17].

Non Tax Compliance

Non tax compliance occurs when taxpayers fail to obligate with the tax status. This is one of the problem confronting tax administration and revenue generation in Nigeria. Some of the factors that lead to non-tax compliance, Include economic socio-psychological and demographic. It is generally believed that if taxpayers get value for what pay for and government fulfill its own part of its obligation-the taxpayer will comply and at their attitude towards tax compliance will change. The amount of tax revenue collected by government that is used government to carry out its development project is function of willingness on the parts of taxpayers to abide with the tax authorities' demands.

Wastage of Public Funds

Mismanagement of public fund in form inflated contract prices, paid but unexecuted contracts and other fraudulent methods that are used splint funds appropriate to ministries Department and Agencies. The fact the money paid as Tax is mismanaged this will not prevent non compliance[27].

Corruption in tax Administration

Aside the weakness inherent in the system of tax administration, the corrupt practices of tax officials prompted the taxpayers to engage in unhealthy tax practices. The aforementioned problems have become a serious issue in tax system. The fact that the amount receive from taxpayers as bribe by tax officials is less than the tax to be paid by the taxpayers. The tax payer will prefer to choose the giving of the bribe as against paying to the covers of the government. The tax officials are accused of diverting a huge of tax revenue into their private pulse. The tax officials also connive with tax payers to pay lesser tax official, it will lead to a reduction tax revenue this action is considered as tax evasion when tax officials collude with taxpayers after collecting bribe to give tax-exception or under assessed the taxpayer majority of tax payers engage on fraudulent act of tax evasion because of the general believe that tax official will not remit tax revenue to the government[17, 28].

Tax Accountability

This hinged on the fact that when the people are expected to demand benefit in return from the government. When government wants tax revenue the government should take decisive action to encourage compliance. Tax Revenue Accountability is based on the fact that responsibility of collection of taxes lies with the government, the government also have responsibility of accounting for its activities – which implies telling the people how the tax-revenue is spent, the government must also accept responsibility for its action and to be transparent in its disclosure. It is noted that when tax revenue is not effectively and efficiently utilized for the benefit of people. The taxpayers considered it as breach of trust on the part of tax official. Accountability is viewed as willingness to accept a desirable trait in public officials government, agencies of firm. To encourage taxpayer morale and compliance, the taxpayers need to understand the taxes they pay, why pay them are and how the revenue from tax are utilized.

Giving these information and awareness by the government the taxpayers are encouraged and willing to comply and better equipped to make demand from government. In Nigeria and most of developing world necessary awareness and information in respect of tax what amount of taxation owned, how to pay and what these taxes are used for. It is very imperative for government at all level give continuous and comprehensive information to taxpayers and how the tax revenue are used periodically with this provision of necessary information and awareness the tax official will enjoy the trust of taxpayers.

2.1.7.4 Tax Performance

Tax revenue is the totals sums the government collects from the various kinds of taxes and is used for its development projects. Tax revenue is the most important tool and it accounted for ninety percent of the national income. There is no correlation between income from tax and service rendered. The revenue received from tax in this country is in not sufficient to match government expenditure the insufficiency between tax revenue and government expenditure is as a result of the following reasons; non challant attitude towards informal sector, limited tax footing, tax freedom and subsidy policies, leakage in tax laws, high collecting debits are reasons for low tax revenue.

The following efforts will assist in improving revenue performance – a genuine effort to win the trust of taxpayers by demonstrating judicious use of tax revenue and establishing checks against misappropriate of tax revenue will create a trust between the taxpayers and government, this help in enhancing compliance in the payment of taxes.

2.1.9 Local Government Autonomy

Local government autonomy is a critical aspect of governance that significantly influences the effectiveness of local administrations in delivering services and managing resources. In Nigeria, this autonomy is often intertwined with the capacity for revenue generation, which is essential for local governments to fulfill their mandates. This review examines various aspects of local government autonomy, focusing on its implications for revenue generation.

Local government autonomy can be defined as the ability of local governments to operate independently from state and federal control[28]. This concept encompasses political, administrative, and financial dimensions. Specifically, financial autonomy refers to the freedom of local governments to impose taxes, generate revenue, allocate budgets, and manage resources without external interference. Revenue generation, on the other hand, refers to the methods through which local governments raise funds to support their operations[29]. Key sources of revenue include taxes such as property rates and business licenses fees for services, and allocations from higher levels of government. The interplay between these two concepts is critical for understanding how local governments can effectively serve their communities.

In Nigeria, the legal framework governing local government operations is primarily outlined in the Nigerian Constitution. While it provides a foundation for local governance, it also imposes limitations on autonomy. For instance, the State Joint Local Government Account (SJLGA) mechanism has been criticized for undermining local governments' financial independence by allowing state governments to control funds meant for local councils[30]. A significant Supreme Court ruling in **AG Federation v AG Abia State** clarified that local governments should receive direct allocations from the federation account, thereby enhancing their financial autonomy. This legal backdrop plays a crucial role in shaping the operational landscape for local governments and their ability to generate revenue.

Local governments in Nigeria are empowered to collect various forms of revenue as outlined in the Constitution[30]. These include property rates, where local governments assess and levy rates on privately owned properties, significantly boosting their revenue base. Additionally, revenues from licenses such as those for radio and television—and fees for services like market stalls are crucial for funding local projects. Local governments can also impose taxes such as entertainment tax and motor park duties, contributing to their financial sustainability[28]. However, studies indicate that many local governments struggle with poor revenue generation due to factors such as inadequate administrative capacity, corruption, and a lack of public awareness regarding tax obligations. These challenges hinder their ability to effectively manage resources and deliver essential services.

Several challenges impede effective local government autonomy and revenue generation in Nigeria. One major issue is state interference; the dominance of state governments over local councils often leads to misallocation of resources and reduced accountability at the local level[30]. Many local governments also face fiscal dependency; they rely heavily on federal allocations, which limits their ability to generate internal revenue. Furthermore, administrative inefficiencies within local councils hinder effective tax collection and resource allocation. These challenges create a cycle of dependency that stifles innovation and responsiveness in addressing community needs.

The relationship between local government autonomy and revenue generation has significant implications for grassroots development[29]. Enhanced financial autonomy allows local governments to invest in infrastructure, health services, and education tailored to community needs. Research indicates that improved revenue generation correlates with better service delivery outcomes at the local level[30]. When local governments have the financial means to operate independently, they can respond more effectively to the unique challenges faced by their communities, thus fostering sustainable development.

2.2 Theoretical Framework

2.2.1 Tax Compliance and Enforcement Theory

Tax Compliance and Enforcement Theory, a cornerstone of economic analysis in the 20th century, intricately explores taxpayer behavior and the mechanisms that drive compliance with tax laws. Although it lacks a single founder, scholars like Allingham and Sandmo are credited with pioneering its economic analysis in the 1970s[31]. This theory scrutinizes the myriad factors that influence individuals' decisions to adhere to tax laws and the effectiveness of enforcement strategies in fostering compliance. Key concepts within this framework include the perceived costs and benefits of compliance, the level of enforcement, social norms, and tax morale.

Notable scholars who have contributed significantly to this field include James Andreoni, Erich Kirchler, and Joel Slemrod. Andreoni's research delves into the influence of social norms and altruism on tax compliance, while Kirchler investigates the psychological underpinnings of taxpayer behavior. Slemrod's work spans studies on tax evasion, amnesties, and the impact of tax complexity on compliance[32].

Critics argue that Tax Compliance and Enforcement Theory oversimplifies taxpayer behavior, neglecting the intricate interplay of social, cultural, and institutional factors. They contend that traditional economic models fail to adequately account for trust, fairness, and reciprocity in shaping compliance. However, proponents maintain that this theory offers valuable insights into tax policy design and enforcement strategies, aiding policymakers in identifying effective measures to promote compliance and combat tax evasion.

In the context of studying tax administration and revenue generation in Local Government Areas (LGAs), Tax Compliance and Enforcement Theory provides a robust analytical framework. Researchers can delve into how enforcement efforts, tax complexity, fairness perceptions, and social norms influence compliance behavior at the local level. Understanding these drivers enables policymakers to devise more effective strategies for bolstering revenue collection and ensuring fiscal sustainability within LGAs. By applying the insights gleaned from this theory, policymakers can develop targeted interventions that address the unique challenges and opportunities faced by local tax administrations, thereby fostering economic growth and development at the grassroots level.

2.2.2 Public Choice Theory

Public Choice Theory, which emerged in the 20th century, applies economic principles to the analysis of political decision-making. Foundational figures include economists such as James Buchanan, Gordon Tullock, and Anthony Downs, with Buchanan often considered a leading figure in the field[33]. This theory posits that individuals, including politicians, bureaucrats, and voters, act in their self-interest when making decisions within the political sphere. It explores how these actors pursue their own objectives, such as maximizing utility or securing reelection, and how their interactions shape public policy outcomes. Key concepts within Public Choice Theory include rational choice, rent-seeking behavior, political equilibrium, and the analysis of institutional arrangements.

Critics argue that Public Choice Theory oversimplifies political behavior by reducing complex social and political phenomena to individual self-interest, neglecting broader societal values, norms, and institutions. However, proponents argue that it provides valuable insights into understanding government behavior, bureaucratic incentives, and the unintended consequences of public policies. By applying economic analysis to political processes, Public Choice Theory offers a rigorous framework for evaluating government actions and designing more effective governance structures.

In the study of tax administration and revenue generation in Local Government Areas (LGAs), Public Choice Theory offers a valuable lens through which to analyze the incentives and behaviors of political actors involved in tax policy formulation and implementation. Researchers can explore how elected officials, bureaucrats, and interest groups pursue their own interests when making decisions about tax policies and revenue allocation. By understanding the incentives driving political behavior, policymakers can design institutional arrangements and governance structures that promote more efficient and equitable tax administration within LGAs. Additionally, Public Choice Theory can shed light on the role of political competition, regulatory capture, and special interest lobbying in shaping tax policies and revenue outcomes at the local level

2.3 Empirical Review

2.3.1 Revenue generation in Nigeria through E-Taxation

Revenue generation in Nigeria through E-Taxation, the impact of electronic taxation in curbing tax evasion or avoidance and how to improve revenue generation. The study adopted a survey method. The data for the study were collected from both primary and secondary sources. The data collected were analyzed using simple percentages and presented in tables. The model specification for the test of hypotheses is analysis of variance (ANOVA) from the analysis the study showed that electronic taxation will enhance. Revenue generation in the states studied. The researcher equally found out that e-government is an indispensable factor in achieving the objective of e-taxation. Computer literacy will enhance electronic tax administration which will significantly curb tax evasion or avoidance and reduce operational compliance cost[25, 30].

Examining the impact of taxation revenue generation in Nigeria, with references to federal capital territory and some states in the country. Attempt (through the means of secondary data) at high lighting the concept and nature of taxation, objectives of taxation, features in the Nigeria tax system, taxation as a tool for wealth creation and employment, classification of taxes, Nigeria's Major taxes and other issue that relate to taxation were made in the study. In achieving the objective of the study, the researcher adopted primary sources of data to present and analyze the information for the study. The testing of the study's hypotheses was done using regression analysis computed with the aid of SPSS. The research discovered among others that taxation has a significant contribution to revenue generation and taxation has a significant contribution to Gross Domestic product (GDP). The researcher recommends among others that well equipped data base (WEBB) on all tax payers should be established by the Federal, State and Local Government with the aim of identity possible sources of income. In addition the federal, states and local government should modernize and automate all the tax system, improve taxpayers' convenience in the assessment and payment process at the same time entrench. Effective and modern human resources management practice[5,26].

A study investigated the Impact of the overall firm-specific tax mix on firm performance for Romanian listed companies during the 2000- 2011 period. By overall tax mix, we mean all public finance-related liabilities borne by a company, thus including not only profit taxes, but also non-profit taxes (i.e., real-estate taxes) and labor-related taxes (social security charges borne by companies). Developed around the corresponding tax wedge, the variable of interest is a firm-specific effective tax rate that aggregates all public finance liabilities, based on a unique set of hand-collected data from publicly available corporate reports. Using a fixed effect model, the results show that a one percentage point increase in overall firm-specific tax rate triggers 0.15 percentage points decrease in return on assets. Moreover, tangibles, leverage ,and size hurt Romanian listed companies‟ performance, while liquidity, growth, and lagged profitability have a positive effect[34].

In another study, it assessed the effect of corporate income tax on the financial performance of the companies listed on the Nairobi Securities Exchange in Kenya. The objective of this study was to establish the effect of corporate income tax on the financial performance of the companies listed on the Nairobi Securities Exchange in Kenya. The research design used in this study was mixed research both qualitative and quantitative design. Secondary data was extracted from the NSE database, Capital Markets Authority (CMA) database, journals, and other publications. A sample of fifty-nine out of a target population of sixty-nine companies publicly listed as of January 2015 was extracted from the NSE website. This study is expected to provide empirical evidence on the profitability (financial performance) of the companies listed Nairobi security exchange in Kenya. The key findings were that there is a positive relationship between corporate income tax and financial performance of listed companies on the NSE in Kenya. The study will assist policymakers with useful input for formulating Government policies to avert poor performance and consequently bankruptcy of listed companies[35].

Another study researched corporate tax impact on financial performance in the case of companies listed on the Bucharest Stock Exchange. Financial performance is the objective of any economic entity, regardless of the domain, it activates from the decision-making process perspective, the corporate tax is included in the equation of financial performance, considering that it has multiple informational facets at the company’s level. Considering the computation formula for the due tax as a premise, one can say that along with the economic development of the company, there is a positive correlation degree between it and the fiscal liability, determined by the multiplication of the number of transactions generating tax.

