

**TAXATION AND LOCAL GOVERNMENT DEVELOPMENT IN  
NIGERIA**



**BY**

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BENIN CITY**

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**A PROJECT RESEARCH SUBMITTED TO THE FACULTY OF  
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**DEPARTMENT OF PUBLIC ADMINISTRATION  
FACULTY OF SOCIAL SCIENCES  
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BENIN CITY**

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**CERTIFICATION**

This is to certify the this project work was carried out by **Osawense Bridget Airueghionmo** with **Matriculation Number SSC2011113** in the Department of Public Administration, Faculty of Social Science, University of Benin, Benin City, Nigeria.

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## **DEDICATION**

This work is dedicated to God Almighty and the Holy Spirit, who has indeed been my strengthener, comforter, helper and counselor.

## **ACKNOWLEDGEMENT**

This researcher is most grateful to Almighty God who granted me the Grace to go through the programme successfully. I wish also to acknowledge my utmost indebtedness to those individuals whose assistance contributed to the success of this work, prominent among them is my Project Supervisor, Prof. D.A Tonwe for not just sparing his time to go through this work critically but also sharpening my skills in educational research. His guidance, academic expertise, diligence and moral support were indeed great impetus to the completion of the work. His common accessibility is as well and unusual gesture worthy of mention.

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Well deserving of the sincerest appreciation is my best friends to many to mention who have been there for me, whose loves, care and support inspired me to complete this work. I will not conclude this section without acknowledge my friends

and course made for their support and contributions towards this work. God in his infinite mercies will bless you all. Amen.

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## **ABSTRACT**

*Taxation is the nucleus and the path to modern development. Thus, the study was to assess the impact of poor taxation on the development of Local Government Areas. This is because local government as the third tier of government and the closest to the people especially in the rural areas needed revenue to provide basic social amenities to the people. But it is unfortunate to note that the local government management have not lived up to expectation especially to provide basic social amenities to the rural people. Thus, the objective of the research was to analyze the extent to which poor taxation had affected the development of those areas. The researcher used primary and secondary methods of data collection to generate the needed data. The data obtained through questionnaire was presented in tables and expressed in simple percentages. The following were some of the findings which included poor development of the areas, lack of basic social amenities to the rural people and lack of effective tax collection mechanisms. The study also revealed that poor taxation by local government in Nigeria has affected the spread of development to all the nooks and crannies of the country. Thus local government councils and their management should strategically plan on proper measures to generate revenue as to meet with their functions as provided by the constitution of the country.*

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the study

According to Ademolekun (2005), one of the recurrent developmental problems facing local government development in Nigeria is dwindling revenue generation as characterized by annual budget deficits and insufficient funds for meaningful growth and viable projects development. This statement implies that local governments have ineffective taxation policies which to a large extent affect their revenue base. Thus, they so much depend on revenue from the federal statutory account. This background brings us to the study of taxation and local government development in Nigeria.

“Tax has been defined by various authorities and professionals in various ways. Webster’s Dictionary of the English Language defines tax as a charge imposed by government authority on property, individuals or transactions, to raise money for public purpose. Black’s Law Dictionary describes tax as a ratable portion of the produce of the property and labour of the individual citizen, taken by a nation. Tax is a compulsory levy which a government imposes on its citizens to enable it to obtain the required revenue to finance its activities (Adesola, 2008). Examining the various definitions of tax one observes taxation is very important for any government if it has

make any meaningful economic development. Thus, this study is concerned with development at the grass root as being the goals of the local government administration.

Thus, in attempt to carryout development at all nooks and crannies of the society, the local government as the tier of government that is nearest to the people is saddled with the responsibility of direct development of the people to a certain level. Development is highly associated with fund, much revenue is needed to plan, execute and maintain infrastructures and facilities at the local government level (Okoli, 2000). The needed revenue generated for such developmental projects. Like construction of accessible roads, building of public schools, health care centers, construction of bridges among others are soles generated from taxes, royalties, haulages, fines and grants from states, national and international governments.

Thus, the Local government cannot embark, execute and possibly carryout the maintenance of these projects and other responsibilities without adequate taxation. This is the basic reason why development is skeletal at some Local Government councils in Nigeria. The issue of poor taxation is not exceptional to local government in Edo State, and Uhunmwode Local Government in particular.

This however pronouncedly affected development negatively in local government councils. In this research project, the issue to address is how far this poor taxation can affect development especially in Uhumwode Local Government.

## **1.2 Statement of the Problem**

The Local Government Council takes direct care of the grassroots people that is the people in the rural areas. These groups of people sometimes lack essential facilities and condition of modern civilization (Udeh, 2008). They lack pipe bore water to drink, do not have electricity, accessible roads, poor educational infrastructure and facilities to mention but a few.

This is one of the major reasons of rural–urban migration of movement. This has made our cities to be congested and increase in many criminal activities. Based on the above and foregoing assertions, it is oblivious that the impact of poor taxation on the development of the rural area is a serious problem. This might be as a result of poor taxation. If Nigeria is to achieve her desired goal of vision 2020 and possibly meet the millennium development goals (MDGS) target, the issue of taxation must be addressed squarely.

Hence the researcher is bothered to find out the impact of taxation on the lives of people at the rural area and how it has affected development in general especially in Uhunmwode Local Government Area.

### **1.3 Purpose/Objective of the Study**

The broad objective of the research is to evaluate the impact created by taxation on the development of Uhunmwode in Abia State.

The other objectives of this study include:

- i. To determine the level of modern social amenities available in Uhunmwode.
- ii. To find out the level of poverty associated with the rural people as a result of poor development
- iii. To make useful suggestions to solve the problem of poor taxation as development depends on revenue generated.

### **1.4 Research Questions**

- i. What are the impacts of poor taxation on the development of Uhunmwode?
- ii. Are there adequate modern social amenities in Uhunmwode?
- iii. Is the poverty level of the rural people high has a result of poor development?

- iv. How can taxation in Uhumwode be improved?

### **1.5 Significance of the Study**

The significance of any human endeavour is measured by its relevance to solving human problems. The findings of this study would help Uhumwode Local Government to identify the problems associated with taxation and its consequences on development.

