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AN ASSESSMENT OF THE CONTRIBUTIONS OF TAX REVENUE TO ECONOMIC DEVELOPMENT IN NIGERIA

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ABSTRACT

Given that an effective Tax administration is sometimes touted as having strong macroeconomic growth effects, this study examines the contribution of Tax revenue to the economic growth and development of Nigeria. Tax revenue here is proxied on the income generation from tax sources by the national government. This is because tax revenue is an important instrument for economic growth and development in any developing economy, since the internal revenue generated through taxes go a long way in providing funds for the provision of public goods. The study exploits a pre-dominantly review approach and data were sourced from the tax revenue collection profile of the Kaduna state board on internal revenue, while personal interviews and participant observations were added as supplement. The trend analysis technique aimed at registering the increase or otherwise of tax related revenue figures was employed as a tool of analysis. The findings reveal that taxes contribute significantly to government revenue profile, thus capable of creating the bedrock for sustainable economic growth and development in Nigeria. It is recommended that the Nigerian tax laws should be codified in simple, non-technical languages, and there should be a harmonization of all the different taxes according to the approved list of taxes collectible by each tier of government to minimize multiple tax practices, while the government should be more responsive to the welfare needs of the citizens in other to induce voluntary compliance. The Nigerian tax system can effectively generate more revenue if only the citizens have the trust and confidence in the authority

Keywords: Economic Growth, GDP, Revenue generation, Tax administration, Tax Rate

1. INTRODUCTION

The downturn in the Nigerian economy in recent times has remained a cause of concern for economic analyst. This has largely been so because measures adopted to address the problems of economic development have failed to produce the desired result. This has been further aggravated by failure to adhere strictly and to implement the appropriations (most especially those which relates to tax provisions), as often contained in annual budgets. The importance of taxation in the activities of any government cannot be overemphasized. The world over, taxes is one major source of government revenue, however, not every national government have been able to effectively exploit this great opportunity of revenue generation. This can be attributed to a number reasons which includes the system of taxation; tax legislation; tax administration and policy issues; over reliance on other sources of revenue (such as foreign aid and grants); corrupt practices in the system – especially as it relates to the system of tax collection, behaviour of citizens towards tax payment; and ease of tax payment. The willingness to pay tax, which may depend on the other aforementioned issues in tax-revenue generation, remains a key taxation-challenge in Nigeria. In the ease of tax payment system, evidence from the "World Bank Doing Business Report" for 2011 and 2012, shows that Nigeria ranked 109 and 138, respectively, out of 183 countries. In Sub-Saharan Africa (SSA), the nation ranked 27 out of 46 countries. Inspite of the foregoing, taxation has continued to occupy a prominent place in providing and generating funds for the growth and development of the Nigerian economy.

Taxation can generally be seen as an important instrument of fiscal policy, which is usually employed for the contraction or expansion of volume cost in an economy. Ariwodola (2001) described tax as a compulsory levy imposed by the government authority through its agents on its subjects or his property to achieve some goals. Arnold and Mclntyre, (2002) define tax as a compulsory levy on income, consumption and production of goods and services as provided by the relevant legislation. Tax is a charge imposed by government authority upon property, individuals, or transactions to raise money for public purposes. This definition is however imperfect. The study of the teachings of Christianity, Islamic and other prominent religions in the world shows that tax is a religious duty based on social and civil responsibilities (Agbetunde 2010). They all support and encourage tax imposition either to redistribute wealth or to finance government project. The Nigerian tax administration is in line with the British model of tax administration since 1960 and has been operating this up to 1990 when the self-assessment scheme came into play which seems similar to the American model of tax administration system (Agbetunde 2010). The British model of tax administration assumes tax payers are incompetent as to tax process and tax authorities do not rely on information supplied by tax payers. Returns of the tax payer are carefully verified through the application of the American model in reference to the rigid British model. The American model despite the advantages that can be derived from its application has not found a favourable place in Nigeria because all the phenomenon that made it a success in America (such as voluntary compliance system, competence of tax payer, efficient data processing system which aids detection of fraud) are still not present the Nigeria context. Consequently disadvantage has adversely impacted on local government tax system since they are part of the ruling process in the state. Such impact has generally been based on problems associated with collection, assessment and returns procedures in the local government area. There is doubt on how efficient the tax authority and other bodies participating in the collection of tax and make returns to the local and state government. In an economy like Nigeria where great reliance is placed on one source of revenue by the state government, the understanding and appreciation of the significance of tax as a source of revenue is of paramount importance. This is not only to provide an opportunity for a closer examination of potential revenue that can be generated in the state, but to enable the decision makers and government to further appreciate the need for administration changes within the context of tax system.

