

**WILLINGNESS OF PROPERTY OWNERS TO PAY PROPERTY
TAX IN BENIN CITY**

BY

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**RESEARCH WORK SUBMITTED TO THE DEPARTMENT OF
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CERTIFICATION

We hereby certify that this study was carried out by Emmanuel Oritsegbemi OSADOLOR in the Department of Geography and Regional Planning of the Faculty of Social Sciences, University of Benin.

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DEDICATION

This research work is dedicated to the Almighty God for his grace that saw me through.

ACKNOWLEDGEMENT

In the pursuit of any goal, several factors would determine its eventual achievement. Therefore, it is important for me to acknowledge the help of those who have been helpful in my quest for academic excellence in general, and this study in particular.

First and foremost, I must give thanks and honour to God almighty, who in his infinite mercy, love, wisdom and protection saw me through this program. My profound gratitude goes to my project supervisor, Dr. T.F. Balogun, who with patience and love advised and guided me throughout the research work. Sir, I wish you the best in life. My profound gratitude also goes to my father; Bishop Amos Osadolor and my ever caring mother Pastor Joy Osadolor. To my siblings, Engr. Imienfan Osadolor, Wisdom Osadolor, Emanate Osadolor and Blossom Osadolor, who never stopped supporting me throughout my academic program, I remain highly indebted to you all.

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ABSTRACT

In some advanced countries, property tax is seen as a major source of revenue, this is not the case in Nigeria. The main aim of this study was to examine the willingness of property owners to pay property tax in Benin City. Specific objectives were to ascertain the level of awareness of property tax by residents; determine the percentage of property owners that pay property tax; determine the correlation between respondents' awareness of property tax and their compliance; and ascertain the significance of the relationship between public governance quality and property tax compliance. The hypothesis was also proposed namely: property tax payers' compliance has no significant relationship with laws made by the government that is seen to provide citizens with basic amenities. A combination of stratified sampling technique and simple random sampling technique was used to administer questionnaires to 400 respondents in Benin City. Simple percentage, Likert's scale analysis, Pearson Product Correlation technique, and chi-square test were deployed in data analyses and interpretation. The result showed that majority of the sampled respondents 56% were male while 44% were female while majority of the respondents 220 (55%) were also married. It was also found that majority of respondents (80%) were aware of the existence of property tax and just 55% of them had paid. The study also showed that there is a moderately positive relation between property tax compliance and property tax awareness, with a correlation coefficient of 0.58. At 95% level of confidence, it was established that there is significant relationship between government transparency and property tax compliance. Also that public governance quality in general promotes willingness to comply with property tax by property owners. It was recommended that government must provide public services such as security, good roads that satisfy the expectations of the property owners; that the government should engage in enlightenment campaigns concerning what property tax is; and that the government should be transparent about how revenue acquired through property tax is spent as this would motivate and cause the property owners to be willing to pay property tax

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

The concept of tax is not new; it has existed in ancient times; in Nigeria it must have existed as tributes and payment homage, etc. which are paid to Kings and other rulers. In recent times, taxes are levied in different forms by government of different countries. Taxes are an undeniable sources of revenue to communities or states. The word “tax” is from the Latin word “taxo”, it is a compulsory financial charge or some other type of levy imposed upon a taxpayer (an individual or other legal entity) by a governmental organization in order to fund various public expenditures. A failure to pay, along with evasion of or resistance to taxation, is punishable by law (Wikipedia 2019).

Property tax refers to an annual tax levied on the ownership or occupation of immovable property, be it land only, land and improvements, or improvements only (Fanzsen and McCluskey 2005). Property tax is the tax levied by the governing authority of the jurisdiction in which the property is located. Bird and Slack (2002) discussed in detail the roles of property tax, dividing them into; property tax as a source of revenue and property tax as a local tax. Showing that property tax as a local tax is an important source of sub-national revenue in many countries, and more so in developing than in developed or transition countries. In the 1990s, property taxes accounted for 40% of all sub-national taxes in developing countries, 35% (up from 30% in earlier decades) in developed countries, although only 12% in transition countries. In the same period, property taxes financed a bit more than 10% of Sub-national expenditure in developed and developing countries, although little more than half that much in transition countries. Bird and Slack (2002), stated property tax as being a local tax because it is associated with the local

government of many countries; majorly because it is taxed on land and immovable properties. Besides, it is a good source of revenue for local governments.

Ali, Fjeldstad, and Katera (2017) submit that property tax is more efficient than all other forms of taxes such as income tax because its imposition does not affect resource allocation by distorting the decision to supply and invest in the form of human and physical capital. Because it is a tax on wealth, rather than productive activities, it does not undermine productive incentives – and can also encourage more productive use of land and property. This advantage holds because of the ‘immobile’ nature of the tax base. They went ahead to state it as “equitable” because they considered property tax as a progressive tax because land and capital, in general, are owned by relatively wealthy individuals. As a result, the burden of the tax is likely to be borne by middle and high income earners. And also as an administrative innovation because property tax requires the creation of systematic record keeping and organization, and involves the collection of detailed data on land and properties, thus potentially spurring broader administrative improvements.

The government of Nigeria has 3 tiers; federal government, state government local government. The local government, being the very closest to the citizens; have a direct governmental impress on the citizens of the country. The local government has some responsibilities; these responsibilities include the construction, rehabilitation and maintenance of local roads, drainage, market stalls, primary schools, slaughter slabs, cemeteries, primary health care and maternity centre’s. If these responsibilities are carried out effectively, the quality of life of residents will be greatly enhanced. Property tax is not only imposed to finance these projects; it is also among the main functions of a local government council in Nigeria (Nigeria, 1999).

Nonetheless, property tax faces a lot of problems in developing countries like Nigeria. Ali, Fjeldstad, and Katera (2017) identified the reasons for the poor contribution of property tax in developing countries as highlighted below;

- Resistance of property taxation by powerful and influential property owning elites
- Inadequate facilities, human resource and information on properties by the government
- Low political willingness by government officials to effect property taxation on the residents in order to sustain political positions
- Tax payers attitude, due to; First, property tax is levied on wealth of individuals and it may not correspond to income. Second, taxation on non-residential properties can be unpopular because it affects businesses, resource allocation and investment decisions. Third, collection of PT may not be matched with improved local services, largely due to corruption and low-level of accountability among local officials.

This work would seek to examine and provide an understanding of the reasons why residents and property owners in Benin City do not pay property tax. With this understanding, possible solutions would be provided towards the eviction of the overall problems of property taxation in Nigeria.

1.2 Research Problem

Property tax is a source of revenue to a country. This means that if there is an effective system for effecting property tax in a country it would contribute positively to the economy of the country. Property tax is known to have been successful in advanced countries. There is available data on how property taxation is operational in many advanced countries. However, in developing countries like Nigeria, property tax has been unsuccessful. Little is known about how property tax can be made effective in developing countries, it is not known whether property

owners accept property tax in developing countries. Lack of detailed information about property tax practices and experiences in other developing countries make it difficult to draw lessons that can be helpful in the analysis of property taxation in a developing country like Nigeria. Data available on the subject in advanced countries have limited application in the “African city and the developing country” context.

Effective property taxation in Nigeria is no doubt a means of accelerating development in the country. There has to be proper understanding on how property tax can be effective in the country. The success of property tax in advanced countries does not mean the same methods applied in Nigeria would be successful. Research on tax compliance has to be carried out in developing countries like Nigeria; hence investigating property owners’ willingness to pay property tax would be of help in determining how to positively affect property taxation in Nigeria to catalyze development in the country

1.3 Aims and Objectives

The purpose of this study is to find out the factors that affect willingness to pay property tax.

The objectives are to;

- ascertain the level of awareness of property tax by property owners
- determine the percentage of property owners that pay property tax
- determine the correlation between respondents awareness of property tax and their compliance
- ascertain the significance of the relationship between public governance quality and property tax compliance

1.4 Statement of research hypothesis

The following hypothesis stated in null form will be tested in this study

H₀: Property tax payers' compliance has no significant relationship with laws made by the government that is seen to provide citizens with basic amenities

1.5 Significance of the Study

This study would be of immense importance to the local government authorities on how to effect tax policies in a way that revenue would be acquired for development. Also, it would be of importance to researchers and students who are interested in property taxation in Nigeria and in comparison with other countries of the world.

1.6 Study area

The study area is Benin City, Edo state, Nigeria. Benin City is the capital of Edo state. Historically, the Benin kingdom was first referred to as Benin City by the Europeans who visited at 1472 A.D. They were so impressed with the political and social development of the Benin Kingdom that they compared it with the civilized cities in Europe like Manchester City and Amsterdam.

Benin City is the area bounded 6°21' N at the north, 6°14' N at the south, 5°34' E at the east, and 5°44' E at the west .Benin City comprised of three Local Government Areas: Oredo, Egor and Ikpoba-Okha. The United Nations projected the population of Benin City for the year 2021 as 1,495,000.

The Area experiences both wet and dry seasons; the wet season lasting from April to November while, the dry lasts from December to March. The rainfall patterns is characterized by

double maximum pattern in each given year as observed from the twenty- year data from the Benin synoptic station. The annual mean rainfall averaged over a twenty (20) year period indicated that Benin had 2,147.36 mm.

A significant portion of the land in the area is put into agricultural use. Other significant sections of the land support forest growth, fallow lands and rivers. Roads, communal dwelling places and other infrastructures occupy land areas in the State.