### **1.6 Scope and Delimitation**

The study is focused on taxation and local government development. The study also looks at the various tax administrations and especially on how revenue generated from taxes are managed for developmental purpose of Uhumwode Local Government. The study will cover a period of five years (i.e. between 2005 and 2010).

### **1.7 Limitation of the Study**

The study is focused on the impact of poor taxation and how it affects development of the local government areas. It will also involve the analysis of problems associated with taxation and its impact on the development of Uhumwode Local Government.

### **1.8 Definition of Terms**

Some concepts require proper explanation to enhance our understanding of the theme where necessary opinion of scholars will be cited to explain the terms. The researcher will also give some fundamental definition of terms.”

### **Local Government**

According to Lawal (2000) Local Government as a political sub-division of a nation in Federal system which is constituted by law and has substantial control of local affairs which includes the power to impose taxes or exact labor for prescribed purpose.

According to William Robson (2006) Defined Local Government as involving the conception of territorial, non-sovereign community possessing the legal right and the necessary organization to regulate its own affairs.

### **Revenue**

Public revenue could be defined as the funds generated by the government to finance its activities. In other words revenue is the total fund generated by government (Federal, state, local government/ to meet their expenditure for a fiscal year.

This refers also to the grand total of money of income received from the source of which expenses are incurred. Revenue could be internal or external revenue.

### **Generation**

This is the process of sourcing revenue for the local government in carryout their aim and objectives(Udeh O.S. 2008).

### **Expenditure**

Public expenditure refers to the expenses which the government incurs for its own maintenance, in the interest of the society and the economy in order to help other countries.

### **Tax**

Tax can be defined as a compulsory levy by government on goods, services, income and wealth. It provides definite source of revenue for government expenditure. (Udeh O.S. 2008)

It is the way by which government obtain extra money. It spent from income of individual and companies. Tax could be direct or indirect tax. A tax is a payment made by the taxpayers and used by the government for the benefits of all the citizens.

### **Tax Evasion**

Tax evasion means illegal reduction in one's tax liabilities, thereby paying less than the appropriate amounts and not paying at all.

## **Tax Avoidance**

Tax avoidance is the act of streamlining one's financial affairs within the law so as to minimize the tax liabilities.

## **Development**

According to Ake (2001) development is the process by which people create and recreate themselves and their life circumstances to realize higher levels of civilization in accordance with their own choice and values.

It also a type of social change in which new ideas are introduces into a social in order to produce higher per-capital income and levels of living through more modern production methods and improved social organization.

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## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **INTRODUCTION**

#### **2.0 Development of Local Government in Nigeria**

“The evolution of local government in Nigeria has under gone a lot of changes. These are all geared towards making the local government a system that could serve the purposes for which they are created, before the emergence of the British Colonial/ Administration; various communities in Nigeria were governed through the instrumentality of their traditional political Institutions. These institutions were anchored on the people’s habits of thought, prestige and custom which are adapted to meet the new conditions for general development of their areas.

Local authorities were empowered to charge and collect developmental rates based on a certain percentage of the income of the rate payers. The council enjoyed the social autonomy of providing certain social services to the community, for instance the local government was vested with the responsibility of healthcare services delivery with the transfer of primary healthcare delivery system.

In the 1950s, election was introduced according to the British model in the western and eastern parts of the country with some measure of autonomy in financial,

general administration and in personnel which gave rise to tide of progress, growth and development experienced in the local government.

Prior to this period, the British introduced native courts chaired by Chiefs, native treasuries where taxes collected from people were paid in for use by the local government. Native authorities were created with traditional rulers at the head of each authority. The traditional rulers continued to dominate local government's administration until the military took over power. In 1966, from then the powers of the traditional rulers, especially in the northern region, reduced gradually. The newly created states in the Northern region increased popular participation in local government administration. Larger local authorities were broken to smaller ones and native authorities were changed to local governments.

The local government reform of 1976 provided the guidelines for local governments in Nigeria. The reform created large-sized local government areas throughout the federation based on a certain minimum population requirements, these results in uniform local government areas. The federal government for the first time was involved in the funding of local governments. The local government gets statutory percentages share of Federation accounts and state revenue. The local government was

made a third tier of government, which means the local government has its own powers. There were about 301 local government councils as at 1976.

In 1986, the Babangida Administration made local government an effective third tier of federal system, introduced reforms aimed at enhancing their autonomy and strengthening their administrative framework. All elected councilors now constitute legislative arm of the local government which the executive arm consists of the chairman and vice-chairman and supervisory councils.

The local government witnessed several reforms between 1991 to 1992. The reforms shows a fundamental implications for local government administration, especially in regard to the reforms to the local government service. 589 local government areas were in existence as of 1991 local government reforms and there was establishment of the executive chairmanship of local government with functions firmly entrenched in schedule four of the constitution.

The federal government established the local government service commission aimed at preserving the independence of the local government staff. The federal government increased the local government share of the federation accounts to twenty percent. This increase in revenue base gave local governments high degree of confidence and power to equip them for the challenging role, facing them.

According to 1999 constitution of Nigeria, not only recognizes, but also guarantees the existence of a more powerful and independent local government areas section 162 of the 1999 constitution guarantees the right of the local government to receive statutory allocation of the revenue from both the federation account and state resource. The fourth, schedule of the same constitution spells out the functions of the local government.

The federal government increased the local government share of the federation accounts to twenty-five percent. In the present local government administration, there are about 774 local government areas in Nigeria with the rights and power of providing certain social services to the communities, such social services like provision of healthcare centers, electrification, provision of pipe bore water and accessible roads etc.”

## **2.1 Sources of Taxation in Local Government**

In an attempt to marshal out the functions of the local government, the fourth schedule of the constitution of the federal Republic of Nigeria 1999 implicitly specified some of these sources of taxation to the local government.

However, Ogunna (1996). Posited that generally the local government has eight main sources of revenue which includes rates, grants, statutory, allocations, fees and charges, fines, earnings and profits, loans and miscellaneous.