Taxation is a major fiscal policy tool that has been in use over the years (both in the developed and developing economies), and it serves as a critical tool for growth and development. In Nigeria, taxation has been part of the policy framework of successive government overtime and it is employed to serve a variety of purposes which includes the allocative, distributive and stabilization functions. Furthermore, taxation yields very substantial revenue to governments the world over. Therefore, it has a bearing on the Gross Domestic Product (GDP) which is the standard indicator for measuring the economic wellbeing of a nation. The nature and level of taxes vary according to the economic policies adopted by the government of the day. Sanni (2007) advocate the use of tax as an instrument of social engineering, to stimulate general and/or sectorial economic growth. In that regard, taxation could have a positive or negative effect on both the individual and on government. To the individual, low income tax rate constitutes an incentive to work or save, while high income tax rate represents a disincentive to work or save. To the government, high tax rates provides the most reliable, important and dominant source of government revenue, for promoting the economic development of the nation. The tax rate is often a major consideration in the choice of organizational form of business (Okafor, 2008), and may also be associated with varying levels of foreign direct investment. Overall, Taxation as enunciated above, if properly manipulated and effectively managed, can ensure the attainment of economic growth and development of the Nation.

Given the foregoing, evidences exist to suggest that the reality in Nigeria is that the economy has been experiencing slow growth and development overtime as a result of various factors arising from inefficiencies, mal-administration and incompetence among others. These factors have all conspired to create a weak economic and ineffective tax administrative system. It has equally been observed over the years that income tax revenue has generally been grossly understated due to improper tax administration arising from under assessment and inefficient machinery for collection. In Nigeria revenue derived from income taxes has been grossly understated due to improper tax administration, assessment and collection (Ola, 2001; Oluba, 2008; Adegbie and Fakile, 2011). Persons and companies are known to routinely evade and avoid taxes due to corrupt practices and the existence of various loopholes in the tax laws. According to Naiyelu (1996), the success or failure of any tax system depends on the extent to which it is properly managed; the extent to which the tax law is properly interpreted and implemented. In most countries, tax system is seen as an embodiment of contention and controversy whether in its policy formulation, legislation or administration. There is huge scale of corrupt practices prevalent in Nigeria. Under the administration of tax in Nigeria, Ayua (1996) pointed out that the major problem lies in the procedures, machinery and approaches adopted in collection, assessment and corrupt practices of tax officials in implementing the tax system. Ayua (1996) opines that the tax system is grossly inadequate as it is characterized with tax evasion, avoidance and record falsifications which account for the consistent low tax yields. The problems associated with an enquiry into the tax administration in Nigeria are pretty numerous but little or no studies have been done to comprehensively examine the system in a manner that attempts to relate the tax administration to tax laws and policies with its attendant effect on the economic growth and development of Nigeria. This dearth of economic literature on comprehensive analysis of tax administration, policies and law in our economy apparently leaves a gap between what the people perceive to be reliable tax revenue administration and what it is in reality.

The general objective of the study is to assess the contribution of tax revenue to the economic development in Nigeria with emphasis on tax administration in Kaduna State which includes collections, assessment, filling returns and tax proceeds of Kaduna State as a focal point. The specific objectives are to:

i. Evaluate the effectiveness of the assessment, collection and remittance of tax system in Nigeria;
ii. Assess the future prospect of tax administration, in the light of better administration for revenue generation.
iii. Assess the general impact of taxation on the growth and development of the Nigerian economy.
iv. Proffering suitable solutions to the problems facing the tax administration system in Federal, State and Local governments in Nigeria.

Consequently this study is an extension, but distinct from prior empirical works on taxation and national development. It makes up for the dearth of scholarly papers in emerging and developing nations. By its findings, a robust and an efficient tax system can be expedited. Furthermore, it provides an insight into the nature of the present Nigerian tax system, as well as identifies the factors responsible for ineffective tax administration in Nigeria. Following this section is the review of prior literature, while the third part states the method of analysis for the study. The result and discussion, conclusion and recommendations of the study followed in the fourth and fifth parts, respectively.

2. REVIEW OF RELATED LITERATURE

Tax being a concept as old as mankind can be described within the context of Africa as an amount, effort, contribution or service rendered either in kind (i.e. goat, cow, farm produce, clearing of grass etc.) or monetary value (i.e. cash) contributed into a common purse for the running of the society or leadership (Adedeji and Oboh, 2012). However, the modern tax as defined by Omotoso (2001) is the compulsory charge imposed by a public authority on the income of individuals and companies as stipulated by the government decrees, acts or cases laws irrespective of the exact amount of services rendered to the payer in return. Taxation or tax administration on the other hand can be described as the process of assessing and collecting taxes from individuals and companies by relevant tax authorities in such a way that the correct amount is collected efficiently and effectively with minimum tax avoidance or evasion (Soyode and Kajola, 2006). Tax administration is an important aspect of using tax policy to achieving the goal of efficient resources allocation through the provision of adequate infrastructures (Hurwich, 2001), and both the tax authorities and taxpayers want an effective and efficient tax system (Fisher and Walpole, 2005).