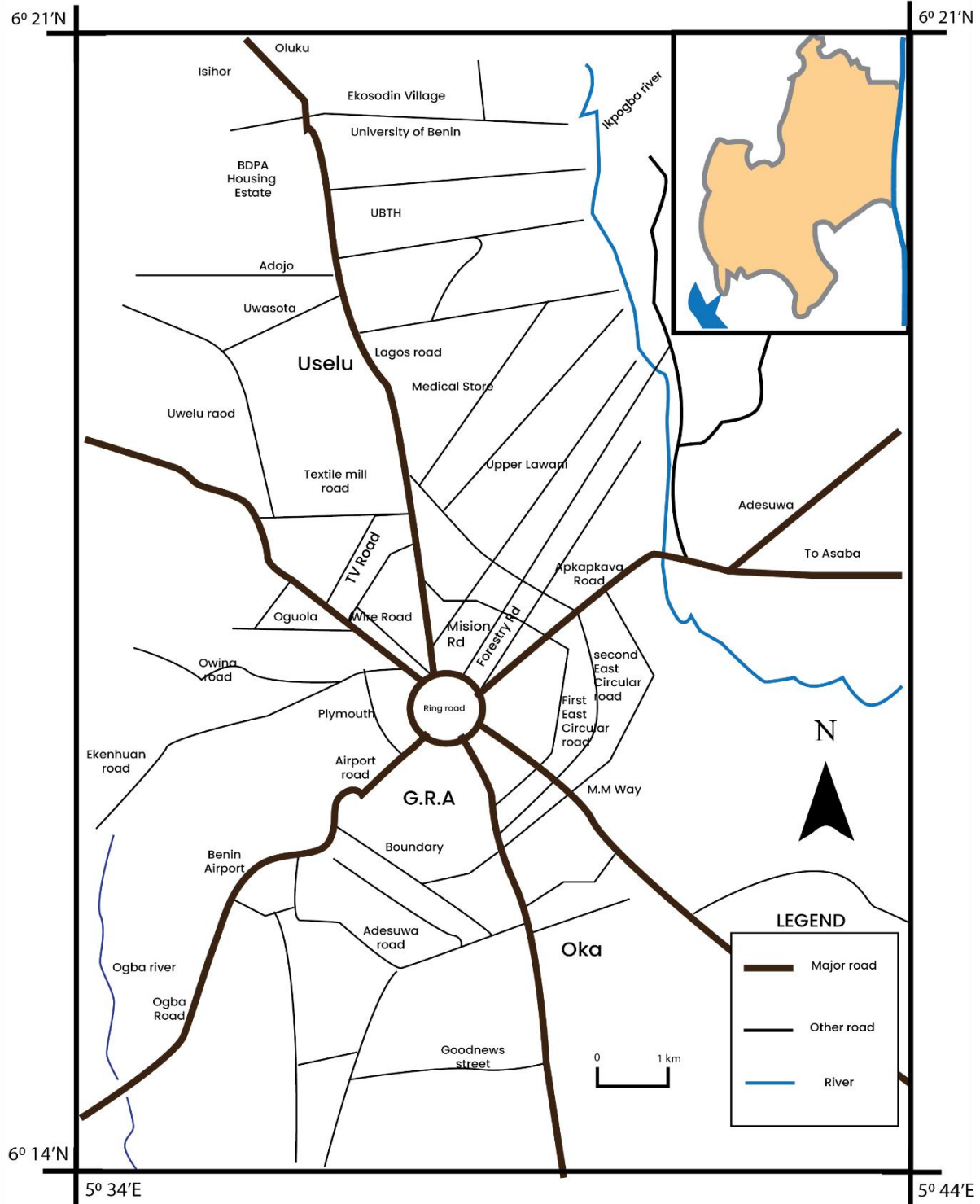


Figure 1.1 Map of Benin City

Source: https://www.researchgate.net/figure/Map-of-Benin-City-Insert-Edo-State_fig1_274735455 (accessed 20th July, 2021) modified by researcher

1.7 Scope of the study

This study evaluates the willingness of property owners in Benin City to pay property tax. The study does not cover all taxes like; Capital Gains Tax, Personal Income tax, Companies Income Tax and so on. Due to financial constraints, time constraints, and shortage of information supply, the study is streamlined to property tax in Benin City

1.8 Limitations of the study

Every study has its own limitations and this study is not an exception. The following limitations were encountered in this study.

1. No remedy for poorly answered questions
2. Low response rate from respondents

CHAPTER TWO

REVIEW OF LITERATURE

2.1 Introduction

There has been attention giving to property tax over the past few years especially in developing countries. This chapter gives attention to the concept of property tax as well as factors that affect the willingness of property owners to pay property tax by reviewing extant literature on the subject matter. Therefore, this chapter will take a cursory look at the works of other researchers the concept of property tax.

2.2 Conceptual framework

Property tax

Property tax is an annual levy on immovable property, such as land and buildings, usually paid by the owner to the state. This form of taxation is closely associated with financing municipal government because of the immediate connection between property values and services funded at the local level. These services may include the provision of water, sewage, refuse collection and policing, and the maintenance of public parks, schools and roads. (Africa Research Institute 2015)

Though property tax can have many forms, it is generally levied as an annual tax on the value of real property such as land and buildings. There are exceptions to this definition as capital invested on land in general, and non-residential activities like businesses in particular, could be mobile. Property tax is known to have made a significant contribution to local government income revenue, especially in the advanced countries of the world. For instance, between 1923 and 1973, Afon (2013) reported that the annual contribution of property tax was

not less than 26.20 per cent to local government internally generated revenue in England. Similarly in the USA, property tax is historically the most important tax for local governments. They conclude that property tax as a proportion of all other taxes contributed 77.20 per cent for counties, 93.70 per cent for townships, and 96.80 per cent for school districts. Property taxes contributed 79.60 per cent of revenue for special districts and 32 percent for municipalities.

While Property tax as a share of GDP can reach as high as 2% or more in high-income countries, it accounts for less than 1% in developing countries. Western European countries, United States, Canada and Australia on average collect PT that is close to 2% of their GDP. Some upper middle-income countries such as Brazil and Argentina also have a share similar to most developed countries. Transition countries in Central and Eastern Europe and former Soviet Republics revenues from PT represents close to 1% of their GDP. For most low-income African countries where data is available, PT contributes to less than 0.1% of their GDP. (Ali et al 2017)

Afon (2013) identified that the advantages of Property tax in advanced countries are as follows;

First property tax provides the local government with an independent source of income from within their own boundaries and raises a large amount of revenue.

Second, property tax is payable on immovable property; which makes the tax almost impossible to evade.

Third, this form of tax is one of the easiest and most economical to collect.

Fourth, it acts as an impediment to under-occupation of property, encouraging fuller occupation of property.

Fifth, since the tax is paid on properties, owners are encouraged to take an interest in local government activities. Sixth, property tax offsets expenses on increasing demands for more and better social and public services as towns grow. (Afon 2013).

The benefits of property tax in Latin America have however been identified to be;

- I. **Tradition:** Records of taxes levied on land and buildings date back more than 200 years, indicating a reasonable degree of familiarity and acceptance among citizens, as well as awareness of tax procedures among public administrators.
- II. **Progressivity:** Direct taxes such as the property tax place heavier tax burdens on the owners of more highly valued properties, and this progressive effect is especially attractive in countries where wealth is more highly concentrated than income. Taxes on goods and services, which are essentially regressive, currently prevail in the region. Indeed, consumption taxes represent more than 50 percent of the tax burden in Latin America on average compared with 31.7 percent in countries.
- III. **Regulatory impacts:** A vigorous tax on real estate can be instrumental in imprinting discipline in urban land markets. In particular, it can improve land use efficiency. It can also help to prevent the spread of housing informality. Informal settlements receive little attention from public officials because they do not contribute to public revenues, and they remain informal and off the tax rolls because of this neglect. Taxing informal properties could reorient the provision of public services, reduce the extraordinarily high land prices in third world cities, improve the efficiency of serviced land, and increase land titling.

- IV. **Taxpayer awareness:** Property taxation may help to build a positive fiscal culture by making citizens more aware of their responsibility for the cost of public services. Not surprisingly, many in Latin America refer to the property tax as “the citizen tax.”
- V. **Government transparency:** The visibility of the property tax, often considered a liability, in fact helps to increase the transparency of local government and encourages fiscal accountability when the tax system is equitable and revenues are used properly. As a result, property taxation may serve to improve governance and raise taxpayer confidence in local government.
- VI. **Local autonomy:** The property tax is a major element in promoting local autonomy. It has the potential to constitute the primary source of revenue for maintaining local urban infrastructure and services.

While property tax has been praised for having various advantages, it is also known for some significant short comings. Because the tax is easily understood, in many cases tax payers find reasons for objecting. Also, it is an inelastic source of revenue because it is hardly increased with growth of economy. Therefore, it is unable to meet the needs for local infrastructure resulting from economic and population growth. It is also said that property tax is difficult and expensive to administer. Property tax is highly criticized for being unfair as it is unrelated to ability to pay and unrelated to benefits received. However despite all the criticisms, property tax remains the most common source of revenue to local governments throughout the world.