Therefore, the corporate tax becomes relevant information for decision-making in terms of organization form, reinvestment, and others. In this context, our research plans to identify a relationship between corporate tax and the financial performance of an entity. In this respect, two econometric models were built showing that the effective tax rate passes the tests of significance and negatively influences the performance indicators[36].

A researcher aimed to examine the effect of general firm specific tax mix on listed firms' performance in Romania. The period of study was 2000 to 2011. General tax mix referred not only to the tax on profits but also all other taxes that are paid by a company for instance real estate taxes, employment related taxes among others. Based on the relevant tax wedge, the interest variable is a first specific effective tax rates which combines al the public finance liabilities using a group of special data obtained from the company reports. Through the fixed effect model the findings revealed that as overall firm specific tax rate increased by 1% the ROA reduced by 0.15%. In addition, leverage, assets and size had a negative impact of firm performance whereas growth, profitability and liquidity showed a positive impact[37].

A study investigated the effect of corporate income tax on profitability of firms in Nigeria scanning from 2007 to 2016. Pooled ordinary least square was adopted as estimate approach to discover that coefficient of corporation income tax at 2.418830 is positive and the p-value of 0.0000 is statistically significant[38].

A study was carried to examine the relationship between companies' income taxes and economic growth in Nigeria at the long run. Various analytical tools were adopted to analyze the secondary data. The findings of the study revealed that companies' income tax and economic growth are positively significant. The study showed a long run relationship between CIT and economic growth[39]. Also, in a study a research was carried out between 2013 to 2017 on ten (10) listed manufacturing enterprises. Ex-post facto research design was adopted and basic linear regression method of data analysis showed that no significant impact of corporation tax rate on firms' returns on equity[40].

In a recent work, it was examined the impact of company income tax on corporate performance. Ten years data from 2011-2022 was collected from the annual reports of listed firms on the Nigerian Stock Exchange and regression analysis was used as a technique for data analysis. The findings revealed that company income tax (CIT) has a positive and significant effect on profit after tax (PAT) and returns on equity (ROE)[41]. Also, a study analyzed the influence of company income tax on firms' profitability in the consumer goods sector of the Nigerian economy. Secondary data for 2012 to 2018 was obtained from published financial statements of the fifteen (15) selected consumer goods companies quoted on the Nigerian Exchange (NE). Panel Fully Modified Ordinary Least Square (FMOLS) model was adopted in analyzing the data and the result indicated that company income tax has a positive and significant influence on profit after tax in consumer goods sector of the economy[42].

A study was assessed the effect of company income tax on the financial performance of listed consumer goods companies in Nigeria from 2006-2016 using regression analysis. They found out that there is an insignificant negative relationship between corporate tax and financial performance using the return on assets as a measure[43]. A study estimated the investment, financing, and payout responses to variation in a firm's effective corporate income tax rate in the United States. He exploits quasi-experimental variation created by the Domestic Production Activities Deduction, and a corporate tax expenditure created in 2005. His findings showed that a percentage point reduction in tax rates increases investment by 4.7 percent of installed capital, increases pay outs by 0.3 percent of sales, and decreases debt by 5.3 percent of total assets. These estimates suggest that lower corporate tax rates and faster accelerated depreciation each stimulate a similar increase in investment, per dollar in lost revenue[44].

Findings from another study on stock liquidity and corporate tax avoidance shows firms with higher stock liquidity engaging less in extreme tax avoidance. The effect of stock liquidity on tax avoidance is economically meaningful and robust across alternative measures of tax avoidance and stock liquidity. Their findings also hold after controlling for potential endogenous effects". They further document that the effect of stock liquidity on tax avoidance is amplified for firms with high proportions of activist shareholders and attenuated for firms with high levels of stock price informativeness[45].

A study analyzed the financial performance of agricultural companies and corporate income tax as key determinants of financial performance. They analyzed the corporate income tax burden of agricultural companies in Vojvodina, as well as its impact on company profitability. They carried out r simple descriptive statistics test which showed that effective corporate income tax rates (ETRs) in agricultural companies are significantly lower than the statutory corporate income tax rate. Their result further revealed that, nearly 69% of observations have both a current effective tax rate and cash effective tax rate of 0%, which indicates that agriculture is an industry with an exceptionally low corporate income tax burden. They further used Panel regression which showed that agricultural companies with lower effective tax rates are more profitable than companies with higher effective tax rate. Results of the analysis are not sensitive to changes in corporate income tax burden and profitability proxies[46].

Another researcher studied how tax aggressiveness influenced the performance of firms in Nigeria. A panel of secondarily sourced data of ten sampled firms over the periods 2010 to 2019 was used. Return on assets (ROA) was the dependent variable while the independent variables representing tax aggressiveness were GAAP effective tax rate and CASH effective tax rate with LEV as control variable. The results of the ordinary least squares revealed that while GAAP effective tax rate and LEV were positively significant with ROA, CASH effective tax rate was negatively significant[47].

A study attempted to establish if there was a relationship between tax aggressiveness and performance of firms in Nigeria. A panel data set of 201 non-financial firms listed on the on the Pakistan Stock Exchange spanning the period 2015 to 2019 was used in this study. Return on assets (ROA) was used as the dependent variable while the independent variables representing tax aggressiveness was a dummy variable which equals to 1 if the firm was tax aggressive (ETR less than STR), 0 if otherwise; cost of debt and political connections with property plant & equipment (PPE), leverage (LEV) and firm size (SIZE) as control variables. The results of the Feasible Generalized Least Squares (FGLS) as well as the Prais-Winsten Panel Corrected Standard Errors (PW-PCSE) showed that politically connected firms have better performance with respect to tax aggressive firms than non-politically connected firms. An empirical analysis on the impact which corporate tax aggressiveness and managerial ownership have had firm performance in Nigeria. The study used cross sectional time-series research design where a panel of data obtained from the annual reports of six domestic systematically important banks (DSIBs) over the periods from 2012 to 2021 making a total of sixty firm- year observations. While return on equity (ROE) was the dependent variable, tax aggressiveness (TAG) and managerial ownership (MGO) were the independent variables and the control variable was leverage (LEV). The results of the OLS indicated that TAG was negatively significant with ROE; LEV was positively significant with ROE but MGO was insignificant[48].

A study was carried out an empirical assessment whether corporate tax mix have had any impact on the financial performance firms in Nigeria. A panel of secondary data of ten listed manufacturing firms on the Nigerian Exchange Group (NXG) for the period from 2014 to 2018 was used. Net income (NI)-financial performance measurement- was used as the dependent variable while corporate income tax (CIT); deferred tax (DTAX) and tax incentive (TINC) were the independent variables. The pooled OLS regression results revealed that CIT relationship with NI was positively significant while DTAX and TINC were insignificant[49].

A researcher analyzed the factors that determined the strategies of multinational corporations with respect to tax avoidance. The study used a panel data secondarily sourced from Malaysia Inland Revenue Board consisting of 830 firm-year observations. The dependent variable was effective tax rate (ETR) which represents tax avoidance while the independent variables were profitability (PTI), capital intensity (CAPINT), foreign operations (FO), leverage (LEV) and firm size (SIZE). The results pointed out that PTI, FO and LEV significantly and negatively influenced ETR; SIZE influence on ETR was positively significant while CAPINT was not significant[50].

A researcher studied if tax planning has had any influence on firms' financial performance in Kenya. A panel of secondarily sourced data of selected listed manufacturing firms on the floor of the Nairobi Securities Exchange from 2010 to 2017 was used.Firms' performance (ROA) was used as the dependent variable while capital intensity (CAPINT), research and development expenditure (R&D), debt-equity ratio (DER) and company size (SIZE) were the independent variables. The results revealed that while CAPINT, R&D and SIZE relationship with ROA was insignificantly positive, that of DER was insignificantly negative[51]. Also carried out an empirical investigation whether tax planning have any impact on the financial performance firms in Nigeria. A panel of secondary data of 8 listed systemically important banks (SIBs) on the floor of the Nigerian Exchange Group (NXG) was used[87]. Firms' performance (PERF) was used as the dependent variable while effective tax rate (ETR) which proxied tax planning is measured as income tax expense scaled by pre-tax profits;capital intensity (CAPINT); thin capitalization (TINCAP) measured total debts to total assets ratio; LOPT represents lease arrangement options and SIZE were the independent variables. The pooled OLS regression results revealed that ETR relationship with PERF was negatively significant, TINCAP had a positive and significant relationship with PERF while other variables were insignificant.

A study examined if there was any relation between transfer pricing and tax avoidance, transfer pricing and financial reporting aggressiveness as well as tax avoidance and financial reporting aggressiveness. A panel of secondary data of 61 listed manufacturing firms on the floor of the Indonesian Stock Exchange over the period 2013 to 2017 was used in this study. Tax avoidance was used as the dependent variable while aggressiveness of financial reporting and transfer pricing were the independent variables. The regression results revealed that the relationship between tax avoidance and transfer pricing was positively significant. Again, tax avoidance and financial reporting aggressiveness had a positive and significant relationship[52].

A researcher attempted a study to empirically assess the impact of tax avoidance on firm value. The researchers used secondary data sourced from 45manufacturing firms listed on the Indonesian Stock Exchange covering the period 2013-2017. Two dependent variables, financial performance or firm value represented by TobinsQ and earnings management represented by discretionary accruals (DA), were used. The independent variables were return on assets (ROA) and tax avoidance represented by book tax difference (BTD). The regression results showed that while ROA and BTD were positively significant with TobinsQ, only ROA was positively significant with DA. The association between tax planning and financial performance. The researchers used secondary data sourced from 58 firms listed on the Thailand Stock Exchange covering the period 2014-2016[52]. The dependent variable was financial performance

(FP) otherwise known as return on equity which is measured as net income to total equity ratio (ROE). The independent variables were tax planning (TP) otherwise known as effective tax rate (ETR) measured as tax expenses to total assets ratio, firm size (SIZE), financial leverage (LEV), return on assets (ROA), capital intensity (CAP) which is measured as property, plant and equipment divided by total assets as a proxy for firms' working capital management as well as the BIG4 which represents auditors' reputation[53].

A study was carried out to ascertain if there was any relationship between some Board and firms' characteristics vis-àvis earnings quality. The study made use of secondary unbalanced panel data obtained from the Indonesian Stock Exchange on manufacturing company over the periods 2013-2014. The dependent variable was earnings quality while the independent variables were tax aggressiveness, firm size and CEO ability. The regression results indicated that firm size was negatively significant with earnings quality but tax aggressiveness and CEO ability insignificantly explained earnings quality[54].

Another study examined linkage between corporate tax and profitability of deposit money banks in Nigeria from 2006 to 2016. The result of the multiple regression analysis and t-test showed that company income tax had positive and significant effect on profit after tax of deposit money banks in Nigeria[55]. A researcher assessed the relationship between company income tax and financial performance of listed consumer goods companies in Nigeria from 2006 to 2016. The study employed ordinary least square regression technique to analyze data and it was found that corporate tax had negative and insignificant effect on return on assets while Age and Risk were established to have positive and insignificant effect on return on asset[56].

A study analyzed the effect of corporate tax planning on financial performance of systemically important banks in Nigeria. The result of the Pooled OLS showed that effective tax rate had negative and significant impact on financial performance while thin capitalization had positive and significant impact on the financial performance of SIBs in Nigeria[57]. It was studied that connection between tax planning strategies and profitability by focusing on manufacturing firms in Nigeria from 2008 to 2017. The result of the multiple regression indicated that tax planning had positive and significant effect on return on assets of the selected manufacturing firms in Nigeria[58]. Another study examined the effect of corporate tax planning on profitability of Nigerian listed deposit money banks. The study employed panel regression technique and it was found that tax planning had significant and negative effect on profitability[59].

A researcher analyzed the impact of corporate tax planning on financial performance of food and beverages companies in Nigeria. Data which covered the period of 2008 to 2018 analyzed with OLS and it was revealed that effective tax rate, capital intensity and thin capitalization had insignificant and negative effect on financial performance[60]. A study was investigated linkage between corporate tax planning and firm value among listed consumer goods companies in Nigeria between 2015 and 2019 analyzed with pooled ordinary least square. It was discovered that effective tax rate, tax savings and capital intensity had negative and insignificant effect on corporate firm value[61].

Nigeria used judgmental sampling and regression analysis to study the effects of corporation income tax on dividend policy. The Central Bank of Nigeria Statistical Bulletin and company annual reports for 2006–2010 included data for 40 Nigerian stock exchange-listed enterprises. The study found that corporation income tax and dividend distribution of Nigerian firms are positively correlated. Thus, the study found that changing Nigeria's corporate income tax rate will considerably impact dividend policy of sampled enterprises[62].

Nigeria also evaluated the effect of corporation income tax on dividend policy of listed firms using a survey study approach and regression methodology of correlation analysis for 15 financial institutions. The study found a correlation coefficient of 0.552, a coefficient of determination of 0.305, and a confidence level of 96.7%, indicating a significant impact. Thus, business tax changes affect dividend payments. Thus, the empirical literature does not support the idea that corporation income tax rates affect dividend policy. Some empirical studies found that a change in company income tax rate will have a positive effect on dividend policy, while others found that dividend policy is directly correlated with firm profitability[63].

A study was also conducted to explore and determine the impact of corporate income tax on company profitability in Nigeria for the period 2007 to 2016. The estimate approach used in the study was pooled ordinary least squares, and the results revealed that corporation income tax has a positive coefficient and significant value of 2.418830, with P-values of 0.0000 115. Corporate Tax and Deposit Money Bank were researched. Casual research design was utilized because the data were secondary. Public certified financial statements of 21 Nigerian money deposit institutions provided the data. The hypothesis was evaluated at 5% using multiple regression analysis and student t-tests. According to their findings, Nigeria's fiscal policy should consider banks' activities and their influence in economic growth[64].