2.1 The Concept of Tax and Taxation

It is a reality that the human society will always be a composition of those who have and those who do not have; hence, emerging civilisation has put in place a tax system that enables those who have to provide for those who do not have. Those who do not have money, mental or physical ability to contribute usually include such categorisation as underage, indigent members of society, minor and others exempted from paying tax are the aged, lunatics, etc. The contribution of those who have will enable governing authorities to provide for social services that are commonly benefited from, such as security, health, education, etc. According to Cambridge International Dictionary of English, tax is an amount of money paid to the government usually a percentage of personal income or company's profit. Adeniyi (2008) defines tax as a compulsory levy by government on goods, services, income and wealth primarily to obtain revenue. In other words, it is levy on dues in income of persons or companies, which provides definite source of revenue for government expenditures. Soyode and kajola (2006), in their own submission view tax as a compulsory extraction of money by a public authority for public purposes. Taxation is therefore a system of mobilizing money for the benefit of the generality of a people within a particular society, by means of contributions from individual persons or corporate bodies. Ola (2008) in his postulation opines that taxation is the demand made by the government of a country, requiring a compulsory payment of money by the citizens of that country.

However, Ishola (2008) puts the concept of taxation succinctly when he posited that tax is a compulsory levy imposed by a public authority on incomes, consumption and production of goods and services. He identified certain characteristics that a collection or payment must possess to be considered a tax. This basic feature includes the following:

i. It is a compulsory levy imposed by the government on people residing in a country. Since it is considered as a compulsory levy, it follows therefore that any person found guilty for evading tax is liable to be sanctioned in accordance with relevant governing provisions.
ii. A tax must be for common use and must equally subscribe to the principle of common good. The government uses the revenue gotten from taxes to provide basic social amenities and infrastructures such as hospitals, schools, utility services, etc which benefit everyone.
iii. A tax is not levied in return for any specific service rendered by the government to the tax payer. An individual cannot request for any special benefit from the government in return for the tax paid by him.

From the various definitions brought into focus, it can be generally assumed that tax is a compulsory levy made by the government of a country on the incomes of individuals and corporate bodies through its agents and other appropriate units for the purpose of funding government activities which are expected to be beneficial to the generality of the public. Hence, the system of taxation varies from one country to the other given the different socio-political and economic model representing society's socio-political and economic needs and aspirations at any given time.

2.2 Theoretical Consideration of Taxation

According to Azubike (2009), tax is a major player in every society of the world. The tax system is an opportunity for government to collect additional revenue needed in discharging its pressing obligations. A tax system offers itself as one of the most effective means of mobilizing a nation's internal resources and it lends itself to creating an environment conducive to the promotion of economic growth. Tax is a compulsory levy imposed on a subject or upon his property by the government to provide security, social amenities and create conditions for the economic wellbeing of the society (Appah, 2004; Appah and Oyandonghan, 2011). Anyanwu (1997) defined taxation as the compulsory transfer or payment (or occasionally of goods and services) from private individuals, institutions or groups to the government. Anyanfo (1996) and Anyanwu (1997) stated that tax are imposed to regulate the production of certain goods and services, protection of infant industries, control business and curb inflation, reduce income inequalities etc. The main purpose of tax is to raise revenue to meet government expenditure and to redistribute wealth and management of the economy (Ola, 2001; Jhingan, 2004; Bhartia, 2009).

Nzotta (2007) presented four key issues to be understood for taxation to play its functions in the society. First, tax is a compulsory contribution made by the citizens to the government and for the general common use. Secondly, a tax imposes a general obligation on the tax payer. Thirdly, there is a presumption that the contribution to the public revenue made by the tax payer may not be equivalent to the benefits received. Finally, tax is not imposed on a citizen by the government because it has rendered specific services to him or his family. Thus, it is evident that a good tax structure plays a multiple role in the process of economic development of any nation which Nigeria is not an exception (Appah, 2010). Musgrave and Musgrave (2006) noted that these roles include: the level of taxation affects the level of public savings and thus the volume of resources available for capital formation; both the level and the structure of taxation affect the level private saving. A system of tax incentives and penalties may be designed to influence the efficiency of resource utilization; the distribution of the tax burdens plays a large part in promoting an equitable distribution of the fruit of economic development; the tax treatment of investment from abroad may affect the volume of capital inflow and rate of reinvestment of earnings there from; and the pattern of taxation on imports relative to that of domestic producers affect the foreign trade balance.