A Brief History of Property tax

Historically, tax levied on property covered both movable and immovable property. Wealth covered a person's wealth and assets. Due to this, taxes of different types have developed over time. Before the existence of a monetary system, taxes were paid by a percentage of crops raised. Some of the most common forms of taxation over the millennia were poll taxes, tariffs on goods, and property taxes on the value of land, buildings, and other personal property.

In ancient times, the earliest known tax records, dating from approximately six thousand years B.C., are in the form of clay tablets found in the ancient city-state of Lagash in modern day Iraq. Ancient Egypt had a thriving culture that began around 5,000 B.C. and lasted thousands of years. Taxes were levied against the value of grain, cattle, oil, beer and land. Approximately one in a hundred people were literate; they were called scribes. Some of the scribes were tax assessors. They kept records about who owned title to lands along with the size of their fields. At various times they collected annual or biannual data by counting cattle and checking the crop yields. The most common taxpayers were the farmers, from whom assessors coerced collection.

Alexander the Great (356 B.C. – 323 B.C.) conquered the known world. While he was a military genius, he was also an able administrator. As he moved through parts of his world, he left administrators with explicit instructions on how to implement property taxes. The people were very heavily taxed, and the collected money went to the treasury of the king, not to public improvements. Alexander's tack was to substantially cut taxes and use half of the raised funds for public improvements (water systems, roads, ports, etc.) while keeping the remaining half for his treasury. Therefore, the people not only paid fewer taxes while receiving more benefits for their taxes, but they were also far less likely to revolt against his administrators.

During the medieval times, land taxes in England had existed for hundreds of years, and although the lords and king owned land, most peasants paid taxes by way of rent each year. If the

land was particularly productive, the rental value was higher. In the tenth, eleventh and twelfth centuries an average peasant paid one tenth (a tithe) of the value of crops to the lord who then passed on a percentage to the king. Peasants were also required to give either an additional one-tenth of their crop to the church or spend one tenth of their labor working for the church.

Tax on property continued to spread in European countries in the nineteenth and twentieth century. For instance in Netherlands, it was introduced in 1892, in Denmark 1904, Sweden 1910, Norway 1911 and also in Germany 1922. The colonial governments introduced property tax in developing countries for example, Africa in the twentieth century

Features of Property Tax

Property taxes appear to be minor revenue sources when measured in terms of their share of a country's GDP and total national tax revenues. For example in developed countries the property taxes was a bit more than 1% of GDP and about 4% of all tax revenue (Bird and Slack, 2002). Despite this insignificant contribution to revenue at national level, property tax represents an important source of sub national or local revenue in many countries. There are countries where property tax represents an important and often the only tax available to local government. Like in Australia, local authorities rely almost exclusively on property tax as an own source of revenue. (McCluskey and Franzsen, 2001). On the other hand property taxes stand as much more important in rich countries than in developing and transition countries with for example the highest property tax to GDP ratio (1995 data) recorded in Canada – 4.1%, US – 2.9% and Australia 2.5%. In contrast however, developing countries tend to generate significantly less property tax revenue typically at a maximum of 40% of local government revenue, 2% of total government revenue and 0.5% of GDP. (Kelly and Montes, 2001).

Property tax or land tax as variably referred to in different countries, basically the same in terms of taxation objectives but there is variation in terms of the base on which the tax is levied. The practice adopted by any country has no relation to the level of development (whether developed, transition or developing) of a country. As such countries levy property taxes while others levy land taxes, but the motives behind the tax remain the same.

Tax base

Property taxes are generally levied on all types of properties; residential, commercial, and industrial, as well as on farm properties. Sometimes different categories of property are treated differently. Sometimes certain classes of property, or property owner, or uses of property, are exempt. Some countries tax only land. A few tax only buildings. Most tax both land and buildings or improvements, usually together. but in some countries (e.g. Hungary), they are taxed separately. Some also tax machinery or tangible business assets. In most countries, property tax is levied on land and improvements. In some countries, however, only the land portion of the property is taxed (e.g. Kenya and some parts of Australia and South Africa). In Tanzania, unusually, only

buildings are taxed. In countries where both land and improvements are taxed, the land portion is sometimes taxed more heavily than improvements (Franszen and McCluskey 2005)

One problem with taxing land alone, however, relates to the administration of the tax. Accurate land valuation presents a challenge to assessors because most urban real estate sales combine the value of land and improvements. Site value taxation requires the subtraction of the value of the improvements from the value of the property as a whole in order to derive an assessed value for the land. For this reason, some consider that such taxation is unacceptably arbitrary. On the other hand, some authors have argued that valuation of land alone is probably easier than valuation of property (Bird and Slack 2002)

Instead of assessing the value of land and improvements and then subtracting the value of improvements, site values per square meter could, it is argued, be estimated directly from sales and demolition records. This

debate has not been resolved in the literature with respect to developed countries. But it must be remembered that the original arguments for site value taxation were made in a context in which cities such as San Francisco were growing rapidly – where land that was worthless one day was worth a fortune the next owing to the influx of population. Along these lines, it has sometimes been suggested that valuing land separately may be less of a problem in developing countries in which urban areas are growing rapidly. In many such countries, land and improvements are in practice assessed separately in any case, with land value being estimated on the basis of a land value map and building value in accordance with construction cost tables. On the other hand, even if assessment is done separately, if the rate is uniform and taxpayers can only appeal the total value, however, the division between the two components becomes arbitrary. Another problem has to do with the potential revenues that can be collected from a site value tax. Since the tax base is considerably smaller than the value of land and

improvements combined, site value taxation can only produce comparable revenues at very high rates of tax. This is a problem both because higher rates create greater distortions and because it is likely to be politically easier to levy a lower property tax rate on land and improvements than a higher tax rate on the land portion only

Exemptions

Although there is great diversity in the use of exemptions, some properties are exempt in most jurisdictions. For example, property owned and occupied by government is generally exempt from property taxes. Other property types that are often exempt include colleges and universities, churches and cemeteries, public hospitals, charitable institutions, public roads, parks, schools, libraries, foreign embassies, and property owned by international organizations. In some countries, agricultural land and

principal residences are also tax exempt. In some instances governments make payments in lieu of taxes on their properties. These payments in lieu are generally negotiated between governments and are often much less than the property taxes would be. In Canada, for example, it is the federal government, and not the taxing authority, which determines the values and rates to be used in the payment in lieu calculation.

Tax rates

Tax liability is determined by multiplying the assessed value times the tax rate. Given the size of the tax base, the tax rate determines how much revenue the property tax will generate. Tax rates are sometimes determined locally and sometimes by the central government. There are very considerable differences between countries with respect to the extent to which local governments are free to determine tax rates. Sometimes (Japan, Ukraine, Chile, Thailand, Tunisia) rates are essentially set by the central government. Sometimes (Hungary, Colombia, Philippines) there is some local discretion, within centrally-set limits. Sometimes (Canada, Argentina, Kenya) there is complete local discretion. Where rates are determined locally, as in Canada, local governments first determine their expenditure requirements. They then subtract non-property tax revenues available (e.g. intergovernmental transfers, user fees, and other revenues) from their expenditure requirements to determine how much they need to raise from property tax revenues. The resulting property tax requirements are divided by the taxable assessment to determine the property tax rate. Even where rates are locally determined, there are

often limits placed on them by the central government: for example, in Ontario, Canada, tax rates imposed on non-residential property are effectively “capped” at present in most localities. If a local government is to make efficient fiscal decisions, it needs to weigh the benefits of the proposed services with the costs of providing them. If local governments do not finance these services themselves, then the link between expenditures and revenues is lost and the choice of services will not be based on their cost. Tax rates at the local level places accountability for tax decisions at the local level. Local determination of tax rates is particularly important in the many countries in which the tax base is determined by a senior level of government (Franzsen and McCluskey 2005)

Local tax rates may have to be set within limits, however, to avoid distortions. A minimum tax rate may be needed to avoid distorting tax competition. For example, richer local governments may choose to lower tax rates to attract business. With their larger tax bases, they can provide equivalent services at lower rates than poorer competing regions. The resulting location shifts may not be allocatively distorting, but they are often politically unwelcome. In addition, a maximum rate may be needed to prevent distorting tax exporting, whereby local governments levy higher tax rates on industries in the belief that the ultimate tax burden will be borne by non-residents. Such tax exporting severs the connection between payers and beneficiaries and renders decentralized decision-making about taxing and spending inefficient. Many local governments levy rates that differ by property class. Different tax rates may be imposed for different classes of property (residential, commercial, and industrial, for example). This system gives local governments the power to manage the distribution of the tax burden across various property classes within their jurisdiction in addition to determining the size of the overall tax burden on taxpayers. Generally where such variable tax rates are applied, properties

are assessed at a uniform ratio (100 percent or some lesser percentage) of market value. Another and probably more common way to differentiate among property classes is through a classified assessment system, as in the Philippines, for example. Under this system, classifications or types of property are differentiated according to ratios of assessed value but a uniform tax rate is applied. In terms of accountability, variable tax rates would be more visible and easier to understand for taxpayers than a classified assessment system, which may, unfortunately, be one reason that they are less commonly employed than differentiated assessment ratios. Indeed, even when assessment ratios differ substantially among classes of property, the differentiation is more often a matter of practice than of law and requires special study to be determined. (*Bird and Slack 2002*)

Property tax Administration

Efficient property tax administration relies upon the efficiency of each of the key steps involved in the process of taxing real property. Property identification, valuation and assessment, and tax collection are the key components of any property tax administration system

Assessment

In general, two distinct assessment methodologies are used for property taxation. They are area-based assessment and value-based assessment, with the latter being divided into capital and rental value approaches. In addition, some countries use a system of self-assessment.