Kenyan researchers examined how corporate income tax affects financial performance. Secondary data and 59 publicly listed Kenyan Stock Exchange (KSE) businesses were employed in the mixed research design. Enterprise Profitability and Return on Investment were dependent variables, whereas Firm Size, Liquidity, Investment, and Age/Debt were independent variables. Their analysis concluded that corporate income tax has a significant positive influence on Kenya's Nairobi Securities Exchange (NSC) companies' financial performance, and they endorsed policies that guarantee corporations pay their corporation taxes on time[65].

Bucharest Stock Exchange conducted a 2012–2014 study on corporate taxes and firm financial performance. The study used three-year audited financial statements from firms. Twenty Bucharest Stock Exchange-listed companies were sampled. The multi-regression analysis used net profit and economic profitability (return on assets) as dependent variables and the effective tax rate, firm size, asset structure, long-term debt to total assets ratio, and financial leverages as independent variables. The study excluded irrelevant elements. The study found that corporation taxes and the effective tax rate hurt business financial performance[66].

The Nigerian brewery industry investigated how corporate income taxation affects company profitability. Secondary data from brewery yearly financial statements was used for all variables. The explanatory variable (CIT) was corporate income tax, while the dependent variable was EPS. CIT's influence on EPS was examined using the Augmented Dickey-Fuller (ADF) unit-root test at 5% significance. CIT positively impacts EPS (P-Value 0.0000.05) in a long-run equilibrium relationship. Company Income Tax (CIT) had a significant impact on Nigerian breweries' profitability, and the study recommended tax management improvements[67].

Nigerian researchers examined how high corporation tax rates affect firm profitability. The study examined how Nigeria's high corporation tax rate undermines company sustainability. The study used causal research and multi-regression statistical methods to assess secondary data from the Federal Inland Revenue Services (FIRS) on 45 Lagos corporate organizations and 41 participants. Using SPSS 17, the study variables were company profitability (dependent) and corporate tax rates (independent). The study found a positive correlation between corporation tax rate and business earnings. Thus, the Nigerian corporation tax rate, currently 30% of assess-able profit, should be lowered to avoid economic harm[68].

The Nigeria Company Income Tax Act's impact on investment decisions by Nigerian companies was examined. 180 southwest enterprises were surveyed. Tax incentives stimulate investment, and corporate income tax affects investment return and criterion. Taxation was found to have a greater impact on investment decisions. However, the report suggested that the government implement a tax strategy to boost economic growth and investment[69].

Nigeria did a taxation research on investment and economic growth. CBN, NBS, and statistics bulletins provided secondary data. The investigation showed a negative association between Corporate Income Tax (CIT) and Personal Income Tax (PIT) parameter estimations. The findings indicate that a one percent increase in the Corporate Income Tax (CIT) and a one percent increase in the Personal Income Tax (PIT) will decrease investment in Nigeria, showing that taxation negatively affects investment[70].

Using Ordinarily Least Square (OLS), Nigerian company taxation was examined on firm reserves and dividends. Secondary data from selected banking, construction and related companies, insurance, petroleum and marketing, breweries, food and beverage companies, and conglomerates, all listed on the Nigeria Stock Exchange, was used in the study. Annual dividend payments, corporate tax expenses, earnings per share, and returns on earnings per share were the dependent and independent variables, respectively. Corporate taxes do not affect reserves or dividends, according to the study. Thus, to encourage public investment and corporate growth, the study recommends tax restructuring that does not effect dividend distributions.

2.3.2 Tax Administration and Revenue Generation

The overall effective of tax administration in relation to assessment, collection and remittance of tax. A survey questionnaire of the machinery of tax administration was carried out and 125 questionnaires were administered to analyze the opinion of civil servants directly connected with tax administration in the five Local Government Area of Delta State. hypothesis was tested to determine the relationship between tax administration, tax regulation and revenue generation. The statistical tool used for testing the hypothesis was analysed of variance (ANOVA). Results of the study indicate that the first hypothesis is not supported. It was therefore accepted that effective tax administration enhances revenue generation. Besides, the second hypothesis is equally not supported. The inescapable conclusion is that the Mis-application of tax laws has a significant relationship with revenue generation. The study, therefore, recommends that the Government could put in place a tax system that can enhance better administration of tax system and that tax collections should be left in the hands of private organization[5].

There was a study on the impact of taxation on revenue generation in Nigeria. The research discovered among other that taxation has a significant contribution to revenue generation and taxation has a significant contribution to economic gross domestic product[25]. A study to investigate the challenges of using survey research method primary data was collected through the administration questionnaire on tax officers in Kwara State Board of Internal Revenue. The data was analysed using description and inferential statistics. The study found that corruption, ignorance of tax procedures and tax evasion are the major societal factors hindering effective taxation. The study also revealed that ineffective utilization of collected taxes, improper record keeping, non enforcement of tax policies and in adequate facilities of monitor tax payment amongst others were expressed as the major administrative factors regarding effective and efficient taxation in Kwara State.

In agreeing with his study work, the administrative problems of taxation is not just peculiar to Kwara State as the study revealed, it cut across all the states in Nigeria. As such there is need for administrative overall to ensure adequate utilization of tax revenue for economic growth[25]. Tax revenue contributes to a greater extent to economic growth and the need to streamline a nation's tax system so as to ensure the realization of optimal tax revenue through equitable and fair distribution of tax burden, in reality, most developing countries are faced with severe budgetary pressure as a result of ever increasing demand for government expenditure while there is limited scope of raising extra tax revenue due to noncompliance by corporate persons as a result of technicalities and tax avoidance, poor recording keeping etc. whist their work has emphasized the need to streamline nations tax system, for optimal tax revenue generation, it also implies that if the tax system is faulty revenue can still be generated, but no to an optimal unattained revenue base[25].

There was an evidence that countries with high tax revenue instability tend to have high total expenditure instability. Analysis the revenue mobilization in sub-saharah African found that within sub-saharan African, revenue has performed move strongly in resources rich countries[26]. In the same vein, [27]Stated that government have at their disposal many tax instruments that can be used to finance their activities. These tax include personal income tax, company income tax, Value Added Tax, Petroleum profit tax, Capital gain tax etc. the revenue accrue from these taxes are used by government for investment and economic activities. In line with their work, it is evident that there are many instruments for financing government expenditure activities however; taxes are some of the instrument apart from FDI. With the vast amount of studies so far reviewed, it shows that the issue of tax administration and tax revenue and economic growth of any nation, state and local government cannot be undermined[25]. All past studies clearly support that tax revenue generated affects economic grow in which is an indication of development in any nation, state and local government-therefore this work is done with other studies. It will therefore contribute to the literature on the issue of tax administration, revenue generation and economic growth.

The best of the researchers' knowledge there is dearth of studies that have considered the relationship between tax administration and revenue generation in Nigeria in addressing this gap in literature and expending the frontiers of knowledge in this regards, this study sought to contribute to knowledge proposed and investigated the relationship between Tax administration and revenue generation. The impacts of tax administration on government revenue in Tanzania – case of beres Salam region using Questionnaires administered to 85 targeted respondents to access the required information[27].

Findings of the study revealed that good tax administration structure, tax collection methods, proper use of computerized system of maintaining tax payer register, outsourcing revenue collections to private tax collectors, internal and external capacity building, intensive coordination with other entities and proper maintenance of tax payer's record are the main factors that enhance effective tax administration in Tanzania. This research was carried out in Tanzania, while the current study is at buttressing the Nigeria perspective as regards tax administration and revenue generation[16].

Examine on the effect of tax revenue generation in Nigeria. Survey research design was employed and structured questionnaires was developed and used to collect data for this study[18]. One hundred and twenty six (126) respondents participated in the study. Collected data were processed with the help of SPSS tool and descriptive statistics and simple regression statistical techniques were used to analyse the data. The study found that tax administration does not have significant effect on tax revenue generation in Nigeria[25].

A study was carried out on An Empirical Study of Tax Evasion and Tax Avoidance. A critical issue in Nigeria Economics Development. The study found that Tax evasion and Tax avoidance have adversely affected economic growth and development in Nigeria and also lack of good governance and unpatriotic act of Tax payer is the basis for tax evasion and tax avoidance is perpetrated[2].

Another examination on the effect of tax administration on revenue generation in Nigeria with special reference to the reforms introduced by the Benue State Tax Administration in Benue State for the period of 3 years (2015 – 2018). The study employed survey research design using a structured questionnaire distributed to selected respondents staff of Benue Internal Revenue Services in the state. The study found electronic tax system having a strong significant effects on tax revenue generation and tax accountability in Benue State. The study equally found that tax administration significantly improved revenue generation in Nigeria at large. The study then recommended that government at all levels should cooperate and support the relevant tax authorities to enable them effectively manage the tax system for the desired result.

Investigating the effects administration on government tax revenue in a developing economy using Nigeria as case study. The study obtained data from 93 respondents using structured online questionnaire found increasing tax revenue a function of effective enforcement machineries which included among others adequate manpower, information and communication system[2]. Investigating the overall effectiveness of tax administration in relation to assessment collection and remittances of tax in Lagos State. Data for the study were obtained from a survey method using structured questionnaire administered to 130 Civil Servants directly connected with tax administration in five local government of Lagos State (Shomolu, Mushin, Ikeja, Kosofe and Surulere). The study found that the tax administration in Lagos State is not too effective, efficient and therefore, tax administration negatively affected tax revenue generation by the government. The study also found a positive significant relationship between tax administration, tax policies and tax laws[2].

A study on the taxation of the informal sector and its impact on revenue generation in developing nations found that imposing taxes on the informal sector will increase revenue collection and have a favorable impact on the economic development of a nation[50]. Another study on the informal sector and tax compliance suggests that integrating the informal sector into the formal sector is crucial for achieving growth strategies. It also recommends utilizing trade association leadership as government tax agents for tax collection purposes in South-West Nigeria, with the aim of improving tax compliance and increasing revenue production[51].

An examination of the execution of taxation in the informal sector, focusing on specific African countries, proposed that although the initial tax revenue potential from the sector was modest due to administrative issues, it is possible to establish appropriate agreements with the leadership of various associations in the informal sector. These association leaders would serve as tax agents for collection, thereby enhancing revenue production, administrative efficiency, and fostering a harmonious connection between the government and its residents[52].

Further research examined the limitations on the expansion of informal sector activities and the process of formalization. The findings indicated that informal sector operators are often satisfied with their economic activities, which makes them hesitant to transition to a formal environment, despite government efforts to encourage and support this transformation through intervention and incentive programs aimed at addressing the challenges faced by these firms[53]. Another study also explored the concept of imposing taxes on the informal economy, discussing the existing understanding and identifying areas for further investigation. It suggested that further research is necessary to assess the costs and benefits of implementing taxes on the informal sector, particularly in terms of economic growth, tax compliance, and good governance[54].

A study on enhancing sustainable tax compliance in Nigeria's informal sector identified several challenges related to tax compliance and recommended government measures to address these issues in order to ensure compliance[55]. In addition, research analyzing the magnitude of the informal sector in Peru, Latin America, and OECD nations found that the projected mean magnitude of the informal economy, as a proportion of Gross Domestic Product (GDP), was 37.4% in Peru, 34% in Latin America, and 19.89% in OECD countries, with the latter being less than half of the average observed in Latin America[56].

A study evaluated the problems related to tax compliance in the informal sector and its negative impact on economic growth, using empirical evidence from Ghana[57]. The research was bifurcated into two segments: 600 respondents from the informal sector across all 10 regions of Ghana completed questionnaires, and regression analysis was employed. In the second phase, the relationship between taxes and GDP in Ghana's economy from 1980 to 2015 was analyzed using the Augmented Dickey Fuller Unit Root test. The findings indicated that attitudes, subjective norms, and perceived behavioral control were primary factors influencing compliance within the informal sector, and the report suggested enhancing tax systems to increase GDP[57].

Another study investigated the impact of levying taxes on the informal sector in Nigeria, specifically in Rivers state[58]. The study employed a descriptive research design and utilized judgmental and convenience sampling techniques. The acquired data were analyzed using Kruskal-Wallis and Chi-square tests, revealing that taxing the informal sector increased revenue generation and had a favorable impact on the economic development of developing states in Nigeria[58].

Research examining the impact of the tax structure on economic development and income inequality used panel data from 65 nations spanning the years 1975 to 2011[59]. The analysis, conducted with the Ordinary Least Square approach, demonstrated that Company Income Tax (CIT) rates had an adverse effect on both economic growth and income inequality. Conversely, Personal Income Tax (PIT) rates showed no substantial impact on economic development or income disparity, and the study recommended implementing a conservative tax structure in Nigeria[59].

A study on the impact of tax revenue from the informal sector on capital development in Lagos Metropolis collected secondary data from the Lagos State Internal Revenue Service and the Ministry of Budget and Planning over a 20-year period (2000–2019)[60]. The study used an ex-post facto design and Ordinary Least Square (OLS) regression analysis, with findings indicating that tax revenue from associations, small traders, and market vendors significantly impacted capital growth in the Lagos Metropolis[60].

Further research explored the relationship between the informal sector and tax compliance in Nigeria, focusing on associated difficulties and opportunities[61]. Using an exploratory research design, the study emphasized that taxing the informal sector is critical for early-stage development by generating revenue, fostering economic growth, and enhancing governance. It recommended broadening the tax base with attention to the informal sector, streamlining tax legislation, and creating specialized courts for tax matters. Additionally, educating the public about taxation, promoting inter-agency collaboration, issuing Tax Identification Numbers (TINs), and ensuring government transparency were deemed essential to fostering compliance in the informal sector[61].