Nwezeaku (2005) argues that the scope of these functions depends, inter alia, on the political and economic orientation of the people, their needs and aspirations as well as their willingness to pay tax. Thus, the extents to which a government can perform its functions depend largely on the ability to design tax plans and administration as well as the willingness and patriotism of the governed. In a study carried out by Torgler (2011), examining the impact of tax morale on tax compliance, he states that over the last several decades, there has been a growing interest in theoretical, empirical, and experimental work on all aspects of tax compliance and tax evasion. A common theme in much of these works is that the traditional economics-of-crime approach to compliance, while containing many insights, is simply inadequate as a framework for more fully understanding why people pay taxes. Rather, the basic model of individual choice must be expanded by introducing some aspects of behaviour or motivation considered explicitly by other social sciences. Many of these aspects can be discussed under the general rubric of behavioural economics, broadly defined as an approach that uses methods and evidence from other social sciences to inform the analysis of individual and group decision making. The question of why so many people pay their taxes, despite low fine and audit probabilities, has become a central issue in the tax compliance literature. Erard and Feinstein (1994) stress the relevance of integrating moral sentiments into the models to provide a reasonable explanation of actual compliance behaviour.

2.3 Dynamics of Tax, Economic Growth and Development

In undertaking development projects and provision of public goods, the government of a country normally takes into consideration both fiscal and public finance policies. A fiscal system refers to specified arrangements and institutional framework which exists in a society for making budgetary decision of raising revenue, incurring expenditure and engaging in debt/borrowing operations (Lambe 2014). Fiscal policy refers to that part of government policy concerning the raising of revenue through taxation and other means and deciding on the level and the pattern of expenditure for the purpose of influencing economic activities or attaining some desirable macroeconomic goals. Such fiscal policy can be used for allocation, stabilisation and distribution. In essence, a primary objective of fiscal policy is to balance the use of resources of the public and private sectors and by so doing, avoid inflation, unemployment, balance of payment pressures and income inequality. On the other hand, public finance can be seen as that branch of economics that is concerned with the revenue, expenditure and debt operations of the government and the impact of those measures. It tries to analyse the effect of government taxation (and other sources of revenue) and expenditure on the economic situations of individuals, institutions and the economic as a whole. In Nigeria, the major fiscal policy instrument includes changes in taxation policies (on personal income, company income, petroleum profit, capital gains, export duties, import duties and excise duties as well as mining rents, royalties and earnings) and government expenditures (recurrent and capital). Such taxes are imposed not only to generate revenue but also to provide incentives and/or disincentives in certain specific socio-economic activities.

Economic growth is a necessary but not sufficient condition of economic development. There is no single definition that encompasses all the aspects of economic development. The most comprehensive definition perhaps of economic development is the one given by Todaro (2003) when he opined that "Development is not purely an economic phenomenon but rather a multi-dimensional process involving re-organisation and re-orientation of the entire economic and social system". Development is a process of improving the quality of all human lives with three equally important aspects. They are;

I. Raising the standard of living of the generality of the public (such as improvements in income and consumption levels, food security, medical services, education standards etc) through relevant growth processes.
II. Creating conditions conductive to the growth of people's self esteem through the establishment of social, political and economic system and institutions which promote human dignity and respect.
III. Increasing people's freedom to choose by enlarging the range of their choice variables.

Economic growth on the other hand is defined as an increase in a country's ability to produce goods and services. It is also referred to as an increase in the real gross domestic product, that is, the GDP per capita, over a period of time (Madhu 2005). It is natural to be misled by the idea that economic growth is the key to economic development and perhaps a condition of development itself. But, development is more than simply increasing economic output, that is, GDP per capita, it is a wider concept than economic growth. A country's economy may experience real growth of GDP with no economic development taking place. Nevertheless, more meaningful indications of development are often correlated with GDP per capita, such as physical and the human suffering index which will help us include the non-monetary factors of development.

While economic growth may result in an improvement in the standard of living of relatively small proportion of the population and the majority of the population remain poor, it is how the economic growth is distributed amongst the population that determines the level of development. Undoubtedly, economic growth and economic development are complementary. Economic development may be considered on short term goals towards the achievement of an ideal economy while in the long run, an economic growth is one of the major essential factors necessary for the bringing about economic development, a much broader term concerned with a lot more than just the monetary aspect of development. Consequently, tax revenue has overtime continued to contribute significantly to the economic growth and development in Nigeria, and it remains a veritable tool in this regard.

2.4 Overview of the Nigeria Tax System

The concepts of tax and tax administration are two fundamental components of any attempt to nation building for an emerging nation such as Nigeria (Adedeji and Oboh, 2012). This is because taxes underwrite the capacity of states to discharge their duties; they form part of the fundamental arenas for the conduct of state-society relations, and they shape the balance between accumulation and redistribution that gives states their social character. Simply put, taxes build capacity, legitimacy and consent (Brautigam, 2008). In the studies of Salami (2011), Arowomole and Oluwakayode (2006), Odusola (2006), Ola (2001) and Adedeji and Oboh (2012), the Nigerian tax system has its history dated back to 1904, a period when the personal income tax ordinance was introduced in the northern part of the area before the amalgamation by the colonial masters. The tax system in operational then was later implemented through the Native Revenue Ordinance to the western and eastern regions in 1917 and 1928, respectively. Coupled with other amendments in the 1930s, it was later incorporated into Direct Taxation Ordinance No. 4 of 1940, and since then, different governments have continued on the improvement of the tax system in Nigeria.