Under an area-based assessment system, a charge is levied per square meter of land area, per square meter of building (or sometimes “usable” space), or some combination of the two. Where measures of area are used for land and buildings, the assessment of the property is the sum of an assessment rate per square meter multiplied by the size of the land parcel and an assessment rate per square meter multiplied by the size of the building. The assessment rates may be the same for land and buildings, or they may be different. For example, a lower unit value per square meter might be applied to buildings to encourage development (Bird and Slack 2002)

A strict per unit assessment results in a tax liability that is directly related to the size of the land and buildings. With unit value assessment, the assessment rate per square foot is adjusted to reflect location, quality of the structure, or other factors. Market value has an indirect influence on the assessment base through the application of adjustment factors.

For example, the assessment rate per square meter might be adjusted to reflect the location of the property within a particular zone in the city. Although the specific location of the property within the zone is not taken into account, properties in different zones will have different values.

The adjustment factors are derived from average values for groups of properties within each zone and do not reflect the characteristics of each individual property. When the groups are defined narrowly enough, however, unit value begins to approximate market value. For example, a zone could be defined anywhere from an entire city to specific neighbourhoods to properties on one side of a street individual properties. Market value is defined as the price that would be struck between a willing buyer and a willing seller in an arm’s length transaction. Market value assessment is used in Indonesia, Philippines, South Africa, Latvia, Argentina, and Mexico. A variation of the market value approach is used in the United Kingdom. Under the British council tax, the value of each residential property is assessed and placed on a valuation list in one of

eight valuation bands. The value assigned to each property only indicates the valuation band and not the actual value of the property. Any change in value because of a change in house prices generally does not affect the banding. Individual properties could be re-banded only under two circumstances: if the local area changes for the worse, all homes in the area may be placed into a lower band. If a house is expanded it will be re-banded only after it is sold; if a home decreases in value because part of it is demolished, it may be re-banded immediately (Franszen and McCluskey 2005)

Using market value to assess the tax base is generally considered fairer than using alternative approaches such as area-based assessment because the former reflects the benefits provided by local services financed by the tax. For example, the benefit from having a property closer to public gardens or major transport facilities offers more benefit to the owner that is not necessarily captured by a property's dimension using area-based assessment. In general, valuation of properties that does not capture the real value of the property may result in differences in the effective tax rates across properties and hence becomes inequitable. (Ali *et al* 2017)

Public governance and Property tax compliance

This subject discusses how the government can influence property tax compliance. A transparent and accountable government would build the confidence and trust of the tax payers. (Ali *et al* 2018). Policymakers can encourage compliance by increasing the perceived benefit of tax payment. That is, taxpayers are far more likely to voluntarily comply with property taxes if they see them as the legitimate price paid for decent local public services. A typical evidence of this is Lagos state during the government of Governor Babatunde Raji Fashola. Revenue generated through property tax was increased. The increased property tax revenues generated

were spent on highly visible and popular infrastructure, such as roads. Between 1999 and 2011, Lagos State's revenues from state-level taxes increased five-fold to over \$1 billion. Capital spending increased from \$600 million in 2006 to \$1.7 billion in 2011(Blake and Kriticos 2019).

For property taxes in particular, tax payments can not only be linked to better infrastructure delivery, but also to more secure property rights. Property tax payments therefore become the legitimate price paid for both tenure security and local infrastructure delivery. This is contrary to the situation in many other states in Nigeria where residents are not willing to pay property rates due to the very low level of satisfaction with the available public services (Afon 2013). Many property owners resist paying their bills due to the lack of any visible benefits, especially in areas with poor infrastructure and irregular or non-existent service delivery. (Ali *et al* 2018)

Tax education and Tax compliance

An essential factor, which could influence tax compliance, is the knowledge of taxation. Knowledge requirements for small business owners' tax compliance are relevant. Tax specific knowledge is necessary in order to enable small business owners to comply, as well as to increase their willingness to pay argued Kamleitner et al. (2012). Kirchler (2014) observed that general educational level is significantly related to tax compliance. One of the fundamental ways to increase public awareness is for the taxpayer to have knowledge about taxation argued Lumumba (2010). Lumumba (2010) also found that individuals did not pay their tax obligation because of their inability to understand tax law requirements. Empirical evidence shows that poor knowledge on tax systems breed distrust according to Niemirowski et al. (2012). Poor knowledge can evoke distrust and negative attitudes towards tax, where good tax knowledge

correlates with positive attitudes towards taxation further argued Niemiowski et al. (2012). A study by Palil (2011) has revealed that tax knowledge has a very close relationship with the taxpayer's ability to understand the laws and regulations of taxation and their ability to comply.

The above-mentioned studies, which indicate a positive relationship between tax knowledge and compliance behaviour, were not consistent with a study in Nigeria. High tax rates, complex filing procedures, and not lack of tax knowledge are the most crucial factors causing non-compliance of individuals argued Atawadi and Ojeka (2012). Ramharak (2014) concluded that increasing tax knowledge did not have a significant impact on perceptions of fairness and tax compliance attitudes among Individuals. This study therefore sought to assess the possibility of lack of knowledge as the major factor on non-compliance among individuals in a developing country. The study revealed that dwellers in Zimbabwe do not comply with tax law, they pose only basic tax knowledge and lack a deeper understanding of tax issues however this is insignificantly influencing the non-compliance behaviour among them. A question that has been raised by previous researchers is whether the enhancement in knowledge automatically increases tax compliance. It emerged that enhancing tax knowledge on its own without addressing the high tax rates and corruption will not positively impact on property tax compliance behaviour (Blake and Kriticos 2019).

2.3 Theoretical Framework

Theory of Planned Behaviour

Public attitude, according to Ajzen's (1991) theory of planned behaviour, attitude related to one's own personal view about behaviour. Attitude may also be seen as positive or negative views of an attitude object, that is, a person, behaviour or event. In the context of property

taxation, taxpayer's attitude maybe defined as positive or negative views of tax compliance behaviour.

Generally, tax system structure, non compliance opportunity, attitude and perception have direct influence on the willingness of property owners to pay property tax. The outcome of positive views is willingness and eventually property tax compliance, while the outcome of negative views is unwillingness and hence non compliance.

Studies on the perception of property owners and how it affects their willingness observed that how residents perceive an issue may produce a change of attitude and also promote pressure groups and spirited public participation. Furthermore, how issues are perceived would help policy makers to identify the need and direction to which public education and enlightenment campaign will focus (Afon 1998). Public unrest may be averted since policies and programmes of government at whatever level that do not go down well with the public are quickly dropped or modified through appropriate information on perceptions. Therefore, for effective public participation in property tax, which is the only pivot on which its success rests, the residents' perceptions cannot be over-emphasized. Though each individual has their own perceptions, there seems to be substantial agreement amongst members of the same socio-economic and cultural background to have similar view of urban issues (Lynch 1977), most especially when they are living in the same urban residential zone.

Willingness reflects beliefs about property tax and feelings of moral obligation to act and comply by paying the tax. Hence, an individual's attitude towards the property tax system may predict his tax compliance behaviour. A taxpayer that has an attitude of property tax evasion is expected to be non compliant. Ali *et al* (2018) stated that taxpayers attitude towards a tax system

has an influence on tax evasion and compliance. Other studies reported similar findings on the relationship between tax payers willingness and compliance behaviour.

Blake and Kriticos (2019) declared that public governance quality is necessary to have a good property tax system. If the tax payers perceive that the rate of transformation from political goods is low, they will feel that the government has not kept its obligation of the contract, as a result, property tax willingness would deteriorate.

Principal-Agent Theory

The principal-agent theory explains social relations involving a delegation of authority (by a principal to an agent), and starts from the observation that the relationship generally results in problems of control. The most important problem emanates from difficulties in motivating an individual or an organization to act on behalf of another. Moreover the problem of motivation is as a result of difficulties associated with the inability of the principal to observe and control the actions of the agent. The principal-agent approach has a wide application in analyzing hierarchical relationships under contracts. Relating to taxation the approach has been used in theoretical tax compliance studies. Sanchez and Sobel (1993) used the model to demonstrate the conflict between the governments which has the responsibility of selecting a tax policy, and the auditor, who has the job of enforcing the policy. One of the conflicts shown from the above study is the auditor's divergent incentive from those of the government. The government would want to control the budget so that less is spent on auditing and more on social welfare, but the auditor's interest would be to spend more on auditing. Although the example is relevant for this study the application is slightly different.

The principal-agent theory was used to help the understanding of relationships among the key actors in property taxation. The property tax practice presents relationships of central government, local authority, tax administration system and taxpayers at different levels. Given the situation of property tax in this study, how can the current situation be changed under a principal-agent framework? The principal-agent framework is not only of interest for understanding the relation between various administrative levels within the taxing authority but is also useful for understanding the relation between property owners and the political leaders. How can the property owners create incentives so the leaders act in accordance to the wishes of the property owners? In this study political leaders at the grass root play an important role in property taxation.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This study examines the willingness of property owners to pay property tax in Benin City, Nigeria. So far we have been able to review literature on the subject matter. This chapter focuses on the research design, population and sampling, sources of data, research instrument, and operation of variables

3.2 Research Design

The research design is adopted as the framework to chart the course of the study. The research design specifies the methods and procedures for collection, measurement and analysis of data. The research investigation was designed to follow a quantitative approach in the examination of the relationships and associations between and among the variables under investigation.