#### 1. **RATE**

As one of the independent sources of revenue, people residing within a local government area pay some money to it in form of rates. Rate is, thus a local tax of the local government which is of three types namely property rate, special rate and capitation rate otherwise known as poll tax. Property rate is a fixed percentage amount of the current value of a private property levied on the owner of such a property. Capitation rate which is also a fixed amount of money levied on all rateable adults living in the local government. It is not only fixed but equal for every payer and like the property rate, it is paid annually.

As a flat rate, it is generally low so that the low income people can conveniently pay.

Special rate is a fixed amount meant to be paid by all rateable adults residing in the local government area. Special rate is usually levied for specific and priority projects like Education, water supply and rural electrification which the local government has inadequate fund for its provision.

## **2. Statutory Allocation**

As the third tier of government, the local government receives statutory allocation from the federation account just like the state and federal government. This share of revenue is as fixed by law, part of it also comes from the state government total internally generated revenue based on percentage formula because it is fixed by law, it is not voluntary but mandatory and does not depend on the whims and caprices through a legitimate process of change of the law that provides it. Statutory allocation is definite and certain.

## **3. Fines**

These are penalties imposed by the customary courts on individuals for the contravention of the bye-laws of the local government to regulate and control services allocated to them within their areas of jurisdiction. Note that revenue accruing to the local government through this source is relatively very insignificant.

## **4. Earning and Profits**

These are profits, interests and premiums accruable to the local government from its investment of funds in private or public economic ventures.

In other words, they are money realized by the local government from commercial ventures and industrial establishments such ventures includes mass transit

services, soap industry, bakery, Agricultural farms, shares owned in companies. If such business is effectively managed with minimum local government interference and political influences, the higher revenue could be realized.

#### 5. **Fees and Charges**

Revenue is generated through payments for the services which the local government provides such fees are in some cases designed to regulate and in other cases to maintain these services.

Fees and charges are imposed and revenue realized from the issuance of various types of licenses like bicycle, wheelbarrow, canoe and cart license, others are charges on bakeries, sale of liquor in restaurant and public places, erection of sign-boards registration of births and marriages, motor parks and markets, personal identification, public urinary and toilets etc.

The imposition of fees and charges on these services by the local government always requires enabling laws for them to be lawful.

#### 6. **Grants**

The federal and state government give grants often called grants-in-aid, to the local government to enable it discharge its functions effectively particularly in the area of the provision and maintenance of certain basic amenities for the people such basic

amenities like water and electricity supply, building of educational and health facilities. The maintenance of roads attract grants four main types of grants which includes general or block grant, specific grants, equalization grant and matching grant.

Local governments are expected and are indeed meant to embark on certain development projects that are listed as priorities of government. Consequently any local government of that embarks on such priority projects is given a matching grants which is designed to simulate and encourage development.

## 7. **Loan**

Local governments are empowered to obtain loans from the federal, state and other local government. They are also allowed to raise loans from financial institutions like bank and from individuals. They raise loans for incurring capital development projects that are within their statutory functions.

Educational, Agricultural and Industrial development Projects, drainage schemes, health and market development are good examples of developmental projects for which loan can be raised.

The fact is that no local government can make any reasonable giant stride in rapid community development without borrowing. It is however important to note loans are necessity provided that they are prudently applied on capital projects for

which they are obtained, on capital projects which are expected to be of immense benefits to the people including the coming generation which incidentally are reasonably expected to pay for such loans in future, out of the rates and other forms of taxes they will pay.

#### 8. **Miscellaneous**

Revenue can be generated from the payment of levies like developmental and educational levies. Money can also be realized from rents paid for using any land or building belonging to a local government. Gifts and donations from individuals, philanthropists and corporate bodies also form sources of revenue of the local government.

In conclusion, local government are empowered to generate revenue to enable them carryout their statutory and permissive functions. It is therefore necessary to enhance taxation of the local government to enable them, carryout their duties.

#### **2.2 The Need for Taxation in the Development of Local Government Areas.**

According to Abba Ugoo E. (2008) the need for taxation can't be overemphasized, the management of revenue generated in the local government constitutes the crucial and central component in the Administrative process of the

local government. This is largely so because finance determines the services rendered by the local government.

The following gave rise to the need for taxation in the local government:-

**1. To Solve Diverse Functions Allocated to the Local Government**

In the same way, where the local government is allocated diverse functions, as it now has in Nigeria, some of which are large in scope like education, health, water supply and rural electrification. The revenue sources to be provided should correspondingly be large in scope, viable and rich in content to match the diverse functions.

**2. To be able to pay Their Highly Skilled Personnel.**

Related to the above is a wide variety and meningitides of functions require a large body of high skilled, professionally trained and technically competent staff that must also be regularly motivated. The employment of such staff would necessitate the purchase of a lot of costly equipment and materials for use in the discharge of their duties.

### **3. To Tackle Large Territorial Landmass and Population of the Local Government Area.**

Most local government in Nigeria are very large both in terms of territorial and population sizes, in such a circumstance, a greater need for revenue arises to enable such a local government cope with the developmental problems of such a large area and at the same time be able to meet satisfactorily the diverse needs of the large population.

Adedji (1979) capped it all when he declared that the success or the failure of the local government depend on the financial resources available to the individual local government and the way those resources are utilized. This fact is further recognized and emphasized in the guideline for local government reforms of 1976 which stated that it must be recognized that if meaningful local government is to be expected in Nigeria, much larger financial resources are needed in the development of such local government area.

### **2.3 The Problems of Taxation**

Local government in Nigeria enjoyed an improved revenue from 1976 till date due to reforms introduced by different regimes all aimed at making local government effective and efficient in discharging statutory responsibilities to the

people. This was achieved through increased sources of taxation; this problems is multifarious ranging from over-dependency of local government on statutory allocation of federal and state government, low borrowing capacity, corruption, mismanagement and misappropriation of local government funds, ineffective strategies for enhancing internally generally generated revenue, lack of skilled and technical personnel.