Hitherto, the Nigerian tax system in the last decades has undergone series of reforms and amendments geared towards enhancing tax collection and administration with minimal enforcement cost. Despite these, a major setbacks confronted by the Nigerian economy is the tax system presently in operation, and this has been a root cause of non-voluntary compliance among taxpayers (Adedeji and Oboh, 2012). This is just as Ezeoha and Ogamba (2010) noted when they argued that the Nigerian tax system has an inherent delinquent that has been a major impediment to economic growth, where tax evasion and avoidance are now prevalent. Some of the major tax reforms put in place hitherto by the government in addressing the problems of tax administration in Nigeria include the introduction of the Taxpayer's Identification Number (TIN), which became effective since February 2008, and the Automated Tax System (ATS) that facilities tracking of tax positions and issues by individual taxpayer. Also, the E-payment System (EPS) was introduced in order to enhances smooth payment procedure and reduces the incidence of tax touts; and the enforcement scheme (Special Purpose Tax officers), this is a special tax officers scheme in collaboration with other security agencies to ensure strict compliance in payment of taxes (FIRS, 2009; Odusola, 2006).

2.4.1 Tax Administration in Nigeria

Nigeria is governed by a federal system; hence its fiscal operations also adhere to the same principles. This has serious implications on how the tax system is managed in the country. In Nigeria, the government fiscal power is based on a three tiered tax structure divided between the Federal, State and Local government, each of which has different tax jurisdictions. As at 2002, about 40 different tax and levies is shared by all three levels of government. The Nigerian tax revenue is lopsided - dominated by oil revenue. The most veritable tax handles are under the control of the federal government, while the lower tiers are responsible for the less buoyant ones- the federal government taxes corporate bodies while state and local government tax individuals. While the federal government on average accounts for 90% of the overall revenue annually, it only accounts for 70% of total government expenditure. In 1995, the breakdown of total tax and levy collection of the three tiers of government was 96.4% for the federal government, 3.2% for the state and 0.4% for the local government (Phillips 1997). A major element contributing to this development was the prolonged military rule that had ignored constitutional provision. Over the past four decades, the country's revenues were largely derived from primary products. Between 1960 and the early 1970s, revenue from agricultural products dominated, while revenue from other sources was considered as residual. Since the oil boom of 1973/4 to date, however, oil has dominated Nigeria's revenue structure, and its share in federally collected revenue rose from 26.3% in 1970, to 81.8%, 72.6%, and 76.3% in 1979, 1989 and 1999 respectively. Over the past two decades, oil has accounted for at least 70% of the revenue, thus indicating that traditional tax revenue has never assumed a strong role in the country's management of fiscal policy. Instead of transforming or diversifying the existing revenue base, fiscal management has merely transited from one primary product based revenue to another, making the economy susceptible to fluctuations of the international oil market (Odusola, 2006).

3. METHODOLOGY

To address the predominant issues underlining the contributions of tax revenue to the economic development of Nigeria, this study exploited a pre-dominantly review approach. By means of descriptive method of research which specifies the nature of a given phenomena and presents a systematic ways of analysis, the assessment of the contribution of tax revenue to the economic development of Nigeria (using Kaduna state as a focal point), was undertaken. Given the nature of the issue in question, the data used is entirely from secondary sources and predominantly from the records of the Kaduna state Board of Internal Revenue, while personal interviews and participant observations were added as supplement. Data collected were analysed using trend analysis and the researchers choice of this method is rooted in the fact that it is easily comprehendible. It also gives the picture of whether the rate of changed achieved is increasing (or decreasing). Trend analysis equally assists analysts in understanding the composition of change and determining whether there has been an improvement or deterioration in the financial condition and performance.