3.3 Population and Sampling

The study which is aimed at investigating the willingness of property owners to pay property tax in Benin City will focus on the population of Benin City as the study population. For the purpose of sampling, a combination of stratified sampling technique and simple random technique was employed. Firstly Benin City was stratified into areas where property tax is in operation and areas where property tax is not in operation. The areas where property taxation is in operation in Benin City are: Ring road, Akpakpava road, Mission road, Forestry road, Airport

road, Sapele road and all Banks in Benin metropolis. While every other area does not have property tax in operation. The Questionnaire was divided into two, with 300 questionnaires administered in “areas where property tax is operational in Benin City” and 100 administered in “areas where property tax is not operational in Benin City” and then the questionnaire was administered randomly giving every individual an equal chance of being selected.

In determining the sample size, the Taro Yamani (1964) formula was used as presented below:

$$n = N/1 + (Ne^2)$$

Where;

n = Sample size

N = Population Size

e = error limit

Given an error limit of 0.05 and the study population of approximately 1,495,000

The sample size determination is calculated below;

$$n = N/1 + (Ne^2)$$

$$n = 1,495,000/ 1 + 1,495,000(0.05)^2$$

$$n = 1,495,000/3738.5$$

$$n = 399.89 \approx 400$$

Thus using the formula above and following the calculation for determining the sample size, 400 persons was arrived at as the right sample size (n) for the study using the error limit of 0.05.

3.4 Sources of Data

Basically, the sources of data for this research study were through both primary and secondary data, primary data was collected from information and responses resulting from the administered questionnaires.

The secondary data were collected from textbooks, journals, articles, work paper, seminar papers and lecture notes delivered by professionals on property tax and other issues relating to property tax.

3.5 The Research Instrument

The research instrument is a structured dichotomous and likert scale questionnaire consisting of three (3) sections. The questions in section A relates to the demographic factors of the respondents while the section B covers the tax compliance status of the respondent. Section C is divided into two sub sections each relating independent and dependent variables. The likert scale in the questionnaire has responses of strongly agree, agree, undecided, disagree and strongly agree with each of them been coded as 5,4,3,2, and 1 respectively.

3.6 Methods of Analysis

The data to be collected in this study was analyzed using the SPSS (statistical package for social sciences) software. Data was analyzed using simple descriptive and inferential statistics. As such, frequency count, bar graph, pie chart and simple percentage was used to show the relative proportion of the various factors under consideration.

The hypothesis was tested using the chi-square test. The chi-square test is used to determinant the frequency between what we expect from the event and what we observed when the event occurs. It is used to estimate the likelihood that some factors other than chance (sampling error) account for apparent relationship. Below is the Chi-square formula.

$$\text{Chi-square test } \chi^2 = \sum \frac{(f_o - f_e)^2}{f_e}$$

Where,

χ^2 = Chi-square

f_o = frequency observed

f_e = frequency expected

Assuming 5% level of significance

CHAPTER FOUR DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter contains the presentation and analysis of data collected for this study. The statistical methods of descriptive statistics was used to reach the research objectives, and chi-square test was used to analyze the data in order to test the hypothesis. Four hundred copies questionnaires (400) were administered and the same number was returned, this gives a response of hundred percent (100%). This chapter is divided into three (3) sections, the preliminary survey details which analysis was done using simple percentage method, the second section is the presentation of information according to the key research questions, while the last section presents the test of hypothesis using the chi-square test. The testing of hypothesis is to prove the validity or otherwise, of the hypothesis formulated.

4.2 Preliminary Survey Details

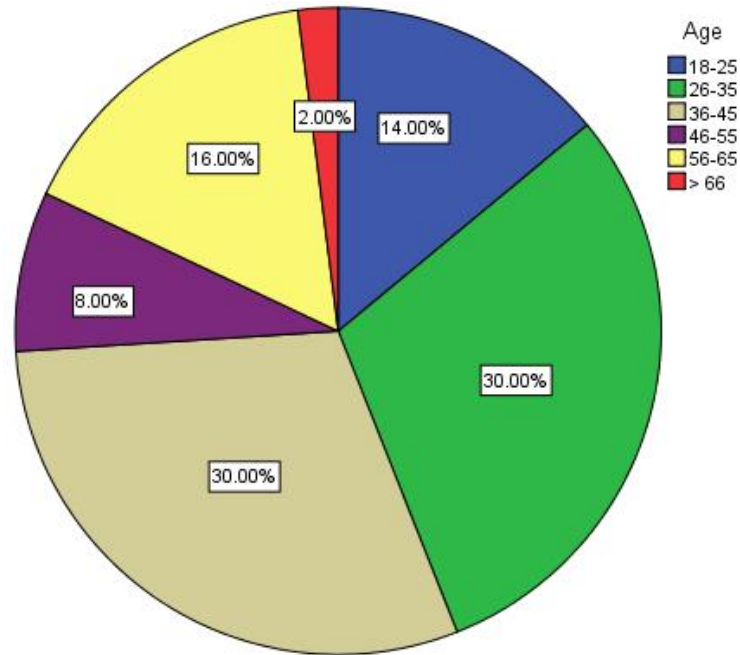


Figure 4.1: Ages of respondents
Source: Field survey (2021)

The Figure 4.1 above shows that most of the respondents fall within the '26 – 35' and '36 - 45' age bracket, while the least number fall in the group of respondents who are '65 years and above', which is only 2%, age bracket 56-65 had 18% of the respondents, bracket 18-25 had 14% of respondents, while age bracket 46-55 had 8% of respondents. Therefore, majority of respondents are in their active age

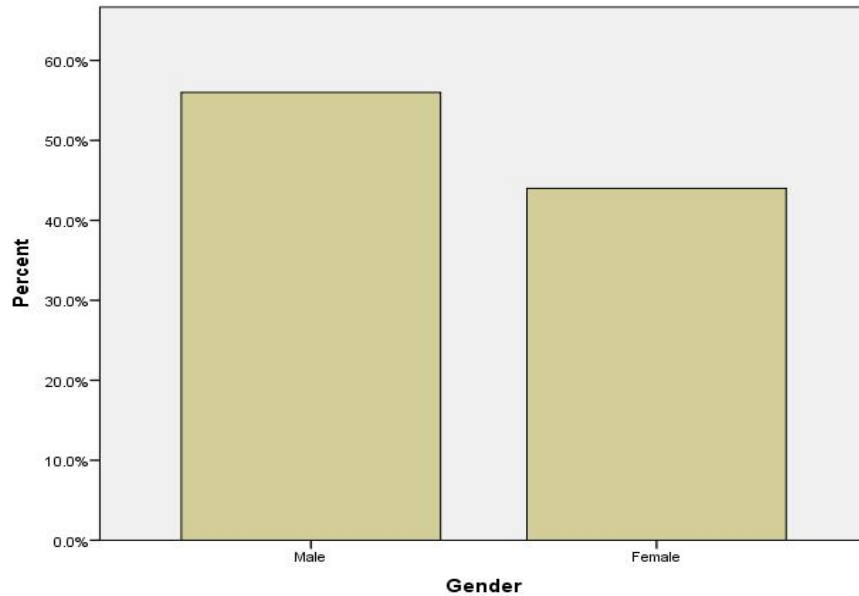


Figure 4.2: Gender of Respondents

Source: Field survey (2021)

The Figure 4.2 above shows that majority of the respondents in this research were males, with 56% while 44% of the respondents were females. Both genders were well represented in the survey

Table 4.1 Marital Status of Respondents

	Single	Married	Divorced	Widowed
Frequency	116	220	20	44
Percent (%)	29	55	5	11

Source: Field survey (2021)

The Table 4.1 above shows that 116 (29%) of the respondents were single, 220 (55%) of respondents were married, 20 (5%) of the respondents were divorced, and 44 (11%) of respondents were widows. Clearly the highest percentage of respondents were married

Table 4.2. Educational Status of Respondents

Highest Educational Qualification	Frequency	Percent
Graduate Certificate	104	26.0
None	24	6.0
Postgraduate Certificate	108	27.0
Primary School Certificate	72	18.0

Secondary School Certificate	92	23.0
Total	400	100.0

Source: Field survey (2021)

Table 4.2 indicates that, 104 (26%) of respondents were Graduates, only 24 (6%) of respondents had no formal education, 108 (27%) of respondents were postgraduates, 72 (18%) of respondents had primary school certificate, while 92 (23%) of respondents had secondary school certificate. Majority of respondents were graduates followed by post graduates and then secondary school leavers, the smallest number were those who did not have any certification at all and they were only 24 (6%) of them. This means that the respondents understood the questionnaire

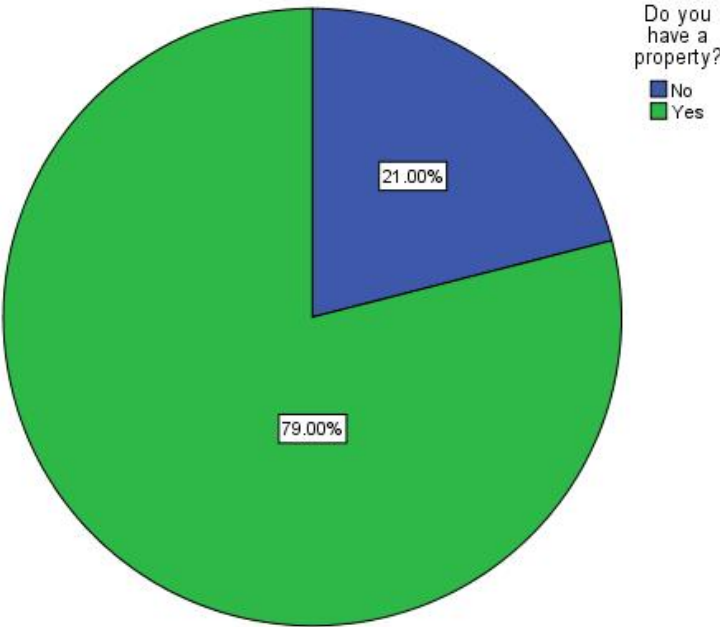


Figure 4.3 Property owners and non-property owners

Source: Field survey (2021)

Among the respondents, 79% of respondents owned property, while 21% did not.