1. **Mismanagement and Misappropriation of Local Government Funds**

This is one of the major problems of taxation in local government, in most cases the local government funds have been mismanaged. Tax collection that are charged with the responsibility to collect all the revenue sources does not adequately use their freedom to collect them and exploit other sources of revenue available to the local government. Many local government officials embezzle local government funds through all sorts of manner like inflating contracts or embanking on white elephant projects or outright siphoning of funds which has affected the developmental process of local government areas.

## 2. **CORRUPTION**

The internally generated revenue which hoped that will accelerate the finance of the local government is bedeviled by corrupt practices on the part of revenue collectors. It has been observed that these revenue collectors have in the possession unofficial receipts, this enables them to divert local government funds into private use.

Corruption is the locust that has eaten local government revenue, this manifested in the distorting of revenue return receipts, embezzlement and misappropriation of funds.

## 3. **Over Dependency of Local Government on Federal and State Government Statutory Allocation**

The local governments are over dependent on the federal and state government statutory allocation for their expenditure, both recurrent and capital expenditure. This over dependency of local government on statutory allocation of federal and state government have contributed to the financial crisis or delay in the disbursement of allocation, local government run into crisis in the payment of salaries and other recurrent expenditure. The greatest impact of this over dependency on the part of the local government is that it has killed the initiative and the ingenuity to establish independent sources of revenue.

#### 4. **Low Borrowing Capacity of Local Government**

Every local government borrow money from commercial financial institution to finance projects. The local government finds it difficult to pay their debts and as such equally difficult to borrow at cheap rates or attract sufficient private investment.

#### 5. **Poor Financial Management:**

Arising from poor attitude to work as well as lack of integrity of revenue collectors contributes to this state.

6. Ineffective Strategies for Enhancing Internally Generated Revenue in the local government, this also contributes to poor taxation.

These human related factors no doubt negatively effected development at the local government level which is the bedrock for genuine national development.

### **2.4 The Implication of Taxation on the Development of Local Government Areas**

Local government as the grassroots level deserves serious attention from the federal government so as to be able to deliver essential services to the rural communities. It is in recognition of this fact that the 1976 reforms gave local government the constitutional recognition of a third tier of government. The local

government was vested with the power and the responsibilities of providing essential services to the rural communities which would help to make life more meaningful thereby curbing rural-urban migration.

Within the Nigerian political system, local government constitutes the most variable instrument for effecting a viable and sustainable rural transformation.

However, they cannot do this unless they are provided with adequate financial and human resources to effectively discharge their statutorily assigned functions, with improved taxation base in Uhumwode, the local government would be equipped to provide rural transformation in terms of developmental efforts on road construction and maintenance, provision of potable pipe-bore water, building of health centers and maternity homes, as well as secondary school and vocation training centers.

a. In Umuahia Alaocha in Uhumwode Local Government with the improved taxation system, the community have been provided with basic developmental needs such as health center which was built by the local government through the town development union for the community, the project was commissioned on may 23<sup>rd</sup> 2001, a construction of a accessible roads that will link Umuahia Alaocha with their neighbouring communities such as Umuire community, Nkwoegwu community and Umuegwu in Afugiri community all in Uhumwode Local Government Area.

b. In addition, water bore-hole was installed in almost the twenty-five communities that make up the local government just last December in Umuada Isingwu Community through an initiative of the local government supported by developmental effort of the people, a portable pipe-bore water supply was installed.

c. There had been an improvement in the area of rural electrification, such extension of rural electrification starting from Amafor community to Ossah Ibeku community, from Nkwoegwu to Ekeoba community linking Umuagu community. These initiative of the local government could only be achieved based on improved taxation base.

d. In the area of educational development in Uhunmwode, the local government has been able to achieve a landmark achievement by providing funds adequately for prompt payment of teachers' salaries, provision of educational books, textbooks and equipments. Also every community in Umuahia have a secondary school while some communities have more than one. This goes to show the degree of importance which the local government attach to the education, to provide a minimum acceptable international standard of education for all children in the local government by ensuring excellence in improvement in learning and tutoring techniques for primary Education.

These vital role of the local government with effective source of taxation to augment the federal and state allocation.

e. In the area of Agriculture which is the backbone of Nigerian economy. They are better placed than any other level of government to make significant and positive contributions to increase agricultural production. This could be achieved by the local government by modernization of agriculture, encouraging the participation of Nigerian farmers mostly found in the rural areas, by providing them with modernized system of farming through extension programmes, an initiative of the local government. This programme could only be achieved through internally generated revenue by the local government.

f. Poverty alleviation programme of the local government to reduce the poverty level or total elimination of poverty through such programme, the revenue generated in the local government would help to augment the federal allocation to the local government to achieve basic objective of the 2020 vision of total elimination of poverty in Uhunmwode Local Government.

g. Poor taxations have been a major problem hindering the efficient performance of the functions of local government and the development of local government areas in Nigeria. Due to poor taxation, the local government can't afford to provide the rural

people with basic social amenities such as provision of clean water, construction of accessible roads for easy movement of transportation, provision of a well-equipped health centers, dispensaries, maternity homes in communities in Uhumwode to reduce death rate of people.

h. Inadequate revenue has made the local government not to embark on the establishment of small scale industries, which could have help in providing employment opportunities for the youths to reduce the level of unemployment in the local government. This problem has attributed to rural-urban migration by the youths that leave their communities to urban centers for greener pastures.

i. There had be inadequate provision and maintenance of primary education which is the sole responsibility of the local government. The local government can't adequately provide the local people with minimum acceptable international standard of education for all children, which could have ensured excellence improvement in the learning process of these children in Uhumwode Local Government.

j. Inadequate taxation had made an insignificant contribution to development of agriculture which could have help to increase agricultural production. Most programmes that was initiated towards improving agriculture had not yielded any positive results.

k. In the area of road construction, although Uhumwode Local Government had recorded some achievement based on road construction in some communities while some communities are yet to record such landmark achievement. In December 24<sup>th</sup> 2001, the Afara communities were charged with the responsibility of raising fund for the road construction and repairs of road between Afara Ukwu to Okwulaga community. Levies were imposed and task-force setup to collect the levies. The project was launched in a grand style on the 28<sup>th</sup> December 2002, the money and other materials were eventually raised. The federal government supported the project with a matching grant. But due to poor management of funds by the local government through poor accountability and mismanagement of the funds raised, the road construction project had been left untouched up till date.