3.1 Historical Background of the Kaduna State Board of Internal Revenue

The Kaduna state Board of Internal Revenue was established by section 85, A B and C of the Personal Income Tax Decree (PIT) No. 104 of 1993 as amended by Decree No.31 of 1996. Prior to 1985, the administration of taxes and fees, the collection and accounting of it was the sole responsibility of the State Ministry of Finance and Economic Planning. The above arrangement did not succeed in establishing a solid tax administration, adequate internal revenue collection and accounting in the former Northern Region including Kaduna state. On the 21st of November 1985, the Kaduna state government created through Edict No. 7 of 1985, Board of Internal Revenue as an autonomous body. Between March 1994 and June 1996, the Board was completely reorganised in line with provision of the PIT Decree. The board has its headquarters in Kaduna with twenty-two (22) offices addressed as Area Revenue offices across the state, they are Kakuri East, Kakuri West, Doka East, Doka West, Kawo, Tudun Wada, Zaria, Birnin Gwari, Kachi, Kafancha, Saminaka, Samaru, Ikara, Abuja, Lagos, Jere, Makarfi, Soba, Turunku, Kwoi, Zonkwa and Giwa. The Area Revenue Offices are the revenue generating centres of the board with the primary responsibility of collecting and accounting for all revenue receipts. These offices are coordinated and controlled by departments and units at the headquarters viz: Personal Income Tax (direct assessment) department, Personal Income Tax, Pay as You Earn (P. A. Y.E.) Revenue collection and accounting department, department of intelligence, monitoring and audit, administration and personnel department, account store and management department, tax audit department, other taxes department, legal department, internal audit unit and office of the Executive Chairman.

4. RESULT AND DISCUSSIONS

The analyses and interpretation of data obtained from Kaduna State Board of Internal Revenue Collection Performance sources are brought under review so as to answer the pertinent questions earlier in the chapter one of this study.

In order to address the issue in question, the annual Internal Revenue Collection Performance reports for the four years (year 2010 to 2013) were extracted and observed as shown in Tables 1 to Table 4. This was further computed into a trend analysis cumulative as shown in tables 5. Consequently, a computation of variance was subsequently determined as presented in table 6.

Table 1: Kaduna State Board of Internal Revenue Collection Performance 2010 Fiscal Year

Description	Budgeted Revenue for 2010 =N=	Actual Revenue for Jan-Dec 2010 =N=
Pay as you earn (State Govt)	375,000,000.00	536,024,467.83
Direct assessment	234,400,000.00	31,241,119.62
Withholding taxes	360,000,00.00	427,700,337.34
Motor vehicle registration fees	_	20,363,000.00
Other traffic registration fees	1,500,000.00	238,950.00
Stamp duties	8,000,000.00	8,910,047.50
Driver licenses (EDNL)	11,000,000.00	15.511,500.00
Motor vehicle licenses	22,000,000.00	21,052,700.00
Motor vehicle registration B/Lets	3,000,000.00	3,679,350.00
Sales of local identification	6,000,000.00	431,750.00
Capital Gain Tax	2,000,000.00	2,328,316.17
Total	1,023,900,000.00	1,067.481,770.00

Source: Kaduna State Board of Internal Revenue Report

Table 2: Kaduna State Board of Internal Revenue Collection Performance 2011 Fiscal Year

Description	Budgeted Revenue for 2011 =N=	Actual Revenue Jan-Dec 2011 =N=
Pay as you earn (state Govt)	406,250,000.00	578,429,437.55
Direct assessment	235,400,000.00	24,031,636.05
Withholding taxes	35,000,000.00	417,725,744.78

Motor vehicle registration fee	17,344,000.00	7,887,020.00
Other traffic registration fees	1,625,000.00	58,800.00
Stamp duties	8,000,000.00	9,741,880.00
Driver licenses (ENDL)	11,000,000.00	10,956,000.00
Motor vehicle licenses	22,000,000.00	15,604,650.00
Motor vehicle registration B/Lets	3,250,000.00	772,800.00
Sales of local identification	6,500,000.00	338,300.00
Capital Gain Tax	1,000,000.00	_
Total	747,359,000.00	1,065,546,268.00

Source: Kaduna State Board of Internal Revenue Report

Table 3: Kaduna State Board of Internal Revenue Collection Performance 2012 Fiscal Year

Description	Budgeted Revenue for 2012 =N=	Actual Revenue Jan- Dec2012 =N=
Pay as you earn (State Govt)	886,531,396.00	647,201,509.39
Direct assessment	138,961,974.00	32,947,150.25
Withholding taxes	731,378,808.00	472,876,129.56
Motor vehicle registration fee	26,623,213.00	9,209,395.49
Other traffic registration fees	1,033,073.00	56,025.00
Stamp duties	15,212,679.00	9,451,780.50
Driver licenses (ENDL)	22,745,881.00	7,517,500.00
Motor vehicle licenses	33,789,701.00	13,842,025.00
Motor vehicle registration B/Lets	2,066,145.00	947,550.00
Sales of local identification	2,669,533.00	29.900.00
Capital Gains Tax	1,462,758	_
Total	1,862,457,161	1,194,079,028

Sources: Kaduna State Board of Internal Revenue Report

Table 4: Kaduna State Board of Internal Revenue Collection Performance 2013 Fiscal Year