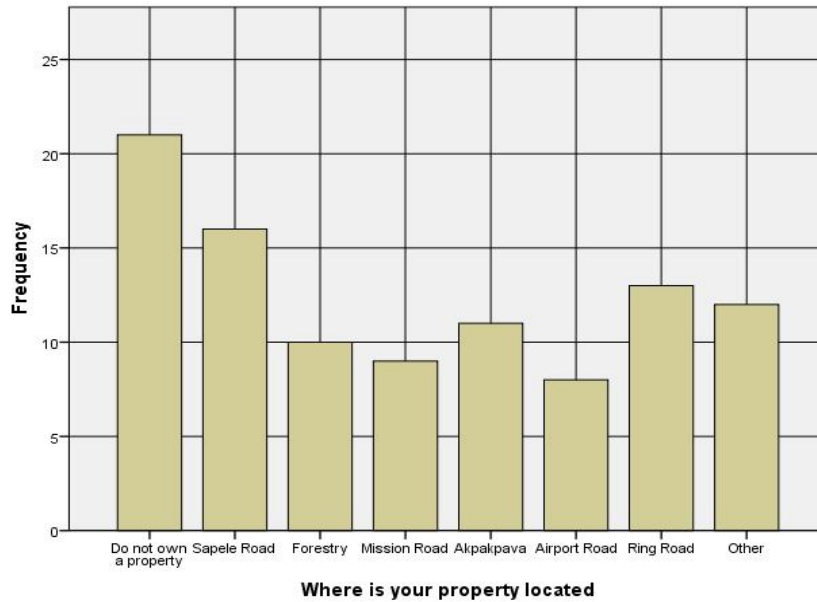


Figure 4.4: Distribution of respondent’s location of property
Source: Field survey (2021)

The Figure 4.4 above shows that 21% of respondents did not own property, 16% of respondents had property located at Sapele Road, 10% of respondents had property at Forestry, 9% of respondents had property at Mission road, 11% of respondents had property at Akpakpava, 8% of respondents had property located at Airport Road, 13% of respondents had property located at Ring Road, 12% of respondents had their property located in other areas which did not fall in the stratum of; “areas where property tax is operational in Benin City”. The largest percentage of respondents did not own property, while the respondents who owned properties most came from Sapele Road, while the least from Airport road.

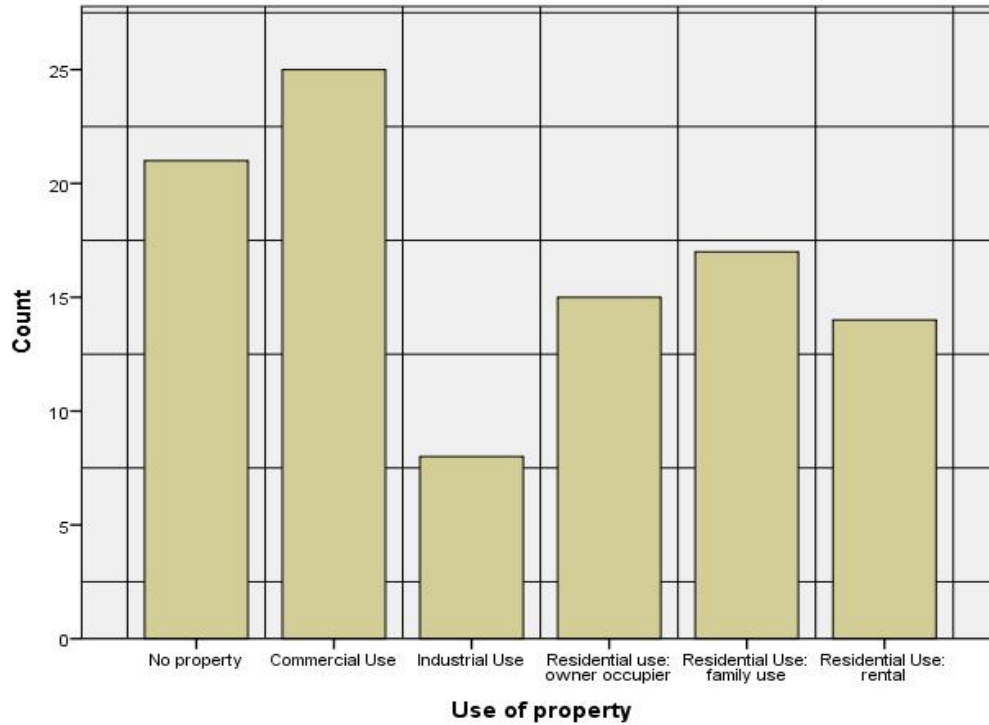


Figure 4.5 Property/Land use distribution of respondent's
Source: Field survey (2021)

As pertaining to Land-use of respondents, Figure 4.5 above shows that 21% of respondents did not have property, 25% of respondents used their property for commercial use, 6% of respondents used their property for industrial use, 15% of respondents occupied their property as residents, and 16% of respondents had their property as family residential house, while 14% of respondents rented out the property for residential use. Among the respondents who owned property, 25% of the respondents used their property for commercial use this is the highest percentage of those who owned properties.

4.3 Presentation According to Key Research Questions

This section presents the results of the responses in respects to the key research questions on “willingness of property owners to pay property tax in Benin City.”

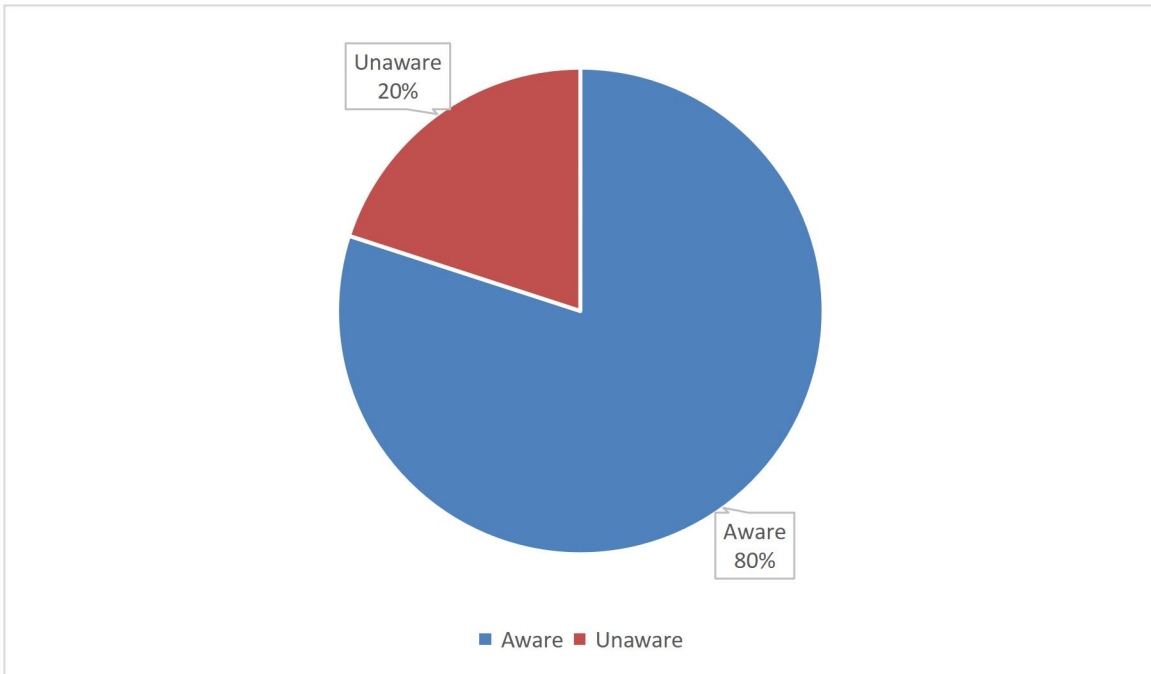


Figure 4.6 Respondent's response to whether they are awareness of property tax
Source: Field survey (2021)

The figure 4.6 above shows that 80% of respondents were aware of the existence of property tax while 20% were not aware.