l. Rural electrification extension- An initiative of the local government, such rural electrification extension project between Nkwoegwu to Okaluga Alaike leading to Ofeme,. A project initiative launched in April 2000, the project had been abandoned for years due to poor taxation base.

m. In the area of provision of the health care center and several dispensaries. Most communities inUhumwode have not been provided with health care services and dispensaries. The building of ultra-modern health center the laying of the foundation

work on the 25<sup>th</sup> November 1999 in Umudiawa Ofeiyi, the local government council could not afford to complete this project in due to poor taxation. The fund available to the local government by the state government gave 65 percent of the fund, while the local government was meant to provide the remaining 35 percent. The local government was not able to provide their own share due to poor taxation base. The project had been abandoned since 1999 till date.

n. In the area of total elimination of poverty, the local government introduced a youth empowerment programme that will motivate the youths towards self actualization. This initiative of Uhumwode local government will encourage youths to learn some vocation/trade while on the programme. The local government have not be able to achieve this objective due to poor revenue generation.

## **2.5 Tax as a Major Source of Revenue**

Tax can be defined as a compulsory levy by government on goods, services, income and wealth, primarily to obtain revenue. In other word, it is levy or dues on the income of person and companies. Udeh O.S. (2008) it provides definite source of revenue of person for government expenditure. It is the way by which government obtain extra money it spends from the income of individuals or companies.

According to Olaoye (2008). Tax is a compulsory levy imposed by government to individuals and companies for the various legitimate functions of the state.

There are basically two types of taxes, direct and indirect tax, Udeh O.S. (2008) direct tax is that which is levied on and really paid by the person/establishment (firms) on whom, it is legally imposed. It can also be said to be that tax which demanded from the very person or company that is intended should pay it. The burden of a direct tax is wholly borne by the payer.

Indirect tax is a tax imposed on an item or product usually at the point of production which oftentimes, is shifted from the originator of the item or product to another who ultimately consume the product.

Indirect tax is levied on the production (sale) or purchase of a product (goods and services) other than personnel services. It therefore follows that an indirect tax can partly or wholly paid by another, other than the person on whom was originally levied.

## **2.6 The Purpose of Tax**

The primary purpose of taxation is to raise revenue for government especially the local government, which is needed for the provision of essential services and execution of other activities of the local government.

**a. To Regulate the Production of Certain Commodities or Services:** The government imposes taxes in order to control the production of certain commodities which are considered harmful to human health.

**b. To Control Monopoly Powers**

Certain taxes are levied in order to curb monopoly powers, such taxes includes excess profit tax.

**c. To Protect Infant and Domestic Industries**

Very high import duties can be used to discourage the importation and consumption of foreign goods which usually out-compete the locally produced ones.

**d. To Regulate Business Activities**

The form and direction on business activities can be regulated through taxation. A tax may discourage or encourage a given line of business. A high rate of taxation will discourage a business activities while subsidy (negative tax encourages the same).

**e. To Curb Inflation**

Certain forms of taxes may be used to reduce the level of inflation. A high rate of taxation without a corresponding increase in government expenditure will reduce disposable income of consumer. This will help to reduce price.

## **2.7 Problems Associated with Tax Collection in Uhumwode Local Government Area**

The council's source of revenue is grossly inadequate to meet the numerous constitutionally provided functions. The grants by both state and federal government cannot meet the day to day responsibilities of the council due to increase in the problem of tax collection machinery which is ineffective.

### **1. Inadequate Staff**

There are lack of adequate staff and manpower to carryout the assignment efficiently. The headquarter of board of internal revenue in Uhumwode has division of units with staffs in each of them but their staffs are mostly junior officials, who are not educated to the extent that they finds it difficult to apply tax laws. The skeletal number of experienced officials are mostly found in the urban areas. These few are loaded with jobs as the available staff is not sufficient. The lack of experienced tax officials in Abia State have created opportunities for tax evaders. Tax evaders can reduce their accounts and even direct the ill-equipped, half-backed junior tax officers on what he or she ought to pay. This result in loss of appropriate revenue that ought to be realized when properly assessed.

## **2. Inadequate Facilities**

The facilities like motor vehicle and motorcycle to carry out their assignment effectively are inadequate. A visit to the tax office headquarter in Abia State shows that the office, lack basic facilities. The office is not well equipped either, to the extent that files are scattered everywhere, documents are not given adequate security as a result of the nature of the office.

## **3. Lack of Voluntary Compliance From the Tax Payers**

This attitude of tax payers causes tax avoidance and evasion. Tax avoidance is the act of streamlining one's financial affairs within the law so as to minimize the tax liabilities that is exploiting the legal loopholes in the tax law to one's unpatriotic advantage reducing the tax burden on him or an organization. Tax evasion means illegal reduction in one's tax liabilities, thereby paying less than the appropriate amount of the tax base like profit or income. This lack of voluntary compliance from tax payers in Uhumwode could be considered as a serious problem associated with tax collection.

## **4. Lack of Enlightenment Programmes**

The generality of the people in the rural areas are not well informed as to why it is necessary to pay tax or other fees. Many illiterate people see tax payment as a

form of victimization, low income and economic depression which have crippled many finance of the local government.

#### **5. Bribery and Corruption**

In this day, tax collector's personal interest has override their official interest in the performance of their duties, consequently affects tax collection. The internally generated revenue in Uhunmwode which was hoped to increase the taxation base is bedeviled by corrupt practices on the part of revenue collectors. I observed that these tax collectors have in their possession unofficial receipts, this enables them to divert local government money into private use

#### **6. Mismanagement of Tax Collected**

This is another major problem associated with tax collection in Uhunmwode, where tax collected were not been utilized for the purpose for which it was collected. Many local government funds are embezzled by tax officials through all sorts of manner like inflated contracts, embarking on white elephant projects or outright siphoning of funds which have affected the progress of development in Uhunmwode.” .