Description	Budgeted Revenue for 2013 =N=	Actual Revenue Jan- Dec 2013 =N=
Pay as you earn (State Govt)	991,391,386.00	752,281,759.30
Direct assessment	155,411,974.00	48,075,066.20
Withholding taxes	817,878,808.00	642,411,006.94
Motor vehicle registration fee	26,623,213.00	10,938,770.00
Other traffic registration fees	1,033,073.00	6,100.00
Stamp duties	15,212,679.00	12,845,747.70
Driver licenses (ENDL)	22,745,881.00	10,892,162.50
Motor vehicle licenses	33,789,701.00	24,353,800.00
Motor vehicle registration B/Lets	2,066,145.00	4,509,107.00
Sales of local identification	2,669,533.07	11,800.00
Capital Gains Tax	1,462,758.00	_
Total	2,070,285,151	1,506,325,320

Sources: Kaduna State Board of Internal Revenue Report

Table 5: Kaduna State Board of Internal Revenue Trend Analysis of Cumulative Revenue (2010- 2013)

Description	Act. Rev 2010 (%)	Act. Rev 2011 (%)	Act. Rev 2012 (%)	Act. Rev 2013 (%)
Pay as you Earn (state government)	100	(7.91)	11.89	16.24
Direct assessment	100	(23.08)	37.1	45.92
Withholding Taxes	100	(2.33)	13.2	35.85
Motor vehicle registration fees	100	(61.27)	16.77	18.78
Other traffic registration fees	100	(75.39)	(4.72)	(89.11)
Stamp duties	100	9.34	(2.98)	35.91
Driver licences (ENDL)	100	(29.37)	(31.38)	44.89
Motor vehicle licences	100	(25.88)	(11.30)	75.94
Motor vehicle registration B/Lets	100	(79.00)	22.61	375.87
Sales of local identification	100	(21.64)	(91.16)	(60.54)
Capital Gain Tax	100	(100)	_	_

Sources: Kaduna State Board of Internal Revenue Report

Table 6: Computation of Variance (Years 2010 – 2013)

Years	Budgeted Revenue (=N=)	Actual Revenue (=N=)	Variance (=N=)	Percentage Variance	Increase/Decrease
2010	1,023,900,000	1,067,481,770	43,581,770	4.08	_
2011	747,359,000	1,065,546,268	318,187,228	29.86	Increase
2012	1,862,457,161	1,194,079.028	(668,378,133)	55.97	Decrease
2013	2,070,285,151	1,506,325,320	(563,959,831)	37.44	Decrease

4.1 Interpretation of Result

Tables 1 - 4 above show a summary of revenue budgeted and the actual revenue collected by the Kaduna State Board of Internal Revenue between the year 2010 to 2013.. The revenue source with the highest growth rate is motor vehicle registration B/Lets increasing from a negative 79% in 2011 to 22.61% in 2012 and 375.87% in 2013. The situation is however not the same for revenue collected from the other traffic registration fees as a record of a high negative 89.11% was recorded in 2013. Other notable sources were Pay as You Earn (State government) appreciating from 7.9% to 11.89% to 16.24% in 2011, 2012 and 2013 respectively. Direct assessment shrugged off initial poor performance of negative 23.08% in 2011 to 37.10% in 2012 and 45.92% in 2013. In similar vein, withholding Tax revenue also recovered from a disappointing set back of -2.33% in 2011 to a positive up rise of 13.20% and 35.85% in 2012 and 2013 respectively. Revenue accruing from stamp duties dipped to -2.98% in 2012 from 9.34% in 2011. This was however followed by an outstanding increase as 2013 witnessed a rise to 35.91%. Also, revenue accruing from driver licences witnessed a phenomenal upsurge from negative figures of 29.37% and 31.38% in 2011 and 2012 to a positive of 44.89% in 2013. In terms of Capital Gain Tax, no figure was given except in 2010 showing that the Capital Gain Tax is not functional.

4.2 Summary of Finding

This research has no doubt unravelled a number of findings critical to the issues in question. One of the major findings indicates that taxes contribute immensely to government revenue. Taxation the world over is a major source of government revenue and it is capable of continuously creating an avenue for inflows into the public coffers. This is against the backdrop of the fact that revenue from natural resources may dwindle overtime, but tax remains a major source of income generation, the effective utilization of which can further guarantee economic development, through continuous provision of social amenities and basic infrastructures. Also, there are high incidences of tax avoidance and tax evasion. This is because the tax laws for exerting penalties on these tendencies are not generally enforced, hereby creating a lower tax revenue profile and loss of government revenue.

Taxation is indeed a sure revenue-generating tool, an important stabilization policy tool and a unique instrument for enhancing economic growth and development. Hence, this study revealed that the presence of multiple tax practices in Nigeria significantly affect taxpayers' compliance attitude. It equally revealed that the Nigerian tax system at present is characterized with multiple tax practices, corruption, complexity and inequalities. This is in consensus with the findings of Odusola (2006). Furthermore, other findings of this study proposed that multiple tax practices in Nigeria are corollaries of poor tax administration as well as corruption, greed on the part of tax officials and unfavourable revenue allocation formula among the three tiers of government.