A study on taxation in the informal economy in Zimbabwe employed the sequential exploratory mixed method research approach, combining interviews, document analysis, and questionnaires[62]. The study found that compliance barriers in the informal sector were largely due to the institutional context, sector characteristics, and tax system structures, particularly the use of fixed rates. Challenges included bureaucratic regulatory systems, high tax rates, low incomes, and government-related corruption, compounded by the limited capacity of the Zimbabwe Revenue Authority (ZIMRA)[62].

A study evaluated the strategies and challenges to informal sector (IS) taxation in Bulawayo, Zimbabwe[63]. The perspectives of informal sector players from different categories and those of the Zimbabwe Revenue Authority (ZIMRA) were gathered through a sequential mixed-method approach using questionnaires and interviews. The major findings were that the key motives toward informal sector taxation were not clearly outlined, and there was inadequate appreciation of the drivers of the sector's growth. Understanding the magnitude of the informal sector and its origins remains crucial for crafting a legitimate and practical tax framework. It was evident that ZIMRA was not equipped to handle the large, hard-to-trace informal sector, and many participants were unaware of presumptive taxes, with some unable to comply due to high tax rates. The study concluded that ZIMRA was not ready to enforce tax laws on the informal sector[63].

Another study examined the possible challenges of tax reform implementation and identified strategies to overcome these challenges[64]. The best-worst method (BWM) of multi-criteria decision-making was employed, identifying 20 potential challenges and 12 strategies from the literature. Eight experts ranked these challenges and strategies using an online questionnaire. A linear BWM solver was used to determine optimal weights for each category, revealing that the perception of tax administration was the highest-ranked obstacle to the success of tax policy. Building trust in taxpayers was identified as the key strategy for successful implementation[64].

Research also explored the potential of the informal sector to provide essential revenue for the government in Zimbabwe[65]. The study focused on challenges related to informal sector taxation and possible solutions. Despite the Zimbabwe Revenue Authority maintaining a presumptive tax system and subcontracting revenue collection to the city of Harare, the sector underperformed in terms of revenue raised. The study highlighted challenges such as political interference, inadequate infrastructure, unfair tax law application, and general mistrust of the government. While there is significant potential in the informal sector, converting it into tangible revenue gains has been difficult[65].

A study in Kenya examined the effect of tax incentives on rental revenue collection, focusing on the impact of financial literacy, tax literacy, and taxpayer attitudes[66]. Using a descriptive research design, data was collected from 120 small and medium taxpayers through structured questionnaires. Descriptive and inferential statistics, including Pearson correlation coefficient and regression analysis, were used. The coefficient for tax literacy was 0.354, indicating that for every unit increase in tax awareness, there would be a 0.35-point increase in taxation of the informal sector. Taxpayer attitude, represented by a coefficient of 0.246, showed that a decrease in positive taxpayer attitude would predict a 0.24-unit decrease in informal sector taxation[66].

Bentil revisited the informal sector in developing countries by reviewing and analyzing data on tax revenues and the informal sector in developing countries, arguing for a reconceptualization of the sector and approaches for addressing it. The study explored the connection between challenges faced by developing countries in mobilizing tax revenues and the informal sector. Data from about 180 countries over two decades from the IMF showed that developing countries generally mobilized lower levels of tax revenue as a percentage of GDP than developed countries. Further analysis from the International Labour Organization covering about 117 countries delineated the informal sector in developed and developing countries, highlighting the extent of informal sector activities within (a) the informal sector; (b) the formal sector; and (c) households. The findings suggested that the informal sector's understanding should include formal sector activities within the informal sector, which were often not captured[67].

A two-sector occupational choice model was developed, where agents could be either formal or informal entrepreneurs or workers. Informal entrepreneurs faced taxation based on their capital choices and society's tolerance for informality. The model was consistent with empirical findings regarding the informal sector in Brazil, a developing economy with a large informal sector. Results showed that as societal tolerance of informality decreased, the informal sector employed less capital and labor, leading to a reduction in informality. Counterfactual exercises revealed that informality was substantially lower in economies less tolerant of informal activities. Formal entrepreneurs had greater access to financial markets, and taxation of output and labor was reduced. The model also explored stochastic taxation of informal activities, finding that higher average informal output taxation and its variability further reduced informality[68].

An analysis of the informal sector in Zimbabwe, the "implicit" social contract, tax morale, and tax compliance was conducted. Zimbabwe introduced a presumptive tax system for various informal sector categories to expand the tax base and increase revenue. However, the presumptive taxes have not significantly boosted revenue generation. The study highlighted that tax compliance in the informal sector has often been analyzed from the perspective of tax structure design, deterrence models, and capacity limitations, without considering tax morale. Tax morale, influenced by peer compliance behavior, fulfillment of the psychological social contract, transparency, and accountability in tax revenue usage, played a critical role in tax compliance. The findings indicated that tax morale was a strong driver of tax evasion and non-compliance in the informal sector[69].

In Africa, eight out of ten workers are employed informally, the highest share among all regions. The transition from informal to formal economies in Africa has been a critical issue on the policy agenda, given the severe decent work deficits associated with informality and the negative impact on inclusive and sustainable development. Despite an increasing trend of informal employment, some African countries have successfully reduced their share of informal employment within a short time frame. These countries experienced formal employment growth driven by robust economic performance, supported by institutional policies promoting formalization. Strategies included specific enterprise formalization policies, regulatory improvements, and extending social protection to informal workers. Some countries also implemented youth employment programs to facilitate the transition to formality. High informality is expected to remain a challenge in Africa, compounded by the formal employment sector's inability to absorb the rapidly growing youth population. The youth population in Africa is projected to increase by 105 million by 2030, with 94 million in sub-Saharan Africa[70].

The impact of the informal sector on sustainable development was examined using a panel dataset of 50 developing countries from 2010 to 2019, with the informal sector evaluated in terms of working poverty. Three indices representing the economy, society, and environment were combined to construct a composite index of sustainability. Both short-run and long-run panel data models were applied to investigate the impact of informal economic activities on sustainability. The results showed that the informal sector had a detrimental effect on sustainable development, while economic growth and economic freedom positively contributed to sustainability. The study suggested reducing informality in business and other economic activities to unlock greater economic potential. Integrating informal businesses and SMEs into the formal sector, along with firm-level Corporate Social Responsibility awareness, was proposed as a strategy for promoting sustainable development in developing countries[71].

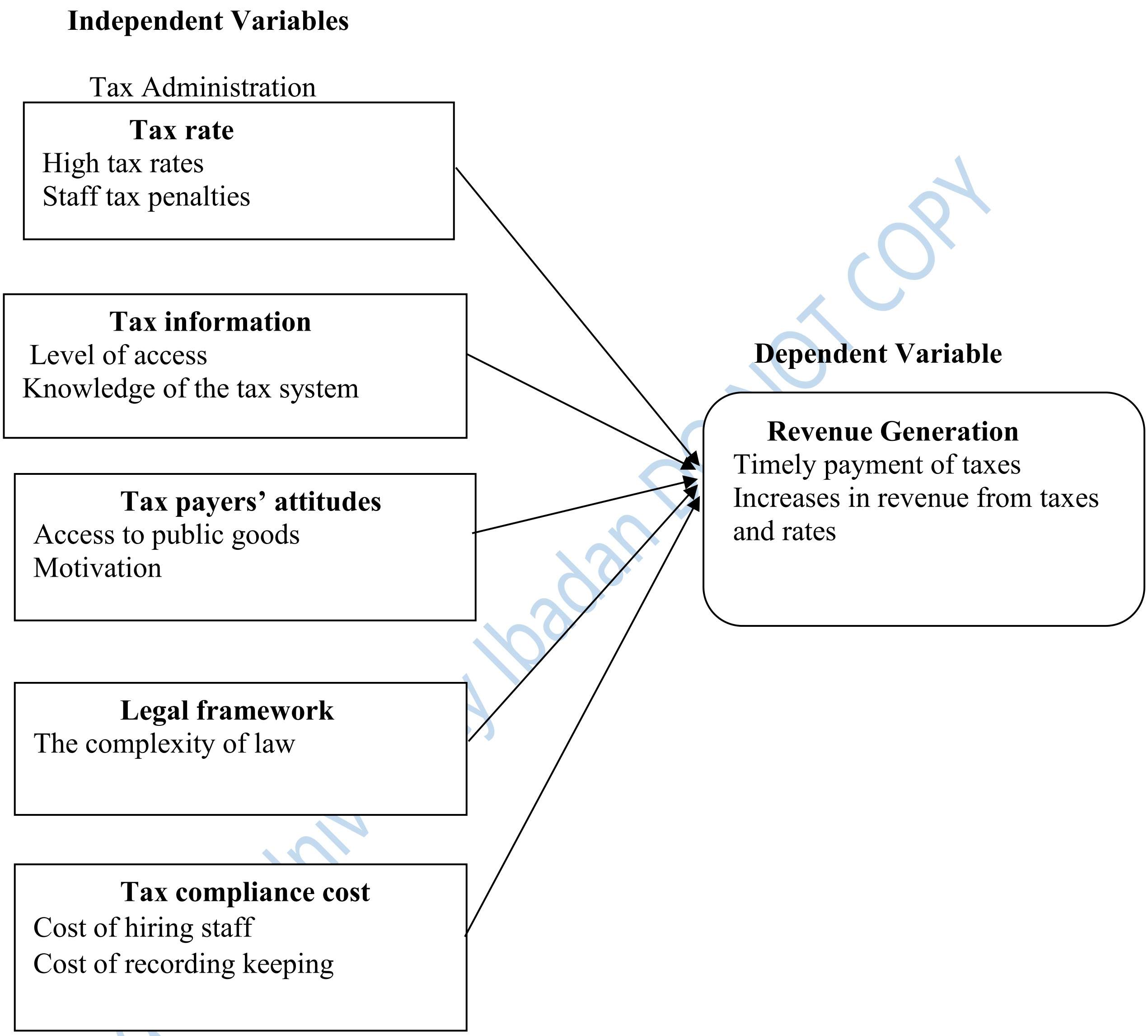
A study on barriers to tax payment in the informal sector of Ghana, using the Nkwanta North Area as a case study, adopted a descriptive research design and employed questionnaires for data collection through purposive sampling. The findings indicated that annual income generated from the informal sector was low, with most businesses not registered for tax, resulting in widespread non-payment of taxes. Key factors affecting tax payment included poor record-keeping and the perceived corruption of tax officials. The consequences of non-tax payment included low revenue generation, fines, and poor development. The study recommended that tax agencies implement strategies for registering informal sector businesses, train taxpayers on bookkeeping and tax issues, and simplify tax payment processes for informal businesses[72].

A comparative systematic review to explore the factors that act as drivers of informality in South Africa (SA) and Nigeria, the challenges that impede the growth dynamics of the informal sector, the dominant subsectors, and policy initiatives targeting informal sector providers. A systematic search of Google Scholar, Scopus, and ResearchGate was performed along with secondary data collated from grey literature. Using Boolean string search protocols facilitated the elucidation of research questions raised in this study. Inclusion and exclusion criteria ensured rigor, comprehensiveness, and limitation of publication bias. Data collected from thirty-one primary studies (17 for SA and 14 for Nigeria) revealed that unemployment, income disparity among citizens, excessive tax burdens, bureaucratic hurdles from government, inflation, poor corruption control, GDP per capita, and lack of social protection survival tendencies all act as drivers of the informal sector in SA and Nigeria. Several challenges were identified for both economies, along with policy incentives that might help sustain and improve the informal sector in these two countries[73].

Another study incorporated institutions that have focused on the informal sector and tax evasion in Pakistan. It highlighted the imperative role of institutions and fiscal policy, identified as major contributors to the development of an informal economy. The study employed GMM (Generalized Method of Moments) regressions to address potential endogeneity and to validate the results. Evidence from Pakistan, covering the period from 1984 to 2018, showed that effective fiscal policy can mimic institutional quality variables. The development of institutions reduces the informal sector, while an increase in tax rates encourages informality. Additionally, tax evasion and the informal economy were found to move in the same direction. Although government development expenditures help decrease the size of the informal sector, the impact was found to be insignificant. The complex interrelations between fiscal policy, institutions, and tax evasion were identified as contributing factors to the intricate development of the informal economy in Pakistan, which has one of the world's lowest tax-to-GDP ratios, posing significant challenges for realizing its potential tax revenues. Failure to account for these associations when formulating policies could lead to unforeseen outcomes[74].

In Nigeria, the effect of the adoption of e-taxation on revenue generation from social media companies operating in Nigeria's Internet domain was examined using a causal research design, which explores the effect of one variable on another. The study revealed that a regulatory change of about 5.221 in the Federal Inland Revenue Service (FIRS) could lead to significant benefits in revenue generation from social media companies. This finding suggests that FIRS faces challenges regarding the modalities of taxing online companies and could improve by implementing policies aligned with social media companies in Nigeria. The study concluded that the country's major challenge regarding e-commerce taxation lies in outdated laws governing direct taxes, which are premised on the concept of permanent establishment as defined in double tax treaties. It was recommended that efforts be made to establish a tax intermediation body[75].

2.4 Conceptual Model



Conceptual model of Tax Administration and Revenue Generation

Source: Researcher Adapted Conceptual Framework[30]

Conceptual framework

The independent sub variables such high tax rate, shiff penalties, level of access to tax information, knowledge of tax legislation, access to public goods, motivation, complexity of tax law. Tax compliance cost, the cost of haring staff and cost of record keeping have impact on revenue generation

It is very clear that different components of independent variables have significant influence on tax payer compliance and by extension revenue generation. There is a strong relationship between the component of independent variables i.e. the tax administration and revenue generation. According to Ibn Khaldum Theory of taxation if the tax rate is increased of tax revenue will increase

According model on tax compliance propounded by Alligam and surdmo in 1972. The theory expressed that when staff penalties is melted on tax evaders, few people will evade tax and will give rise to tax compliance. It is therefore clear stiff penalties will make people to comply with payment of taxes and the revenue from tax will increases.