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## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **Introduction**

“The methodology adopted for conducting this research is aimed at examining taxation and local government development in Nigeria with references to Uhumwode local government area in Edo State.

Research design aimed at showing the various methods and procedures of the research work. The methodology adopted for this work reflects the researcher’s sense of originality and power of mental enquiring. The method of enquiring data collection, questionnaire design and data analysis technique will substantiate this fact.

#### **3.1 Research Design**

Research design according to Osuala E.C. (2001) is the blue print or plan which determines the nature and scope of study carried out or proposed.

The research design used in this project is descriptive design which seek to describe the existing status of what is being investigated and it will also help the researcher to know where the variable are gotten and how the objectives could be achieved.

This descriptive approach involves the normal gathering analysis and interpretations or a set of data so as to explain the underling factors that surround the problems that triggered of the research.

### **3.2 Area of Study**

This study centres on taxation as it affect the development of local government areas. It covers only Uhunmwode Local Government in Edo State.

### **3.3 Population Size**

Population is the number of respondents, the researcher is investigating. This also known as the universe. The population under study consists of 200 staffs of Uhunmwode Local Government.

### **3.4 Sample Size and Sampling Techniques**

We study a sample because it would be virtually impossible to study the entire population due to constraints of time and costs.

However, the sample must be representative of the population from which it is draw.

In other to determine the sample size, the researcher used a 5% level of significance, the sample size was derived using Yaro Yamnane formular

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

Where

n = sample size

N = Population of the study

e = level of significance/Error estimate at 5%

1 = Constant

$$n = \frac{200}{1 + 200 (0.05)^2}$$

$$n = \frac{200}{1 + 200 (0.0025)}$$

$$n = \frac{200}{1 + 0.05}$$

$$n = \frac{200}{1.5} = 133.33$$
$$= 133$$

### 3.5 Sample Size and Sampling Techniques

The sample size of the study as determined from the population is 133, therefore the sample size = 133. The researcher used simple random sampling technique to select the sample from the population.

### **3.6 Instrument for Data Collection**

The researcher will make use of the most appropriate and suitable instruments for data collection. The instrument is questionnaire and direct interview the questionnaire will be generated in line with the research

Questions in a simple and clear grammar to enable the respondent understand and respond to the research questions. In this study, the researcher will also employ other instruments for data collection like personal observation and interview.

### **3.7 Sources of Data Collection**

The researcher used two basic sources of data collection in the process of conducting the research; the researcher used both primary and secondary sources of data collection.

#### **i. Primary Source of Data Collection**

Primary source of data collection are information that are generated specifically for the purpose of this research work. In this study, data were got from personal observation, interview and responses on the questionnaire. The questionnaire is a well structured one, which permit the respondents to answer (yes or no). The questions are designed in the closed ended manner in order to ensure accurate statistical evaluation.

## **ii Secondary Source of Data Collection**

The secondary sources of data were gotten from existing information that are already written, published and unpublished that are related to the topic which includes textbooks, journals newspaper, international financial publication towards development.

### **3.8 Validation of Instrument**

According to Bowen et al and Runkel et al, validity can be defined as the process of finding out the degree to which a researcher or a test indeed measures what it purports to measure. In other words the questionnaire instruments or tests or items concern the content of the variables or rational categories the researcher has identified as the element of these variables of which she feels that by using them to test her respondents, he will receive similar answers from them. By instrumentation validation, the researcher tries to show her readers that what she thought the contents of the study to mean are what the umpires have taken them also to mean.

In order to establish the validity of the instrument, the researcher used the pilot test technique. According to Odo pilot test technique could be defined as the process of trying out the entire aspects of a study including analysis of the data following closely the procedures planned for the main study before launching the main study.

For this purpose, the researcher selected 14 respondents identical to the proposed sample group of the main study from a population other than the main study.

The researcher distributed the constructed questionnaire to them to score. He scored one the way he expected them to score. He then compared the result side by-side with each one scored by the respondent 12 out of the 14 (86%) of the respondents made definite decision on the questions. The researcher therefore claimed that the instrument was valid.

ii. **Test for Reliability of Instrument**

The researcher used the test-retest process to establish the reliability of the instrument. According to Odo (2000), stated that the test-retest is a process whereby the researcher administers the constructed questionnaire to the same reliability sample group more than once with the view of discovering how consistent each element of the group is in the scoring of the instrument at those different times. The researcher wants to show the reader that he ought to trust or depend on the results generated with her instrument of the study.

Measuring instrument is reliable it provides the same data when administered twice or more times in any other local government under similar conditions. The instrument was test-retest for reliability, test-retest was conducted at Esan WestWest

Local Government where the questionnaire was administered to members of selected staffs. These was retrieved, presented and analyzed. The results of the two were compared. Where the results are found to be similar, the researcher was convinced that the instrument was reliable.

### 3.8 Method of Data Analysis

The data collected is going to be presented in a tabulated form with focus on the major research questions in other to enable the researcher determine the results. Data collected were analyzed by use of simple percentage and chi square analysis. The following formular was applied.

$$\frac{f}{n} \times \frac{100}{1}$$

Where f = frequency of response

n = number of respondents

The chi-square formula is represented thus:

$$X^2 = \frac{\sum (o-e)^2}{e}$$

Where  $X^2$  = chi-square

$\Sigma$  = Summation

O = Observed Frequency

e = Expected Frequency

**Source:** Eheduru (1995)”

## CHAPTER FOUR

### PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

#### 4.0 Introduction

“This chapter deals with the presentation of data collected in the course of the study. In analyzing the data collected, tables were used in the presentation of data. The simple statistical method of frequencies and percentage were applied. The research questions were also analyzed.

#### The Distribution

No of questionnaire distributed	133
No of questionnaire returned	120
No of questionnaire not returned	13

#### Source Research Data, 2024

For the analysis, the researcher will be making use of the number of questionnaires returned which is 120.

#### 4.1 Analysis of Data

##### Research question one

Are there source of revenue available in Uhumwode Local Government?