5. CONCLUSION AND RECOMMENDATIONS

Tax revenue constitutes a major component of national income in a modern economy. It is the dominant source of government recurrent revenue in most developed countries. The United States of America, which is arguably the world`s largest economy is tax revenue driven. However, the impact of taxes may not be as significant in developing countries most of which are propelled by commodity export earnings. The Nigerian economy is heavily dependent on crude oil export receipts, thus the immense potentials of taxes as a major engine room for effectively driving economic growth and development has not been fully exploited. Oil as a "deleting national asset" has remained the major components of tax revenue in Nigeria and given the dangers of over-reliance on crude oil export receipts to drive the economy, there seems to have been a shift in the current economic policy discussions in Nigeria. Hence, the need to expand the tax yield through improved tax system administration has become a major economic policy thrust of government in recent times. Consequently, this paper as an attempt to factually assess the contributions of tax revenue to economic development concludes that tax is indeed a veritable tool in increasing the revenue profile of the Nigerian government, with its attendant multiplier effect of driving significant economic growth and development. Also empirical evidences exists to suggests that the developments of more positive policy measures to expand tax revenue through more effective tax administration, will subsequently impact positively in growing the economy. Furthermore, compliance through the willingness of citizens to pay tax is very important and cannot be ignored. It is suggested that government should pay attention to the factors that influence the willingness of citizens to pay tax and improve on them, thereby improving peoples willingness to pay tax, government revenue and economic growth and development of the nation generally, lending credence to the Lindahl and Bowen models that shows that there exist a significant relationship between tax revenue and economic growth and development.

Relying therefore on the findings and conclusion of this study, the following recommendations are appropriate in enhancing the contributions of tax revenue to the economic development to in Nigeria.

1. There should be a harmonization of all the different taxes according to the approved list of taxes collectible by each tier of government to minimize multiple tax practices in Nigeria. In addition, there should be collaboration among different government agencies and parastatals on tax administration.
2. There should be a continuous review of the tax laws in order to enhance tax administration and address ambiguity in tax laws. It should clearly state what is taxable, what amount to tax, when to tax, how to tax, in order to discourage multiple taxes, and to ensure high taxpayers' compliance level.
3. List of approved taxes should be made known to individuals and business organizations in order for them not to be lured into paying what they are not obliged to. In addition, taxpayers should be properly educated on the tax laws and penalties for noncompliance.
4. Continuous education and training should be given to tax official on the changes made to the tax laws and be better remunerated in order to ensure an effective and efficient service delivery.
5. To induce voluntary compliance, the government should be more responsive to the welfare needs of the citizens. The Nigerian tax system can effectively generate more revenue if only the citizens have the trust and confidence in the authority.
6. A patriotic and positive tax culture should be encouraged among taxpayers. In most developed countries, tax payment is considered as a moral and civic responsibility, thus tax avoidance is frowned at. This implies

that successive leaders and administrators leaders should demonstrate high level of patriotism through leading an exemplary life worthy of emulation.

7. In Nigeria, most of the citizens are religious and faithful people. Thus, Evoking religious injunctions could elicit more voluntary compliance and reduce tax evasion and avoidance.

8. The Nigerian tax laws should be codified in simple, non-technical languages, if possible in the three major languages. Moreover, there should be an effective judicial process to adjudicate on tax issue.

In addition to the suggestions above, it equally behoves on state governments in Nigeria to become more proactive in their revenue generation profile and this can be further enhance through a number of robust tax administration programme. The following additional suggestions can assist the state governments in this regard.

i. A well articulate and properly outlined in-service training and staff development programmes should be provided to all categories of staff in order to properly empower them for effective tax administration, due to its specialised and technical nature. Recruitment of sufficient, competent and well remunerated personnel should be a matter of priority to the state governments.
ii. The establishment of revenue court and task force on revenue generation to deal with tax evaders and defaulters and frauds on the part of tax officials will assist greatly in boosting the revenue base of federal, state and local governments.
iii. There should be adequate provision of the necessary working materials and good working environment to ease problems of tax collection and other field services in the states.
iv. There should be a more robust advocacy on business establishment legislations in the various states and local governments. This is to encourage entrepreneurs and business owners to keep proper books of account for easy and proper assessment by tax officials.
v. The State Board of Internal Revenue should be given full autonomy as against the current practise of placing them under different ministries and parastatals to enable them function efficiently and effectively. Autonomy will undoubtedly accelerate the process of decision making and lead to effective and efficient management and tax administration.
vi. The state governments should establish an internal audit unit charged with the responsibility of supervising internal control system of the State Internal Revenue Board, as this will help in reducing various cases of fraud perpetrated by tax officials and address the negative trends of loss in revenue.
vii. Improved staff welfare and remuneration is very crucial and of vital importance for the continued success of any organisation. As such, adequate social security programmes should be given top priority by the state governments.

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