If the governments can design a program that is meant towards tax matters. The program will encompass educating the people on the need to pay tax, proving high level of access is to tax information and adequate knowledge of tax legislation and what the tax revenue will be used for. This improved awareness and will bring a level of confidence in the tax system and it will improve tax revenue generation.

The tax payable attitude will change when they have access to public goods. When a local government council provides goods road network for easy movement of vehicles when there is available pipe borne water, hospital school etc. that will make people to come to stay in the local council hence the number people living in the local government will increase, business. Entities will also increase. The number of people and business paying taxes and rates increase and the tax revenue will increase. If the tax payers will be motivated if the local government council can establish industries that's will create employments opportunities for the people. The council should also provide and improve on agricultural venture like crop farming, this will encourage the participation in agricultural that will improve standard using of people which will increase revenue generation.

The complexity of tax law and the ambiguities of tax which results into lack of understanding on the part of the tax payer if the tax payer do not understand various laws relating to tax and rates the tax payers will be unable to pay the various taxes and rates and the tax revenue generation will decrease because of the complexity of the tax law.

Compliance costs refer to any expenses made by a company to comply with government regulations. Salaries for compliance staff, marketing time and money spent, new technology needed to meet retention targets, and so on are all included in compliance expenditures. It is necessary to hire someone who is knowledgeable in this field. According to this study, when compliance costs are effectively controlled, it lowers the cost of employing new employees as well as the cost of maintaining records, resulting in increased revenue generation.

2.5 Summary of Gaps in the Literature Reviewed

The empirical review on revenue generation in Nigeria through e-taxation identifies several significant gaps that warrant further investigation. Firstly, while the study highlights the positive impact of electronic taxation on enhancing revenue generation and curbing tax evasion, it lacks a thorough analysis of the specific technological and infrastructural challenges that impede the effective implementation of e-taxation systems across various states. The reliance on survey methods and simple percentages for data analysis may not adequately capture the nuanced experiences of both taxpayers and tax administrators, suggesting a need for more qualitative approaches to understand their perspectives.Moreover, although the findings indicate that e-government is crucial for achieving the objectives of e-taxation, there is insufficient examination of how varying levels of computer literacy among taxpayers affect their engagement with electronic tax systems. The study suggests that improving computer literacy can enhance electronic tax administration, but it does not detail strategies for addressing disparities in digital literacy across different demographics or regions.Additionally, while the review recommends establishing a well-equipped database on all taxpayers to identify potential income sources, it does not provide insights into the effectiveness of existing databases or how they can be improved to better facilitate tax collection. This gap points to a broader issue regarding data management and integration within local governments, which could significantly influence revenue collection efforts.Furthermore, while the analysis employs regression analysis to establish relationships between taxation and economic indicators like GDP, it lacks longitudinal studies that could provide deeper insights into how changes in tax policy over time have affected revenue generation and economic growth. This absence of temporal analysis limits the understanding of the long-term impacts of e-taxation initiatives.Lastly, the review would benefit from comparative studies with other countries that have successfully implemented e-taxation systems. Such comparisons could offer valuable lessons and best practices that Nigerian policymakers could adapt to enhance local government revenue generation through electronic means. Addressing these gaps would contribute to a more comprehensive understanding of how e-taxation can effectively bolster revenue generation in Nigeria.

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Chapter Three

Methodology

3.1 Research Design

Descriptive survey research design was adopted for this study because it is aimed at ascertaining and establishing the status quo, facts or pieces of information concerning the population. Survey method is appropriate especially for seeking individual opinions, attitudes and perceptions in their natural settings, since the researcher is expected to describe the variables as they are and factual information that describes the existing phenomenon through the use of structured questionnaires therefore, the descriptive survey design is adopted for the purpose of this study[1].

3.2 Population of the Study

The population for this study consist of all Local government employees in Oyo state with the total figure of 10,007 employees (Oyo State Local Government Estabilishement, octomber 2021). The target population consists of all the staff of Revenue and taxation department of nine out of thirty three local government area secretariats in Oyo state. The sample local government secretariats were selected from the three senatorial districts in Oyo State. The selected local government secretariats from the three senatorial districts in Oyo state were to be based on the total tax revenue collections of each local government areas. Three local government secretariats each with the lowest tax revenue collections for the year 2020 as indicated in the appendix (ii) were selected from each senatorial districts which consists of Oyo North **(**Ogbomoso South, Irepo, Oorelope) Oyo Central **(**Surulere, Oyo East, Atiba), Oyo South **(**Ibarapa East, Ibarapa North and Ibarapa East). The nine local government area secretariats were purposefully chosen for this study because they were local government areas with the lowest tax revenue collections and are close to good network connections. The target population of the study was first divided into sub-population based on position which comprises of; tax collectors, tax inspectors, head of the tax department and Civil servants. After which the researcher systematically selected some staff in each sections depending on the position of such staff in their department and the accessible tax payers within the selected nine local governments areas in Oyo state.

3.3 Sample Size and Sampling Techniques

Sample here refers to a subset population which reasonably reflects to opinions attitude or behaviours of the entire group. Sampling/sample size is a process of selecting a proportion of the population considered adequate to represent all the existing characteristics within the target population for the purpose of generating the finding from the sample itself. Due to the nature of the research in which experience, educational qualification and group of people with certain characteristics appropriate for the study was needed. Non-probability sampling technique was used in selecting the sampling size. Non-probability sampling is a process that does not give all the staff in the company same chance of being selected. The sampling technique used is purposive selection. The main objective of a purposive sample is to produce a sample that can be logically assumed to be representative of the population. This is often accomplished by applying expert knowledge of the population to select in a nonrandom manner a sample of elements that represents a cross-section of the population. purposive sampling was used by the researcher to select 290 respondents for this study which were distributed as stated in the table below:

Senatorial Districts	Staff	Male	Female	Total	Grand Total
Oyo North	Tax collectors	20	14	34	
	Tax Inspectors	12	8	20	
	Head of departments	2	4	6	
	Civil servants	12	18	30	
	Total	**34**	**26**	**90**	**90**
Oyo Central	Tax collectors	24	17	41	
	Tax Inspectors	16	14	30	
	Head of departments	2	3	5	
	Civil servants	19	11	30	
	Total	**42**	**34**	**106**	**106**
Oyo South	Tax collectors	23	14	37	
	Tax Inspectors	14	8	22	
	Head of departments	3	2	5	
	Civil servants	17	18	30	
	Total	**40**	**21**	**91**	**94**
	Grand Total				**290**

3.4 Research Instrument

The main instrument that will be adopted for this research is a data from both primary and secondary source. The primary source is the self-structured questionnaire that will contain a list of carefully formulated and sequential statements to elicit data to answer the stated research questions. The questionnaire will be divided into two sections (Section A and B), Section A will be designed to obtain the demographic information of the respondents such as; gender, age bracket, marital status and qualification while the Section B will contain a list of items based on the research objectives on a 4-Likert scale measurement of Strongly Agreed, Agreed, Disagreed and Strongly Disagreed.

The secondary data consists of data from several sources particularly data of tax collections from each selected local government areas, they also 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 moreover, its reliability is based on the strong belief that the people whose ideas were expressed are experts in their chosen fields

3.5 Validity of the Instrument

The validity of an instrument refers to the extent to which it measures what it purports to measures. After the construction of questionnaire by the researcher/students, it was given to the supervisor to assess its face and content validity and other two lectures from accounting department of Lead City University Ibadan checked the questions for clarity, appropriateness, correctness, commensuration of questions with the topic of the research. Also, it was given to an English expert for vetting. This research study has been read, corrections has been made by the supervisor and hence has approve the validation of the study.

3.6 Reliability of Research Instruments

To obtain the reliability of the instrument, copies of the questionnaire were pilot study and trial-tested by administering 60 copies using simple formula for the calculation of sample size in pilot studies developed by Viechutbauer to staff of Oyo State Internal Revenue in Ibadan who were not part of the main sample size of study. The test retest method was adopted in which the same instrument was administered and re-administered to the same set of respondents after two weeks' interval. The trial test instrument questionnaires were subjected to Cronbach Alpha reliability test and 0.68 reliability level was obtained. The result of the analysis was consistence which was an indication that the instrument was reliable enough for measuring what it purports to measure in a consistent manner.

3.7 Methods of Data Collection

The questionnaire will have administered to the respondents by the researcher himself and will be collected immediately after their completion to ensure speedy and accurate return of all copies of the questionnaire.

3.8 Method of Data Analysis

Data collected from administered questionnaires were subjected to statistical manipulations. The descriptive statistics were used to analyze biographical data and arithmetic mean and standard deviation was used to make the decision about research questions. And also, Chi-square statistical tool was used to test the hypothesis raised at 0.05 significant level. Statistical Package for Social Science (SPSS) version 23 was used to ensure accuracy of the analysis of the data collected for study.

Endnote

1. A.J. Vickers, Underpowering in randomized trials reporting a sample size calculation. Journal of Clinical Epidemiology, (5) 6, (2003) pages 717–720.

Chapter Four

Results and Discussion of the Findings

The Results and Discussion of Findings of the investigation are presented in this chapter. The findings were based on the research questions and hypotheses that were raised in accordance with the study objective.

4.1 Demographic Data Analysis

Table 4.1: Demographics Distribution of Respondents

Demographics Variable	Category	Frequency	Percent (%)
Year of experience	1-10 Years	98	33.8
	11-20 Years	72	24.8
	21-30 Years	75	25.9
	31 Years And Above	45	15.5
Age	15-25	81	27.9
	26-35	59	20.3
	36-45	55	19.0
	46-55	32	11.0
	56 and Above	63	21.7
Gender	Male	163	56.2
	Female	127	43.8

Source: Researcher's Field Survey, 2024

The table 4.1 above shows analysis 7of demographic variables among the 290 respondents reveals an interesting distribution across several categories. Firstly, in terms of gender, the sample appears to be relatively balanced, with 163 (56.2%) of respondents identifying as male and 127 (43.8%) of respondents identifying as female. This gender parity suggests a representative sample that avoids skewing the results based on gender biases. Regarding age distribution, the largest proportion of respondents falls within the 15-25 age group, comprising 81 (27.9%) of the sample. This is followed by individuals aged 56 and above, representing 63 (21.7%) of respondents. Interestingly, the 46-55 age group constitutes the smallest segment, comprising 32 (11.0%) of the sample. This distribution reflects a diverse age range among the respondents. Finally, analyzing years in experience reveals that individuals with 1-10 years of experience form the largest group at 98 (33.8%). This is followed by respondents with 21-30 years of experience, accounting for 75 (25.9%) of the sample and by respondents with 11-20 years of experience, accounting for 72 (24.8%) of the sample. Meanwhile, group with 31 years and above years of experience constitutes the smallest segment, comprising 45 (15.5%) of the sample.

4.2 Analysis of Research Questions

Research Question 1: What is the relationship between tax laws and revenue generation in the selected local government?

Table 4.2: The Relationship Between Tax Laws and Revenue Generation in the Selected Local Government

Statement	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree	Mean	Remark
Are the current tax laws in the local government clear and easy to understand?	16 (5.5%)	30 (10.3%)	5 (1.7%)	189 (65.2%)	50 (17.2%)	3.78	Agreed
Do tax laws significantly influence revenue generation in this local	9 (3.1%)	19 (6.6%)	3 (1.0%)	125 (43.1%)	134 (46.2%)	4.23	Agreed

government?							
How effective are tax laws in enhancing compliance among taxpayers?	2 (0.7%)	18 (6.2%)	4 (1.4%)	119 (41.0%)	147 (50.7%)	4.35	Agreed
Have tax laws been adequately enforced to improve revenue generation?	12 (4.1%)	18 (6.2%)	4 (1.4%)	179 (61.7%)	77 (26.6%)	4.00	Agreed
In your opinion, are tax laws regularly reviewed to address revenue generation issues?	21 (7.2%)	29 (10.0%)	4 (1.4%)	175 (60.3%)	61 (21.0%)	3.78	Agreed
Weighted Mean						**4.03**	**Agreed**

Source: Researcher's Field Survey, 2024

Table 4.2 presents the respondents' perceptions regarding tax laws in the selected local government, revealing a generally positive outlook on the effectiveness of these laws within Oyo State. Specifically, 50 (17.2%) of respondents strongly agreed and 189 (65.2%) agreed that the current tax laws in the local government are clear and easy to understand, with a mean score ($\bar{x} = 3.78$). This indicates that the clarity of these tax laws likely contributes to a better understanding and possibly higher compliance among residents. Similarly, 134 (46.2%) of respondents strongly agreed and 125 (43.1%) agreed that tax laws significantly influence revenue generation in this local government, with a high mean score ($\bar{x} = 4.23$). This strong agreement points to the perceived critical role of tax laws in sustaining revenue for local governance and development. In terms of compliance, 147 (50.7%) strongly agreed and 119 (41.0%) agreed that tax laws are effective in enhancing taxpayer compliance, resulting in an impressive mean score ($\bar{x} = 4.35$). This suggests that well-enforced tax laws are instrumental in ensuring taxpayers fulfill their obligations. Furthermore, 77 (26.6%) of respondents strongly agreed and 179 (61.7%) agreed that tax laws have been adequately enforced to improve revenue generation, with a mean score ($\bar{x} = 4.00$). This reflects respondents' confidence in the local government's enforcement mechanisms, which are seen as sufficient to support revenue collection efforts. Lastly, regarding the review process, 61 (21.0%) strongly agreed and 175 (60.3%) agreed that tax laws are regularly reviewed to address revenue generation issues, resulting in a mean score ($\bar{x}$ = 3.78). This indicates an appreciation for the periodic assessment and potential adaptation of tax laws to meet evolving revenue needs. The overall weighted mean score of 4.03 suggests that respondents perceive tax laws within the local government of Oyo State as well-structured and supportive of local governance objectives. This favorable perception highlights the value of clear, enforceable, and periodically reviewed tax laws in achieving effective revenue generation and taxpayer compliance.