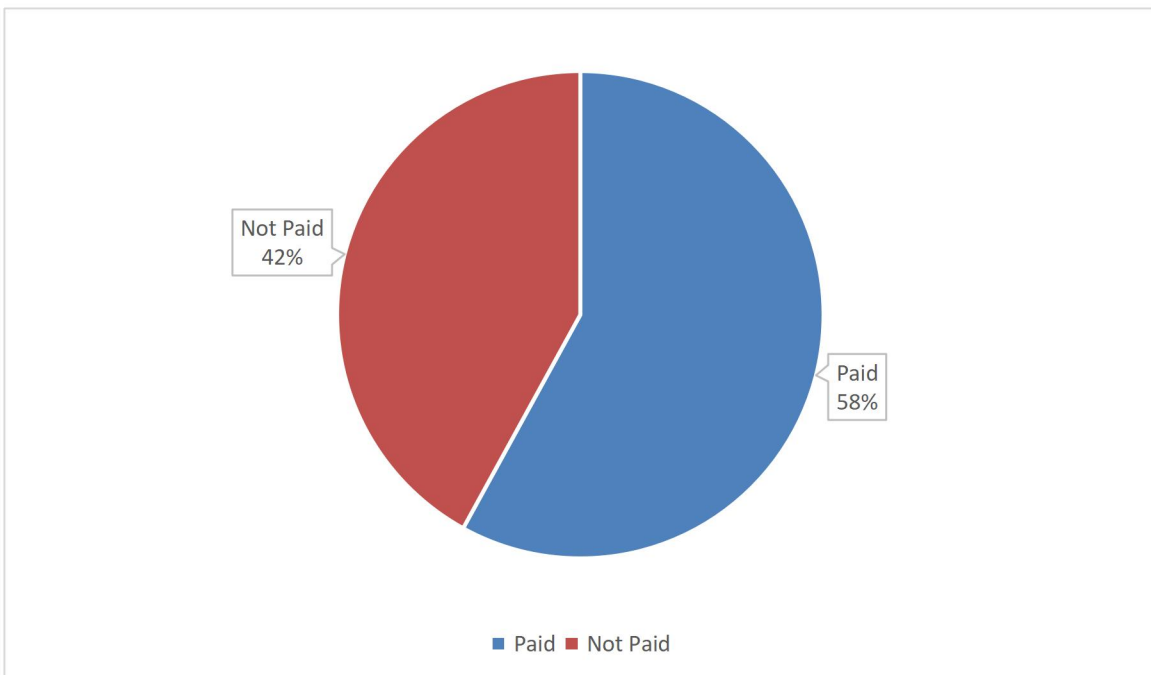


Figure 4.7 Respondent's response to whether they have paid property tax

Source: Field survey (2021)

From figure 4.7 above, 58% had paid property tax while 42% had not paid property tax

Table 4.3 Correlation Matrix between respondents Level of awareness of property tax and their compliance

	Awareness	Compliance
Awareness	1	
Compliance	0.589575411	1

Source: Field Survey (2021)

From the table 4.3 above, with the correlation coefficient of 0.58 it means that there is a moderately positive relationship between property tax knowledge and compliance. This relationship is not so strong, but it is a positive relationship. Therefore, there is an increase in property tax compliance, when individuals have more awareness of property tax.

Table 4.4 Responses to paying property tax whether it is up to taxable amount or not

	Strongly agree	Agree	Undecided	Disagree	Strongly disagree
Frequency	48	160	128	52	12
Percent (%)	12	40	32	13	3

Source: Field survey (2021)

From Table 4.4 above, 48 (12%) of respondents strongly agreed with the notion that “paying property tax whether it is up to the taxable amount or not is compliance”, while 160 (40%) of respondents agreed, 128 (32%) of respondents were undecided, 52 (13%) of respondents disagreed, and 12 (3%) of respondents strongly disagreed. This means that a large percentage of respondents consider an incomplete payment of property tax to be compliance.

Table 4.5 Responses to paying property tax after required time specified

	Strongly agree	Agree	Undecided	Disagree	Strongly disagree
Frequency	60	128	144	56	12
Percent (%)	15	32	36	14	3

Source: Field survey (2021)

From table 4.5 above, 60 (15%) of respondents strongly agreed, 128 (32%) of respondents agreed, 144 (36%) were undecided, 56 (14%) disagreed, 12 (3%) of respondents strongly disagreed that “When the time specified to pay tax has elapsed and an individual still pays tax, such a person is compliant.” Since the largest percentage of respondents did not decide, and 32% agreed. Also, 15% strongly agreed, it implies that most respondents consider paying property tax after specified time to be compliance.

Table 4.6 Respondents’ view as to whether taxes should be paid only when the balance of all other expenses have been calculated

	Strongly agree	Agree	Undecided	Disagree	Strongly disagree
Frequency	72	112	72	132	12
Percent (%)	18	28	18	33	3

Source: Field Survey (2021)

Table 4.6 above shows that 72 (18) of respondents strongly agreed, 112 (28) agreed, 72 (18%) undecided, 132 (33%) disagreed, while 12 (3%) strongly disagreed with the fact that “taxes should be paid only when the balance of all other expenses have been calculated.” Most respondents Disagreed with the notion. However, Summing up the respondents who agreed and those who strongly agreed, we would have 46% of respondents and this is more than 36% which is the sum of respondents who

disagreed and those who strongly disagreed. Therefore most respondents do not prioritize payment of taxes, because they agree that they would pay taxes only when all other expenses have been calculated.

Table 4.7 Respondents' view as to whether Going to the tax authority to file and fill a tax form is not necessary as long as the tax payer still pays tax

	Strongly agree	Agree	Undecided	Disagree	Strongly Disagree
Frequency	116	136	88	48	12
Percent (%)	29	34	22	12	3

Source: Field survey (2021)

From Table 4.7 above, most respondents 136 (36%) agreed, then 116 (29%) strongly agreed, 88 (22%) undecided, 48 (12%) disagreed, while 12 (3%) strongly disagreed with the fact that “Going to the tax authority to file and fill a tax form is not necessary as long as the tax payer still pays tax.” This means that most respondents did not consider filing and filling a tax form as necessary.

Table 4.8 Respondents' view whether tax authorities should force tax payers to pay tax

	Strongly agree	Agree	Undecided	Disagree	Strongly disagree
Frequency	88	60	60	144	48
Percent (%)	22	15	15	36	12

Source: Field survey (2021)

From Table 4.8 above, 88 (22%) respondents strongly agreed, 60 (15%) agreed, 60 (15%) undecided, 144 (36%) disagreed, 48 (12%) of respondents strongly disagreed with the fact that “tax authorities should force tax payers to pay tax.” Most respondents disagreed with the notion. This means that most respondents do not consider tax authorities forcing tax payers to comply as appropriate.

Table 4.9 Respondents' view whether a tax compliance is encouraged when the government is transparent concerning how tax revenue is spent

	Strongly agree	Agree	Undecided	Disagree	Strongly disagree
Frequency	228	148	8	8	8
Percent (%)	57	37	2	2	2

Source: Field survey (2021)

From table 4.9 above, 228 (57%) of respondents strongly agreed, 148 (37%) agreed, 8 (2%) undecided, 8 (2%) disagreed, 8 (2%) strongly disagreed with the fact that “tax compliance is encouraged when the government transparent concerning how tax revenue is spent.” Therefore most respondents would pay property tax if the government is transparent concerning how tax revenue is spent

Table 4.10 Respondents' view whether fraudulent activities in the government discourage tax payers from complying

	Strongly agree	Agree	Undecided	Disagree	Strongly disagree
Frequency	264	108	16	8	4
Percent (%)	66	27	4	2	1

Source: Field survey (2021)

From above table 4.10, 264 (66%) respondents strongly agreed, 108 (27%) agreed, 16 (4%) undecided, 8 (2%) disagreed, while 4 (1%) strongly disagreed that “Fraudulent activities in the government discourage taxpayers from complying.” Therefore most respondents would be motivated to pay property tax if the government is perceived as not fraudulent.

Table 4.11 Respondents' view whether tax payers comply with laws made by government seen to provide citizens with basic amenities

	Strongly agree	Agree	Undecided	Disagree	Strongly disagree
Frequency	256	96	16	24	8

Percent (%)	64	24	4	6	2
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Source: Field survey (2021)

From above table 4.11, 256 (64%) respondents strongly agreed, 96 (24%) agreed, 16 (4%) undecided, 24 (6%) disagreed, 8 (2%) strongly disagreed to the fact that “tax payers comply with laws made by government that is seen to provide citizens with basic amenities.” This implies that majority of respondents would comply with tax laws if the government provides for their basic amenities.

Table 4.12 Respondents’ view whether they would comply with taxes made by a democratic government

	Strongly agree	Agree	Undecided	Disagree	Strongly disagree
Frequency	212	108	24	44	12
Percent (%)	53	27	6	11	3

Source: Field survey (2021)

From Table 4.12 above, 212 (53%) respondents strongly agreed, 108 (27%) agreed, 24 (6%) undecided, 44 (11%) of respondents disagreed, 12 (3%) of respondents strongly disagreed with the fact that “Tax payers comply more with taxes made by democratic governments.” Again, this reinforces the fact that good governance quality creates the willingness of property owners to pay property tax.