The question was designed to find out if there are existence of taxation in Uhumwode.

The responses are presented in table 4.1 below

**Table 4.1**

**Distribution of question one**

<b>Options</b>	<b>Frequency</b>	<b>Percentages (%)</b>
Yes	80	66.6
No	40	33.3
<b>Total</b>	<b>120</b>	<b>100</b>

**Source Research Data, 2024**

From table 4.1 above, it can be seen that out of 120 respondent, 80 (66.6%) of them said yes that there are sources of revenue available in Uhumwode Local Government while 40 or 33.3% of the respondents said no that there are no sources of revenue available in Uhumwode Local Government.

**Research Question Two**

What is the major revenue source of Uhumwode local government area?

The question was designed to find out the major revenue source of Uhumwode local government.

**Table 4.2****Distribution of question two**

	<b>Options</b>	<b>Strongly Agree (percentage)</b>	<b>Agree (percentage)</b>	<b>Neither Agree nor Disagree (percentage)</b>	<b>Disagree (percentage)</b>	<b>Strongly Disagree</b>	<b>Total number</b>	<b>Total</b>
A	Federal govt. allocation	60 (50)	40(33.3)	10 (8.3)	5(4.1)	5 (4.1)	120	100
B	State govt. allocation	50(41.6)	50(41.6)	20 (16.6)	0	0	120	100
C	Special grants from state and federal govt.	28(23.3)	60 (50)	20 (16.6)	9 (7.5)	3 (2.5)	120	100
D	Loan from financial houses (banks)	40(33.3)	30(25.)	30 (25.)	10(8.3)	10(8.3)	120	100
E	Fines, rates, licence fees taxes	59(49.1)	61(50.8)	0	0	0	120	100
F	Donation	60(50.)	40(33.3)	15(12.5)	3(2.5)	2(1.6)	120	100

**Source Research Data, 2024**

Table 4.2 above shows that out of 120 respondents in the option of federal government allocation, 60 or 50 % respondents strongly agree that federal government allocation is the major revenue source of Uhumwode local government, 40 (33.3%)

of the respondents agree, 10 or 8.3% respondents neither agree nor disagree, 5 or 4.1% of the respondents disagree and 5 or 4.1% of the respondents strongly disagree. In the options of state government allocation, 50 (41.6) of the respondents out of 120 respondents strongly agree, 50 or 41.6% agree, 20 or 16.6 respondents neither agree nor disagree, none disagree or strongly disagree. In the option of special grants from state and federal government, 28 or 23.3% out of 120 respondents strongly agree, 60 or 50% agree 20 or 16.6% of the respondents neither agree nor disagree, 9 or 7.5% of the respondents disagree, 3 or 2.5% of the respondents strongly disagree. In the option of loan from financial houses 40 or 33.3% of out of 120 respondents strongly agree, 30 or 25.% of the respondents agree, 30 or 25.% neither agree nor disagree, 10 or 8.3% of them disagree, 10 or 8.3% strongly disagree. In the option of fines, rates, licence fees, taxes out of the 120 respondents, 59 or 49.1% strongly agree, 61 or 50.8% of the respondents agree, non neither agree nor disagree, non disagree and strongly disagree. In the option of donation 60 or 50.% respondents strongly agree, 40 or 33.3% agree, 15 or 12.5% neither agree nor disagree, 3 or 2.5% disagree, 2 or 1.6 respondents strongly disagree.

### **Research Question Three**

What are the methods adopted for prompt collection of taxation?

The responses of the respondents are presented in the table below

**Table 4.3:Distribution of question three**

	<b>Options</b>	<b>Strongly Agree (percentage)</b>	<b>Agree (percentage)</b>	<b>Neither Agree nor Disagree (percentage)</b>	<b>Disagree (percentage)</b>	<b>Strongly Disagree</b>	<b>Total number</b>	<b>Total</b>
A	Creation of awareness and campaign with the local government	50(41.6)	50(41.6)	15.(12.5)	5(4.1)	0	120	100
B	Reduction in tariff policy to encourage local government	50(41.6)	30(25.)	20 (16.6)	10(8.3)	10(8.3)	120	100
C	Computerization of tax system	28(23.3)	60 (50)	20 (16.6)	9 (7.5)	3 (2.5)	120	100
D	Effective tax collectors	60 (50)	40(33.3)	15 (12.5)	3(2.5)	2(1.6)	120	100

**Source Research Data, 2024**

Table 4.3 above shows that out of 120 respondents in the option of creation of awareness and campaign within the local government for prompt payment of taxes, 50 or 41.5% respondents strongly agree that creation of awareness and campaign within the local government for prompt payment of taxes as the method adopted for prompt collection of taxation, 50 or 41.6% respondents agree, 15 or 12.5% out of the 120 respondents neither agree nor disagree, 5 or 4.1% out of the 120 respondents disagree while none strongly disagree. In the option of reduction in tariff policy to encourage local industries, 50 or 41.6% respondents out of the 120 strongly agree, 30 or 25.0% of the respondents agree, 20 or 16.6% of them neither agree nor disagree, 10 or 8.3% of the respondents out of the 120 respondents disagree, 10 or 8.3% of them strongly disagree. In the option of computerization of tax system, 28 or 23.3% out of the 120 respondents strongly agree, 60 or 50% of the respondents agrees, 20 or 16.6% of them neither agree nor disagree, 9 or 7.5% disagree, 3 or 2.5% of them strongly disagree. In the option of effective tax collectors, 60 or 50% out of the 120 respondents strongly agree, 40 or 33.3% of the respondents agree, 15 or 12.5% of them neither agree nor disagree, 3. Or 2.5% disagree while 2 or 1.6% of the respondents strongly disagree.

#### **Research Question Four**

Are there problems of taxation in Uhumwode local government area?

The question was to find out if there are existence of problems associated with taxation in Uhunmwode local government area.