Table 4.4: **Relationship Between Tax Law And Revenue Generation**

		Tax law	Revenue generation
Tax Law	Pearson Correlation	1	.160**
Revenue Generation	Pearson Correlation	.160**	1

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Researcher's Field Survey, 2024

To answer research question 1, correlation analysis was conducted. Thus, table 4.4 show the relationship between tax law and revenue generation. The table indicated positive relationship between the tax law and revenue generation r=-.160. This implies that the more effective the task law is, the better the revenue generation.

Research Question 2: To what extent is tax revenue utilized in the selected local government?

Table 4.5: Extent to Which Tax Revenue is Utilized in the Selected Local Government

Statement	Strongly Disagree	Disagree	Undecided	Agreed	Strongly Agree	Mean	Remark
Is tax revenue effectively utilized for community development in the local government?	181 (62.4%)	70 (24.1%)	7 (2.4%)	32 (11.0%)	0 (0.0%)	1.62	Disagreed
Do you believe tax revenue is spent transparently by the local government?	142 (49.0%)	108 (37.2%)	2 (0.7%)	38 (13.1%)	0 (0.0%)	1.78	Disagreed
Are there adequate projects	160	118	12 (4.1%)	0	0 (0.0%)	1.49	Disagreed

funded by tax revenue in your community?	(55.2%)	(40.7%)		(0.0%)			
How satisfied are you with the allocation of tax revenue for public services?	128 (44.1%)	108 (37.2%)	3 (1.0%)	51 (17.6%)	0 (0.0%)	1.92	Disagreed
Do you think the local government communicates how tax revenue is utilized?	155 (53.4%)	86 (29.7%)	9 (3.1%)	40 (13.8%)	0 (0.0%)	1.77	Disagreed
Weighted Mean						**1.72**	Disagreed

Source: Researcher's Field Survey, 2024

Table 4.5 offers a comprehensive look into respondents' views on tax revenue utilization in the selected local government in Oyo State, showing a generally unfavorable perspective on how tax funds are managed and utilized for public benefit. When asked if tax revenue is effectively directed toward community development, a large portion of respondents expressed discontent. Specifically, 181 respondents (62.4%) strongly disagreed, and 70 (24.1%) disagreed with this statement, resulting in a low mean score of ($\bar{x}$ = 1.62). This low mean reflects widespread dissatisfaction with how tax revenue is used for visible improvements or projects in the community. Regarding transparency in spending, respondents similarly voiced their concerns. A significant 142 respondents (49.0%) strongly disagreed, and 108 (37.2%) disagreed that tax revenue is spent transparently, with a mean of ($\bar{x}$ = 1.78). This suggests that a lack of clear information and accountability in tax expenditure management may be contributing to a perception of inefficiency and misuse of funds. The adequacy of projects funded by tax revenue also received critical feedback. In this area, 160 respondents (55.2%) strongly disagreed, and 118 (40.7%) disagreed that tax funds are sufficiently invested in community projects, yielding a notably low mean of ($\bar{x}$ = 1.49). These responses suggest that respondents feel their tax contributions are not being effectively returned to them through adequate public projects or services. Respondents' satisfaction with the allocation of tax revenue for public services was equally low. Here, 128 respondents (44.1%) strongly disagreed, and 108 (37.2%) disagreed, resulting in a mean of ($\bar{x}$ = 1.92). This mean score reflects dissatisfaction with how the government prioritizes or allocates tax resources for public benefit, further reinforcing the view of inadequate public service funding. Lastly, in terms of communication about tax revenue utilization, 155 respondents (53.4%) strongly disagreed, and 86 (29.7%) disagreed that the local government communicates effectively on how tax revenue is allocated, with a mean of ($\bar{x}$ = 1.77). This lack of transparency and communication may further deepen public mistrust regarding the proper utilization of tax funds. The combined weighted mean score for these items is ($\bar{x}$ = 1.72), highlighting a consistent perception of low tax revenue utilization in the local government of Oyo State. This overall score suggests a pressing need for greater transparency, project funding, and public communication to enhance satisfaction with tax revenue management.

Research Question 3: What are the various bottlenecks associated with tax revenue in the selected local government?

Table 4.6: Bottlenecks Associated with Tax Revenue in the Selected Local Government

Statement	Strongly Disagree	Disagree	Undecided	Agreed	Strongly Agree	Mean	Remark
Are there any significant delays in the collection of tax revenue?	35 (12.1%)	14 (4.8%)	10 (3.4%)	137 (47.2%)	94 (32.4%)	3.83	Agree
Do administrative inefficiencies hinder tax revenue collection in the local government?	43 (14.8%)	4 (1.4%)	6 (2.1%)	193 (66.6%)	44 (15.2%)	3.66	Agree
Is there corruption or mismanagement affecting tax revenue collection?	24 (8.3%)	24 (8.3%)	2 (0.7%)	96 (33.1%)	144 (49.7%)	4.08	Agree
Do you face challenges when attempting to pay taxes in this local government?	6 (2.1%)	12 (4.1%)	9 (3.1%)	78 (26.9%)	185 (63.8%)	4.46	Agree
Are there any legal or bureaucratic obstacles that impede tax revenue generation?	88 (30.3%)	123 (42.4%)	9 (3.1%)	39 (13.4%)	31 (10.7%)	2.32	Disagree
Weighted Mean						**3.67**	Agree

Source: Researcher's Field Survey, 2024

Table 4.6 provides an overview of respondents' perceptions regarding the bottlenecks affecting tax revenue in the selected local government, showing a generally strong consensus on the existence of obstacles to effective tax revenue management. A significant proportion of respondents identified delays in tax collection as a key bottleneck, with 94 respondents (32.4%) strongly agreeing and 137 (47.2%) agreeing, yielding a high mean score of ($\bar{x}$ = 3.83). This result suggests that lengthy processes or inefficiencies are commonly experienced, causing significant delays in tax revenue collection. Similarly, administrative inefficiencies were seen as a major hindrance to tax revenue collection, with 44 respondents (15.2%) strongly agreeing and 193 (66.6%) agreeing on this point, resulting in a mean of ($\bar{x}$ = 3.66). These responses indicate that operational challenges within the local government administration are perceived to complicate tax processes. Corruption or mismanagement was also widely acknowledged as affecting tax revenue collection, with 144 respondents (49.7%) strongly agreeing and 96 (33.1%) agreeing, reflected in a mean score of ($\bar{x}$ = 4.08). This high mean highlights the perception that corruption is a significant barrier to efficient tax revenue management. Respondents also reported challenges in paying taxes as an obstacle, with 185 respondents (63.8%) strongly agreeing and 78 (26.9%) agreeing, resulting in the highest mean score among items ($\bar{x}$ = 4.46). This suggests that procedural or systemic issues create significant obstacles for taxpayers in meeting their tax obligations. Conversely, legal or bureaucratic obstacles were not widely viewed as impediments to tax revenue generation, as 88 respondents (30.3%) strongly disagreed and 123 (42.4%) disagreed, with a mean score of ($\bar{x}$ = 2.32). This comparatively lower score indicates that such factors are less frequently perceived as barriers in this local government. The weighted mean score for all items is ($\bar{x}$ = 3.67), reinforcing that significant bottlenecks exist within the tax revenue system in the local government of Oyo State. These findings suggest that delays, administrative inefficiencies, corruption, and taxpayer challenges are the primary issues needing attention to improve tax revenue management in the area.

Research Question 4: What is the level of tax awareness in the selected local government?

Table 4.7: Level Of Tax Awareness in The Selected Local Government

Statement	Strongly Disagree	Disagree	Undecided	Agreed	Strongly Agree	Mean	Remark
Are you aware of the tax obligations in your local government?	4 (1.4%)	12 (4.1%)	0 (0.0%)	147 (50.7%)	127 (43.8%)	4.31	Agree
Have you been adequately informed about how tax revenues are collected and used?	6 (2.1%)	25 (8.6%)	2 (0.7%)	118 (40.7%)	139 (47.9%)	4.24	Agree
Do you receive sufficient information about the importance of paying taxes?	32 (11.0%)	8 (2.8%)	4 (1.4%)	154 (53.1%)	92 (31.7%)	3.92	Agree
Have there been any local government campaigns to raise tax awareness?	0 (0.0%)	21 (7.2%)	1 (0.3%)	180 (62.1%)	88 (30.3%)	4.16	Agree
How would you rate the overall tax awareness level in your community?	4 (1.4%)	17 (5.9%)	2 (0.7%)	183 (63.1%)	84 (29.0%)	4.12	Agree
Weighted Mean						**4.15**	Agree

Source: Researcher's Field Survey, 2024

Table 4.7 provides insights into respondents' views on tax awareness in the selected local government in Oyo State, showing an overall positive perception of tax awareness within the community. A majority of respondents demonstrated a strong understanding of their tax obligations, with 127 respondents (43.8%) strongly agreeing and 147 (50.7%) agreeing on this point, reflected in a high mean score of ($\bar{x} = 4.31$). This result suggests that knowledge of tax requirements is well-established among community members. Additionally, 139 respondents (47.9%) strongly agreed and 118 (40.7%) agreed that they are well-informed about how tax revenues are collected and allocated, with a mean score of ($\bar{x}$ = 4.24). This high mean indicates that respondents feel adequately informed regarding the tax collection process and the use of tax funds within the local government. Information on the importance of paying taxes also appears to be sufficiently communicated, as 90 respondents (31.7%) strongly agreed and 154 (53.1%) agreed that they receive adequate information on this topic, resulting in a mean of ($\bar{x}$ = 3.92). This mean score suggests that educational efforts about the significance of tax contributions are effectively reaching the community. Respondents also noted the presence of numerous local government campaigns aimed at raising tax awareness, with 88 respondents (30.3%) strongly agreeing and 180 (62.1%) agreeing, producing a mean score of ($\bar{x}$ = 4.16). This response indicates that public outreach efforts may be contributing to the observed high levels of tax awareness. Lastly, the overall level of tax awareness in the community was regarded positively, with 84 respondents (29.0%) strongly agreeing and 183 (63.1%) agreeing, yielding a mean of ($\bar{x}$ = 4.12). This score reflects a shared perception that the community is well-informed on tax matters. The combined weighted mean score across all items is ($\bar{x}$ = 4.15), reinforcing the view that tax awareness in the local government of Oyo State is high. This indicates that efforts to inform and engage the community on tax obligations and processes have been largely effective, contributing to an informed populace on matters of tax.

4.3 Testing of Hypotheses

Hypothesis 1: There is no significant relationship between tax laws and revenue generation in the selected local government.

Table 4.7.1: Tax Laws and Revenue Generation

Model Summary

					Change Statistics				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**R Square Change**	**F Change**	**df1**	**df2**	**Sig. F Change**
1	.160[a]	.025	.022	.44675	.025	7.532	1	288	.006

a. Predictors: (Constant), tax laws

b. Dependent Variable: revenue generation

Source: Researcher's Field Survey, 2024

Table 4.7.2: ANOVA[a]

Model		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
1	Regression	1.503	1	1.503	7.532	.006[b]
	Residual	57.481	288	.200		
	Total	58.985	289			

a. Dependent Variable: revenue generation

b. Predictors: (Constant), tax laws

Source: Researcher's Field Survey, 2024

Table 4.7.3: Coefficient

		Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B	
Model		**B**	**Std. Error**	**Beta**	**t**	**Sig.**	**Lower Bound**	**Upper Bound**
1	(Constant)	4.794	.194		24.720	.000	4.412	5.175
	tax laws	.131	.048	.160	2.745	.006	.225	.037

a. Dependent Variable: revenue generation

Source: Researcher's Field Survey, 2024

Table 4.7 presents the results of a regression analysis examining the influence of tax law on the revenue generation. The model summary indicates that the predictors (tax law) explain approximately 2.5% of the variance in the revenue generation, as indicated by the adjusted R square value of 0.025. The standard error of the estimate is approximately 0.44675. The ANOVA table demonstrates that the regression model is statistically significant (F (1, 288) = 7.532, p < 0.006), suggesting that the tax law significantly contribute to the variance in the revenue generation. Examining the coefficients, tax law (β = .160, p < 0.006) have statistically significant positive effects on the revenue generation. This indicates that an improvement in the tax law may cause improvement in revenue generation.

Hypothesis 2: Tax revenue is not significantly utilized in the selected local government

Table 4.8.1: Tax Revenue Utilization

Table 4.81: Model Summary[b]

					Change Statistics				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**R Square Change**	**F Change**	**df1**	**df2**	**Sig. F Change**
1	.06	.005	.001	.49753	.005	1.328	1	28	.250

8[a]	8

a. Predictors: (Constant), Tax revenue

b. Dependent Variable: tax utilization

Source: Researcher's Field Survey, 2024

Table 4.82: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.329	1	.329	1.328	.250[b]
	Residual	71.292	288	.248		
	Total	71.621	289			

a. Dependent Variable: tax utilization

b. Predictors: (Constant), Tax revenue

Source: Researcher's Field Survey, 2024

Table 4.83: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	2.035	.278		7.322	.000	1.488	2.582
	Tax revenue	-.075	.065	-.068	-1.152	.250	-.202	.053

a. Dependent Variable: tax utilization

Source: Researcher's Field Survey, 2024

Table 4.8 presents the results of a regression analysis examining the influence of tax revenue on the revenue utilization. The model summary indicates that the predictors (tax revenue) explains approximately 0.5% of the variance in the revenue generation, as indicated by the adjusted R square value of .005. The standard error of the estimate is approximately .49753. The ANOVA table demonstrates that the regression model is statistically not significant (F (1, 288) = 1.328, p < .250), suggesting that the tax revenue insignificantly contributed to the variance in the revenue utilization. Examining the coefficients, tax revenue (β = .068, p < 0.250) has statistically insignificant effects on the revenue generation.