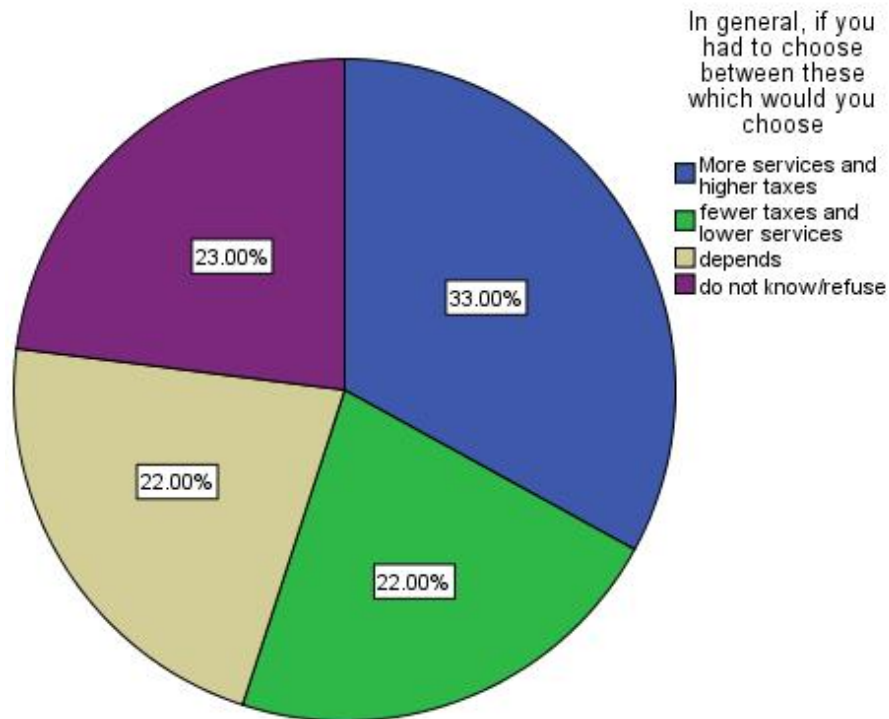


Figure 4.8: Respondents' choice between more services and more taxes, and fewer services and lower taxes

Source: Field survey (2021)

Figure 4.8 above shows that the largest percentage of respondents chose more taxes for more government services having 33%, while 22% of respondents opted for fewer taxes and lower services, 22% of respondents said it depends, 23% of respondents refused to give a reply. This means that most respondents do not mind paying higher taxes as far as there are more government services.

Table 4.13 Respondents' view concerning property tax

Respondents View of Property Tax	Frequency	Percent (%)
No idea	156	39
Tax for owning the property	52	13
Tax on occupiers/tenants	48	12
Tax on rent actually received on property	56	14
Tax on services provided by the local government	88	22
Total	400	100.0

Source: Fieldwork (2021)

The question was an “open end” question, however similarities were found in respondents reply and was grouped into the categories in table 4.13 above. 156 (39%) of respondents claimed to have no idea of what property tax is, 52 (13%) of respondents considered property tax to be “a tax for owning property”, 48 (12%) of respondents as “tax on occupiers”, 56 (14%) as “tax in rent actually received on property”, and 88 (22%) of respondents considered property tax to be “a tax on services provided by the local government”. Most respondents had no idea of what property tax is, however, the most frequent view was that the property tax was imposed for services rendered by local government and 22% of respondents had this view. This most frequently offered view suggests why residents support its imposition. If the tax is seen as a charge on the services provided by the local government, it follows that such services should be available at a quantity and quality that meet the minimum needs of residents.

4.4 Testing of Hypothesis Using the Chi-square Test

The hypothesis is tested based on the question 17 in Section C of the questionnaire, the null hypothesis states “Property tax payers’ compliance has no significant relationship with laws made by the government that is seen to provide citizens with basic amenities”

Table 4.14

Response	Fo	Fe	fo - fe	(fo - fe) ²	$\frac{(fo - fe)^2}{fe}$
SD	8	80	-72	5184	64.8
D	24	80	-56	3136	39.2
U	16	80	-64	4096	51.2
A	96	80	16	256	3.2
SA	256	80	176	30976	387.2
Total					545.6

Source: Fieldwork (2021)

$$X^2 = \sum \frac{(fo - fe)^2}{fe} = 545.6$$

The level of significance being 5% = 0.05.

Degree of freedom = Df

$$Df = (r - 1) (c - 1)$$

$$Df = (5 - 1) (2 - 1)$$

$$Df = 4$$

Decision

Since the chi-square value of 545.6 is higher than chi-square critical value of 9.488 at 0.05 level of significance and 4 as degree of freedom, the calculated value is said to be significant and we would reject the null hypothesis and accept the alternative hypothesis that states otherwise. Therefore “property tax compliance has a significant relationship with laws made by the government that is seen to provide citizens with basic amenities.”

4.5 Discussion of findings

Public governance quality has a significant impact on property tax compliance in Benin City from the questionnaire analysis to the test of hypothesis we can clearly see respondents desire for better government quality and this clearly tells us that if government quality is better, tax payers would be encouraged and more willing to pay property tax. This finding aligns with the findings of Blake and Kriticos (2019), Afon (2013) and Ali, Fjeldstad, Katera (2018). This is obviously in line with the argument that tax payers would be willing to pay tax when there is a responsible government in place who uses their funds judiciously or efficiently.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION, AND RECOMMENDATIONS

5.1 Introduction

This study sought to examine the willingness of property owners to pay property tax in Benin City. This chapter however seeks to bring the study to an end and thus, give a summary of the findings, conclusion as well as recommendations gathered.

5.2 Summary of Findings

1. Only 34% of property owners had complied with property tax at least once
2. A relatively large number of individuals do not know what property tax is
3. Public governance quality has a significant relationship with property tax compliance.

5.3 Conclusion

This study examines the willingness of property owners to pay property tax in Benin City. The study revealed that a large number of individuals are not enlightened as to the existence of property tax or what property tax is, the study also reveals that good public governance quality would solicit property tax compliance. Developed countries do have a reliable source of revenue via property taxation. This is because there is high willingness of property owners to pay property tax. People in developed countries think that paying property tax is related to the quality of the services rendered by the local government. The situation is contrary in Nigeria because residents are not willing to pay property tax due to low level of satisfaction with public services.

5.4 Recommendations

5.4.1 Policy Recommendations

1. The government must provide public services such as security, good roads that satisfy the expectations of the property owners. This action would improve residents lives and also bring confidence concerning governance capacity.
2. The governments should embark on educational campaigns that would enlighten the people on the benefits of property tax and all internally generated revenue (IGR). Such programmes should focus on the importance of the IGR to local government and the benefits that can accrue to the public through its payment. These enlightenment campaigns can be organized in churches and mosques, and among members of cooperative societies and unions.

3. Fines and penalties should be used to discourage tax evasion practices.

5.4.2 Recommendation for Further Studies

This study recommends that other factors affecting the willingness of property owners to pay property tax should be examined for better result and generalization. Also the sample size could be increased to cover other states.

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Dear Respondent,

REQUEST FOR COMPLETION OF QUESTIONNAIRE

I am a student of the above stated University currently taking research on the thesis titled
“The willingness of property owners to pay property tax in Benin City”

I specially ask you to assist in filling the questionnaire to the best of your knowledge and assure you that any information given will be used solely for research and would be treated with utmost confidentiality.

Thank You.

**QUESTIONNAIRE ON THE DETERMINATION OF THE WILLINGNESS OF
PROPERTY OWNERS TO PAY PROPERTY TAX IN BENIN CITY**

Kindly tick (√) the preferred option as appropriate

Section A:

1. Age: 18-25 (), 26 - 35 (), 36 - 45 (), 46 – 55 (), 56 – 65 (), 66 and above
2. Gender: Male (), Female ()
3. Status: Single (), Married (), Divorced (), Widowed ()
4. Highest Qualification: None (), Primary School Certificate (), Secondary School Certificate (), Graduate Certificate (), Postgraduate Certificate ()

Section B:

Kindly tick (√) the preferred option as appropriate

5. Do you have a property? Yes (), No ()
6. If yes, where is your property located? _____
7. What do you use your property for? Commercial use (), Industrial use (), Residential use: owner occupier (), Residential use: family use (), Residential use: rental ()
8. Are you aware of property tax? Yes (), No ()
9. Do you pay property tax? Yes (), No ()

Section C:

Keys: Strongly Agree (SA), Agree (A), Undecided (U), Disagree (D), Strongly Disagree (SD)

Kindly tick (√) the preferred option as appropriate

S/N	Tax Compliances	SA	A	U	D	SD
10	Paying tax whether it is up to the taxable amount or not is compliance					
11	When the time specified to pay tax has elapsed and an individual still pays tax, such a person is compliant					
12	Taxes should be paid only when the balance of all other expenses have been calculated					
13	Going to the tax authority to file and fill a tax form is not					

	necessary as long as the taxpayer still pays tax					
14	Tax authorities should force tax payers to pay tax					

S/N	Public Governance Quality	SA	A	U	D	SD
15	Tax compliance is encouraged when the government is transparent concerning how tax revenue is spent					
16	Fraudulent activities in the government discourage tax payers from complying					
17	Tax payers comply with laws made by the government that is seen to provide citizens with basic amenities					
18	Tax payers comply more with taxes made by democratic governments					

19. In general, if you had to choose between more government services and higher taxes, or fewer services and lower taxes, which would you choose?

More services and higher taxes (), fewer services and lower taxes (), depends (), do not know/refuse ()

20. What is your general view about property taxation?