Hypothesis 3: There are no significant bottlenecks associated with tax revenue in the selected local government.

Table 4.9: Bottlenecks Associated with Tax Revenue

	Bottlenecks Associated with Tax Revenue
Chi-Square	234.772
Df	11
Asymptotic. Significance.	.000

Source: Researcher's Field Survey, 2024

Table 4.9 presents the results of a Chi-Square (χ 2) examining the level of significance of bottlenecks association with tax revenue in the selected local government. The value of Chi-Square (χ 2) was 234.772, the degrees of freedom on this was 11, and it was significant at $p < 0.000$. This indicated that there was significant bottlenecks associated with tax revenue in the selected local government.

Hypothesis 4: There is no significant level of tax awareness in the selected local government.

Table 4.10: level of Tax Awareness in Tax Revenue

	Tax Awareness
Chi-Square	328.000
df	14
Asymptotic. Significance.	.000

Source: Researcher's Field Survey, 2024

Table 4.10 presents the results of a Chi-Square (χ 2) examining the level of significance of tax awareness in the selected local government. The value of Chi-Square (χ 2) was 328.000, the degrees of freedom on this was 14, and it was significant at $p < 0.000$. This indicated that there was significant level of tax awareness in the selected local government.

4.4 Discussion of the Findings

To achieve the main and specific objectives of this study, four research questions and four hypotheses were answered and tested respectively. With reference to research question one, finding of this study indicated positive relationship between the tax law and revenue generation. The finding is in line with the finding of some past studies. Specifically, studies established that law stipulates the applicable rate of each type of tax, what constitutes offence and the appropriate sanctions to each offence, the tax laws highlighted best practices in relation to ethical and professional conduct[1,2]. Local government is vested by constitution power to collect license (trading) motor pack dues, property tax, shop and kiosk rate, domestic animal license, tenement rate, on and off liquor license, slaughter lab fees, market tax, motor pack levies, cattle tax, naming of sheet with the exception of those in the state capital, merriment and road closure levy, radio and television license fees, vehicle radio license, wrong parking charges, religious places establishment permit fees and signboard, advertisement permit fees, and signboard, advertisement permit fee and public convenience, sewage disposal fees[3,4]. The time payment, amount payable, and manner of payment should be clear to the tax payers and the tax authorities, convenience the time of payment and manners of payment should not inconvenience the tax payers, productivity – a good tax system must generate huge revenue[3]. Another report claimed that study group which consists of individuals from business world, academia, and the government was inaugurated on the 6th August 2002 and are saddled with the responsibilities of examination of the tax system and make appropriate recommendations towards entrenching a better tax policy and improved tax administration in the country[5].

Regarding the hypothesis associated with research question one, finding of this study upheld that tax laws have statistically significant positive effects on the revenue generation. The finding of this study is in agreement with the Finding of Ogbonna and Tax reforms is positively and significantly related to economic growth and that tax reforms generally cause economic growth[6]. Tax administration has significant impact on revenue generation during the study period[7]. Also, the study that petroleum income tax has significant relationship on revenue generation in Nigeria. Also, Taxes are one of predictive tool for revenue generation by the Federal, State and local governments[8]. Similarly, the primary objective of a modern tax system is generation of revenue to help the government to finance ever-increasing public sector expenditure[9].

Research question 2 inquired about the extent to which tax revenue is utilized in the selected local government. Thus, finding of this study established that tax revenue utilization in the selected local government in Oyo State is very low. The finding is in line with the finding of some past studies. Specifically, Federal government only give out little amount of money every month as monthly allocation for state development which is not enough to finish the work and distribute it to the need of the people[10,11]. Another evidences reported that shortfall on the revenue occasioned by tax evasion and tax avoidance will makes it difficult for government to execute its social economic program like provision of social amenities such as portable water supply, security, good health care, building of schools, construction of roads, etc for the general wellbeing of the people[11].

Regarding the hypothesis associated with research question two, finding of this study established that tax revenue has statistically insignificant effects on the revenue utilization. The finding of this study is in agreement with the findings of some past researchers. Specifically, The level of government presence in the wards in terms of project execution and service delivery is low[12]. Similarly, Problems such as visionless leadership, incompetent manpower, terrible fund generation strategies, improper record-keeping, political patronage, nepotism, and indiscriminate intervention from the federal and particularly the state governments are responsible for the mismanagement resources at the LGAs[13]. Revenue generated and allocated to health and education sectors were not adequately utilized in relation to total revenue generated for the period 2006 to 2015 in Plateau State compared to recommended international standard benchmarks[14]. Also, revenues are not properly utilized in carrying out the constitutional functions of the third tier government[15].

Objective three about the various bottlenecks associated with tax revenue in the selected local government. Thus, finding of this study established that there are various bottlenecks associated with tax revenue in the selected local government in Oyo State. The finding is in line with the finding of some past studies. Specifically, scholars reported that corruption, Lack of adequate and qualified tax personnel, poor government supervision, lack of revenue court, lack of data management, multiplicity of taxes, non-remittance of PAYE deduction, and tax evasion and avoidance among others are the problem of tax administration in Nigeria[16]. Another evidence reported that tax fraud, non-tax compliance, waste of public fund, corruption in tax administration are responsible for loss in tax revenue in Nigeria[17].

Regarding the hypothesis associated with research question three, study established that there were significant bottlenecks associated with tax revenue in the selected local government. The result of this current study is in line with researches carried out by scholars wherein established that there exist a direct, positive and significant relationship between tax avoidance, tax evasion, and personal revenue generation[16,19,20]. Similarly, there is a significant relationship between tax evasion and avoidance and revenue generation in Cross River State, Nigeria[21]. Finding is in line with the finding of a study that the key determinant of government revenue is the level of experienced personnel engaged by the government[22].

Objective four on the level of tax awareness in the selected local government. Thus, finding of this study established that the level of tax awareness in the selected local government in Oyo State is high. The finding is in line with the finding of some past studies. Specifically, scholars reported that taxpayers' knowledge about tax could be obtained from tax officers, television, internet, newspapers, taxation books, tax socializations, and some training[23]. Researcher claimed that most of respondents are aware of being potential tax payers[24]. Evidence reported that the more significant knowledge taxpayers, then the more prominent, too compliance pay taxes[25]. Similarly, the result is in line with a study that the better awareness of taxpayers, and the better compliance of taxpayers. The higher the awareness of the taxpayer, the higher the taxpayer compliance.

Regarding the hypothesis associated with research question four, study established that there was significant level of tax awareness in the selected local government. The current finding where in demonstrated that tax awareness and tax compliance are positively and significantly correlated[26]. Similarly, raising awareness can reduce tax evasion and people who are more knowledgeable about taxes generally adhere to their tax duties and pay their taxes on schedule[27]. Similarly, taxpayers' awareness positively affects corporate taxpayer compliance.

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Chapter Five

Conclusion

5.1 Summary of the Findings

The regression analyses in Tables 4.7 and 4.8 provide insights into the influence of tax law and tax revenue on revenue generation and utilization, respectively. Table 4.7 shows that tax law explains about 2.5% of the variance in revenue generation (adjusted $R^2 = 0.025$, SE = 0.44675). The model is statistically significant ($F(1, 288) = 7.532$, $p < 0.006$), with tax law having a positive effect on revenue generation ($\beta = 0.160$, $p < 0.006$), suggesting that improved tax laws may lead to increased revenue generation.

In contrast, Table 4.8 reveals that tax revenue explains only 0.5% of the variance in revenue utilization (adjusted $R^2 = 0.005$, SE = 0.49753), with the model not reaching statistical significance ($F(1, 288) = 1.328$, $p = 0.250$). Tax revenue has an insignificant effect on revenue utilization ($\beta = 0.068$, $p = 0.250$), indicating a weak association between tax revenue and its utilization.

The Chi-Square tests in Tables 4.9 and 4.10 assess the significance of bottlenecks and tax awareness in the selected local government. Table 4.9 shows significant bottlenecks associated with tax revenue ($\chi^2 = 234.772$, df = 11, $p < 0.000$). Similarly, Table 4.10 indicates a significant level of tax awareness ($\chi^2 = 328.000$, $df = 14$, $p < 0.000$), suggesting substantial tax awareness in the community.

5.2 Conclusion

The study revealed several key findings aligned with the study's objectives. First, the respondents generally viewed tax laws in the selected local government in Oyo State positively, perceiving them as clear, well-enforced, and supportive of revenue generation and compliance. This clarity and regular review of tax laws seem to facilitate better taxpayer understanding and compliance, thereby supporting effective local governance and revenue sustainability.

However, contrastingly, there is substantial dissatisfaction with the utilization of tax revenue. Respondents indicated that tax funds are not adequately directed toward community development or transparently managed. This perception of inefficient use and lack of communication regarding tax revenue utilization underscores a need for improved transparency, accountability, and public communication in the management of tax funds to increase public trust and satisfaction.

The findings also identified significant bottlenecks in tax revenue management, notably delays, administrative inefficiencies, and corruption, which are seen as primary barriers to effective revenue collection. Addressing these challenges could enhance the efficiency of tax processes and improve revenue outcomes.

On a positive note, the local government appears to have been successful in promoting tax awareness. Respondents demonstrated a high level of understanding of their tax obligations and the processes around tax collection and allocation, reflecting effective community outreach and educational campaigns.

Lastly, study confirmed that tax laws positively impact revenue generation, suggesting that enhancing these laws could further boost revenue. However, tax revenue's influence on revenue utilization was found to be statistically insignificant, indicating that the allocation or management of funds might not directly translate into effective utilization. Additionally, Chi-Square analyses reaffirmed the significant impact of bottlenecks and tax awareness on tax revenue processes, highlighting the need for structural improvements and continued public engagement efforts.

The findings suggest that while tax laws and awareness are well-regarded, improvements are necessary in the utilization and management of tax revenue and addressing administrative inefficiencies and corruption to optimize revenue generation and utilization in the selected local government.

5.3 Recommendations

The findings of this study suggest several important recommendations for improving tax revenue generation and utilization in the selected local government in Oyo State.

First, it is essential to enhance the understanding of tax laws among residents. The study revealed that while many respondents had a positive view of the effectiveness of tax laws, there remains a general lack of clarity regarding these laws. To address this, the local government should implement regular workshops and educational campaigns aimed at explaining tax laws and their implications in simple and relatable terms. These initiatives can help build confidence in the tax system and encourage greater compliance among residents.

Second, the local government must address the concerns raised about the utilization of tax revenue. Many respondents expressed dissatisfaction with how tax funds are allocated and spent. To build trust and confidence, the local government should develop transparent reporting mechanisms that allow residents to see exactly how their tax contributions are being used. Community forums could provide a platform for residents to voice their opinions and concerns regarding project allocations. By actively engaging with the community, the local government can ensure that the needs and priorities of residents are considered in the decision-making process.

Third, it is necessary to tackle the obstacles that hinder tax revenue collection. The findings indicate that administrative delays and inefficiencies, along with issues of corruption, pose significant challenges to effective tax management. A comprehensive review of the current tax collection processes is recommended to identify and address these inefficiencies. Streamlining the collection procedures can help reduce delays and improve overall efficiency. Additionally, creating a culture of accountability within the tax administration is crucial. Establishing an independent oversight body to monitor tax collection practices could help ensure compliance with established guidelines and reduce instances of corruption.

Moreover, enhancing taxpayer support services can significantly alleviate the challenges faced by residents in fulfilling their tax obligations. The local government should consider providing more accessible tax payment options, simplifying the payment process, and offering assistance to those who may encounter difficulties. Implementing online tax payment systems could further ease the burden on taxpayers, making it more convenient for them to meet their obligations.

Lastly, given the existing awareness of tax issues within the community, it is important for the local government to continue its outreach efforts. Promoting the significance of tax compliance and the benefits derived from tax contributions is essential for fostering a cooperative spirit among residents. Engaging local stakeholders and community leaders in these awareness campaigns can enhance outreach efforts and reinforce the importance of taxation in funding essential public services and community development.

5.4 Contribution to Knowledge

This study provides valuable contributions across several dimensions, including conceptual frameworks, theoretical foundations, empirical evidence, and practical applications related to tax compliance and revenue generation in local governance.

At the conceptual level, this research enhances the understanding of tax compliance within local government settings in Oyo State. It clarifies the intricate relationship between residents' perceptions of tax laws, the effectiveness of tax administration, and their willingness to comply. By considering various elements that influence tax compliance—such as knowledge, perception, and trust—this study offers a more nuanced view of taxpayer behavior. This framework sets the stage for future research that may explore tax compliance in similar or different contexts, encouraging further examination of these significant relationships.

The study engages with existing theories related to tax compliance. It emphasizes Tax Compliance and Enforcement Theory, illustrating how perceptions of fairness and clarity in tax regulations significantly affect taxpayer behavior. The findings indicate that effective communication and education regarding tax laws are essential for enhancing compliance rates.

Additionally, the study draws on Public Choice Theory, highlighting the motivations of both taxpayers and government officials. It shows that individual self-interest plays a role in tax compliance and revenue generation strategies. When residents feel that tax revenues are not utilized effectively for their benefit, their willingness to comply declines. This understanding underscores the importance of aligning tax policies with public expectations and needs, which can lead to improved compliance and better resource allocation.

From an empirical standpoint, this research provides much-needed data specific to the local government context in Oyo State. By employing a mixed-methods approach that combines quantitative surveys and qualitative interviews, the study captures a comprehensive view of residents' perceptions and experiences regarding tax compliance. This evidence can serve as a reference for other researchers investigating similar issues in different regions or sectors, facilitating meaningful comparisons and broader generalizations.

The practical implications of this research are significant for local government officials and policymakers. The study offers concrete recommendations aimed at enhancing tax revenue generation and improving compliance rates. Prioritizing education, transparency, and community engagement, local governments can build trust and strengthen their relationship with taxpayers. These recommendations are particularly important in areas where tax compliance is low and public services rely heavily on tax revenues.

5.5 Suggestion for Further Studies

1. Investigate the variations in tax compliance rates among different local government areas within Oyo State or across Nigeria.
2. Examine how the adoption of digital tax platforms and online services influences taxpayer compliance.
3. Explore how residents' perceptions of tax fairness affect their compliance behaviour.
4. Study how community engagement initiatives, such as public forums or educational campaigns, affect tax compliance.

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Appendix I

Questionnaire

Lead City University, Ibadan

Faculty: Environmental, Management and Social Sciences

Department of Accounting

Dear respondents,

This questionnaire is primarily designed to examine Tax Administration and Revenue Generation in Local Government Areas in Oyo Metropolis of Oyo State, Nigeria. The research is for purely academic purpose; therefore, you are implored to render your utmost support and co-operation by completing the questionnaire sincerely. Your responses will be treated confidentially.

Thank you.

____

Adeyemi ADESINA

Section A

(Demographic Data)

Instruction: Please read the following questions and tick (√) the appropriate answer.

1. **Position** ____
2. **Years of experience in service:** (a) 1- 10 years ( ) (b) 11- 20 years ( )
   (c) 21- 30 years ( ) (d) above 30 years
3. **Age:** (a) 15 – 25 years ( ), (b) 26 – 35 years ( ), (c) 36 – 45years ( ),
   (d) 46 - 55 years (e) above 55 years
4. **Gender:** (a) Male ( ), (b) Female ( )

Section B

Please read the issues below carefully and tick (√) the right and appropriate option of yours.

SA = Strongly Agreed, A = Agreed, UN = Undecided, D = Disagreed, SD = Strongly Disagreed

SN	ITEMS	SA	A	UN	D	SD
A	**Relationship between Tax Laws and Revenue Generation**					
1	Are the current tax laws in the local					

	government clear and easy to understand?					
2	Do tax laws significantly influence revenue generation in this local government?					
3	How effective are tax laws in enhancing compliance among taxpayers?					
4	Have tax laws been adequately enforced to improve revenue generation?					
5	In your opinion, are tax laws regularly reviewed to address revenue generation issues?					
B	**Utilization of Tax Revenue in the Local Government**					
6	Is tax revenue effectively utilized for community development in the local government?					
7	Do you believe tax revenue is spent transparently by the local government?					
8	Are there adequate projects funded by tax revenue in your community?					
9	How satisfied are you with the allocation of tax revenue for public services?					
10	Do you think the local government communicates how tax revenue is utilized?					
C	**Bottlenecks Associated with Tax Revenue in the Local Government**					
11	Are there any significant delays in the collection of tax revenue?					
12	Do administrative inefficiencies hinder tax revenue collection in the local government?					
13	Is there corruption or mismanagement affecting tax revenue collection?					
14	Do you face challenges when attempting to pay taxes in this local government?					
15	Are there any legal or bureaucratic obstacles that impede tax revenue generation?					
D	**Tax Awareness in the Local Government**					

16	Are you aware of the tax obligations in your local government?					
17	Have you been adequately informed about how tax revenues are collected and used?					
18	Do you receive sufficient information about the importance of paying taxes?					
19	Have there been any local government campaigns to raise tax awareness?					
20	How would you rate the overall tax awareness level in your community?					
E	**Revenue Generation:**					
21	Does the local government generate sufficient revenue from its tax collection efforts?					
22	Are there diverse revenue streams apart from taxation contributing to the local government's finances?					
23	How effective is the local government in maximizing its revenue generation potential?					
24	Do you think the local government's policies support increased revenue generation?					

Appendix II

Senatorial districts LGA

	Senatorial districts & LGA	**Tax Collections**	**Selected LGA**	
	Oyo North	**Tax Indebtedness (₦)**	**LGA with the Lowest Tax collections**	
1	Saki West	21,972,095		
2	Saki East	19,919,076		
3	Atisbo	19,249,980		
4	Irepo	15,676,485	15,676,485	

5	Olorunsogo	18,661,764		
6	Kajola	9,414,079		
7	Iwajowa,	21,850166		
8	Ogbomoso North,	25,675,780		
9	Ogbomoso South,	15,261,067	15,261,067	
10	Iseyin,	22,954,629		
11	Oorelope,	17,512,373	17,512,373	
12	Oriire, and	19,244,107		
13	Itesiwaju	17,779,011		
	Oyo Central			
14	Afijio,	21,960,699		
15	Akinyele	32,436,952		
16	Egbeda	26,729,786		
17	Ogo-Oluwa	16,012,839		
18	Surulere	1,854,942	1,854,942	
19	Lagelu	21,028,351		
20	Oluyole	64,135,693		
21	Ona-Ara	24,275,263		
22	Oyo East	2,842,896	2,842,896	
23	Oyo West and	17,848,152		
24	Atiba	15,041,552	15,041,552	
	Oyo South			
25	Ibadan North	43,205,883		
26	Ibadan South East	33,690,863		
27	Ibadan North West	32,170,752		
28	Ibadan South West	33,463,643		
29	Ibarapa Central	21,733,965	21,733,965	
30	Ibadan North East	38,718,666		
31	Ibarapa East	16,851,843	16,851,843	
32	Ibarapa North and	18,056,265	18,056,265	
33	Ido	27,229,723		

Appendix III – SPS Output

	Strongly Didgree		Disagree		Undecided		Agreed	Strongly Agree
	Count	Table N %	Count	Table N %	Count	Table N %	Count	Count
Are the current tax laws in the local government clear and easy to understand?	16	5.5%	30	10.3%	5	1.7%	189	50

Do tax laws significantly influence revenue generation in this local government?	9	3.1%	19	6.6%	3	1.0%	125	134
How effective are tax laws in enhancing compliance among taxpayers?	2	0.7%	18	6.2%	4	1.4%	119	147
Have tax laws been adequately enforced to improve revenue generation?	12	4.1%	18	6.2%	4	1.4%	179	77
In your opinion, are tax laws regularly reviewed to address revenue generation issues?	21	7.2%	29	10.0%	4	1.4%	175	61

	Strongly Didgree		Disagree		Undecided		Agreed	Strongly Agree	
	Count	Table N %	Count	Table N %	Count	Table N %	Count	Count	Table N %
Does the local government generate sufficient revenue from its tax collection efforts?	12	4.1%	5	1.7%	8	2.8%	143	122	42.1%

Are there diverse revenue streams apart from taxation contributing to the local government's finances?	6	2.1%	9	3.1%	13	4.5%	69	193	66.6%
How effective is the local government in maximizing its revenue generation potential?	5	1.7%	4	1.4%	5	1.7%	199	77	26.6%
Do you think the local government's policies support increased revenue generation?	8	2.8%	9	3.1%	7	2.4%	169	97	33.4%

Correlations

		tax law	revenue generation
ROP1	Pearson Correlation	1	.160**
	Sig. (2-tailed)		.000
	N	150	150
ROP2	Pearson Correlation	.160**	1
	Sig. (2-tailed)	.000	
	N	150	150

**. Correlation is significant at the 0.01 level (2-tailed).

	Strongly Didgree		Disagree		Undecided		Agreed	Strongly Agree	
	Count	Table N %	Count	Table N %	Count	Table N %	Count	Count	Table N %

Is tax revenue effectively utilized for community development in the local government?	181	62.4%	70	24.1%	7	2.4%	32	0	0.0%
Do you believe tax revenue is spent transparently by the local government?	142	49.0%	108	37.2%	2	0.7%	38	0	0.0%
Are there adequate projects funded by tax revenue in your community?	160	55.2%	118	40.7%	12	4.1%	0	0	0.0%
How satisfied are you with the allocation of tax revenue for public services?	128	44.1%	108	37.2%	3	1.0%	51	0	0.0%
Do you think the local government communicates how tax revenue is utilized?	155	53.4%	86	29.7%	9	3.1%	40	0	0.0%

	Strongly Didgree		Disagree		Undecided		Agreed		Strongly Agree	
	Count	Table N %	Count	Table N %	Count	Table N %	Count	Table N %	Count	Table N %
Are there any significant delays in the collection of tax revenue?	35	12.1%	14	4.8%	10	3.4%	137	47.2%	94	32.4%
Do administrative inefficiencies hinder tax revenue collection in the local government?	43	14.8%	4	1.4%	6	2.1%	193	66.6%	44	15.2%

	Strongly Didgree		Disagree		Undecided		Agree d	Strongly Agree		
	Count	Table N %	Count	Table N %	Count	Table N %	Count	Count		
Is there corruption or mismanagement affecting tax revenue collection?	24	8.3%	24	8.3%	2	0.7%	96	33.1%	144	49.7%
Do you face challenges when attempting to pay taxes in this local government?	6	2.1%	12	4.1%	9	3.1%	78	26.9%	185	63.8%
Are there any legal or bureaucratic obstacles that impede tax revenue generation?	88	30.3%	123	42.4%	9	3.1%	39	13.4%	31	10.7%

Are you aware of the tax obligations in your local government?	4	1.4%	12	4.1%	0	0.0%	147	127
Have you been adequately informed about how tax revenues are collected and used?	6	2.1%	25	8.6%	2	0.7%	118	139
Do you receive sufficient information about the importance of paying taxes?	32	11.0%	8	2.8%	4	1.4%	154	92
Have there been any local government campaigns to raise tax awareness?	0	0.0%	21	7.2%	1	0.3%	180	88
How would you rate the overall tax awareness level in your community?	4	1.4%	17	5.9%	2	0.7%	183	84

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.160[a]	.025	.022	.44675	.025	7.532	1	288	.006

a. Predictors: (Constant), tax laws

b. Dependent Variable: revenue generation

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial
1	(Constant)	4.794	.194		24.720	.000	4.412	5.175		
	tax laws	.131	.048	.160	2.745	.006	.225	.037	.340	.340

a. Dependent Variable: revenue generation

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.503	1	1.503	7.532	.006[b]
	Residual	57.481	288	.200		
	Total	58.985	289			

a. Dependent Variable: revenue generation

b. Predictors: (Constant), tax laws

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.068[a]	.005	.001	.49753	.005	1.328	1	288	.250

a. Predictors: (Constant), Tax revenue

b. Dependent Variable: tax utilization

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.329	1	.329	1.328	.250[b]
	Residual	71.292	288	.248		
	Total	71.621	289			

a. Dependent Variable: tax utilization
b. Predictors: (Constant), Tax revenue

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Correlations		
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part
1	(Constant)	2.035	.278		7.322	.000	1.488	2.582			
	Tax revenue	-.075	.065	-.068	-1.152	.250	-.202	.053	.340	.340	.340

a. Dependent Variable: tax utilization

Test Statistics

	bottlenecks associated with tax revenue
Chi-Square	234.772
df	11
Asymp. Sig.	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 50.0.

Test Statistics

	Tax awareness
Chi-Square	328.000
df	14
Asymp. Sig.	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 75.0.

Bio-data

A. Personal Data

Full Name: Adesina Adeyemi

Address: No 9, Okesanmi Area, Ilora Oyo State

E-mail Address: adesinaadeyemisunday@gmail.com

Phone Number: 08039126258

Date February 13,1966

Place of Birth: Oyo

Nationality: Nigerian

Name of Next of Kin: Adesina Olufunke OB

Address of Next of Kin No 9, Okesanmi Area,Oyo State

B. Educational Background

Educational Institutions Attended with Dates and Qualification:

- **Primary Education:** Baptist Primary school Okaka 1978

i. **Secondary Education: Okaka Grammar School** **1983**

- West African School Certificate 1985
- **Higher Education Institution**:

- University of Ado Ekiti. 2002
- Lead City University, Ibadan
  Master of Science (M.Sc) Accounting In view

Working Experience with Dates: Power Holding Company of Nigeria 1985– 2013

C. **Awards and Fellowships (if any):** No

D. **Membership of Academic Professional Bodies:**

- Institute of Chartered Accountant of Nigeria (ICAN)

E. **Publication if Any**

(a) Thesis/Dissertation: Revenue Generation in Federal Government parastatals

Seminal Papers Accepted For Publication: Tax Administration and Revenue Generation

Seminal Papers Presented At Conference : None

Thesis/ Dissertation: None

Books/Monographs: None

Major Conference / Workshop Attended: None

F. **Notable Scholarly or Professional Accomplishment:**

- Fellow Member of Institute of Chartered Accountant of Nigeria (ACA)

G. **Referees**

- Prof. Steve Adesina
  Office &Address: Nile University of Nigeria
  Position: Deputy vice chancellor
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- Dr. Adetayo Adesina
  Electoral Officer
  INEC, Kwara
  Tel: 08164570693

Signature **Date**

The University Compliance Certification

This is to certify that this thesis was carried out by Adesina Adeyemi with matric number **LCU/PG/00**0507 in the department of Management and Accounting, Faculty of Management & Social Sciences, Lead City University, Ibadan, is in Full compliance with the approved University format and style.

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Signature Date