**Table 4.4: Distribution of question four**

<b>Options</b>	<b>Frequency</b>	<b>Percentages (%)</b>
Yes	80	66.6
No	40	33.3
<b>Total</b>	<b>120</b>	<b>100</b>

**Source Research Data, 2024**

Table 4.4, out of 120 respondents, 80 or 66.6% said yes that there are existences of problem associated with taxation in Uhunmwode local government while 40 or 33.3% respondents said no that there are no existences of problems associated with taxation in Uhunmwode local government.

#### **Research Question Five**

Which of the following do you consider as problem to taxation in Uhunmwode local government?

The question was structured to find out the problems associated with taxation in Uhunmwode local government.

**Table 4.5: Distribution of question five**

	<b>Options</b>	<b>Strongly Agree (percentage)</b>	<b>Agree (percentage)</b>	<b>Neither Agree nor Disagree</b>	<b>Disagree (percentage)</b>	<b>Strongly Disagree</b>	<b>Total number</b>	<b>Total</b>
A	Embezzlement of fund by those entrusted with council fund	70(58.3)	20(16.6)	20 (16.6)	10(8.3)	0	120	100
B	Lack of facilities for internal generation of revenue	50(41.6)	60(50.)	60 (8.3)	0	0	120	100
C	General laxity on the part of revenue collectors	60(50.)	40 (33.3)	15 (12.5)	3 (2.5)	2 (1.6)	120	100
D	Revenue staff not properly educated	59(49.1)	61(50.8)	0	0	0	120	100
E	Delay remitting federal and state allocation	70(58.3)	40(33.3)	10(8.3)	0	0	120	100
F	Poor banking facilities	80(66.6)	20(16.6)	20(16.6)	0	0	120	100

**Source Research Data, 2024**

Table 4.5 above shows that out of 120 respondents in the option of embezzlement of fund by those entrusted with council fund, 70 or 58.3% of the respondents strongly agree that embezzlement of fund by those entrusted with council

fund is the main problem of taxation, 20 or 16.6% agree, 20 or 16.6% neither agree nor disagree, 10 or 8.3% disagree, none strongly disagree. In the option of lack of facilities for internal generation of revenue, out of 120 respondents, 50 or 41.6% strongly agree, 60 or 50.% agree, 10 or 8.5% neither agree nor disagree, none disagree and none strongly disagree. In the option of general laxity on the part of revenue collectors, out of 120 respondents, 60 or 50% strongly agree, 40 or 33.3% agree, 15 or 12.5% neither agree nor disagree, 3 or 2.5% disagree, 2 or 1.6% strongly disagree. In the option of revenue staff not properly educated, out of 120 respondents, 59 or 49.1% strongly agree, 61 or 50.8% agree, none neither agree nor disagree, none disagree or none strongly disagree. In the option of delay in remitting federal state allocation, out of 120 respondents, 70 or 58.3 respondents strongly agree, 40 or 33.3% agree, 10 or 8.3% neither agree nor disagree, none disagree and none strongly disagree. In the option of poor banking facilities, out of the 120 respondents, 80 or 66.6% strongly agree, 20 or 16.6% agree, 20 or 16.6% neither agree nor disagree, none disagree or strongly disagree.

### Research Question Six

How can you rate the impact of taxation on the development of Uhumwode local government. These questions sought to find out the impact of taxation on the development of the local government.

**Table 6: Distribution of question Six**

<b>Options</b>	<b>Frequency</b>	<b>Percentages (%)</b>
Above average	10	8.3
Average	30	25
Below Average	80	66.6
<b>Total</b>	<b>120</b>	<b>100</b>

**Source Research Data, 2024**

From table 4.6 above, it can be seen that out of 120 respondents, 80 or 66.6% of them said that the impact of taxation on the development of the local government area could be rated below average, 30 or 25% of the respondents rated the impact of taxation on the development of Uhumwode on average level, 10 or 8.3% of them, rated the impact of taxation on the development of Uhumwode local government above average.

### **Research Question Seven**

Are revenue generated adequate for the provision of basic modern social amenities in Uhumwode Local Government Area.

The question was designed to find out if the revenue generated are adequate for the provision of basic modern social amenities.

**Table 4.7**

#### **Distribution of question Seven**

<b>Options</b>	<b>Frequency</b>	<b>Percentages (%)</b>
Yes	50	41.6
No	70	58.3
<b>Total</b>	<b>120</b>	<b>100</b>

**Source Research Data, 2024**

From the above table 4.7 shows that out of 120 respondents 70 or 58.3% of the respondents said no that revenue generated are not adequate for the provision of basic social amenities in Uhumwode Local Government Area while 50 or 41.6% of them said yes that the revenue generated are adequate for the provision of social amenities within the local government.

### Research Question Eight

How can you rate the level of poverty among the rural people as a result of poor development?

The question was structured to find out the level of poverty among the rural people as a result of poor development within the local government.

**Table 4.8: Distribution of question Eight**

Options	Frequency	Percentages (%)
Very high	30	25
High	60	50
Low	20	16.6
Very low	10	8.3
<b>Total</b>	<b>120</b>	<b>100</b>

**Source Research Data, 2024**

Table 4.8 above shows that out of 120 respondents 30 or 25.% said that the level of poverty among the rural people as a result of poor development could be rated very high, 60 or 50% of the respondents could be rated the level of poverty high, 20 or 16.6% respondents rated the level of poverty low while 10 or 8.3% of them rated the level of poverty among the rural people as very low as a result of poor development.

### **Research Question Nine**

Has poor taxation contributing to rural-urban migration?

The question seeks to find out if poor taxation has contributed to rural-urban migration in Uhumwode Local Government Area.

**Table 4.9: Distribution of question Nine**

<b>Options</b>	<b>Frequency</b>	<b>Percentages (%)</b>
Yes	80	66.6
No	40	33.3
<b>Total</b>	<b>120</b>	<b>100</b>

**Source Research Data, 2024**

From the above table 4.9, it shows that out of 120 respondents, 80 or 66.6% of the respondents said yes that poor revenue generated have contributed to rural-urban migration while 40 or 33.3% of the respondents said no that poor taxation have not contributed to rural-urban migration within the local government.

### **Research Question Ten**

How can taxation be improved?

The question was constructed to find out ways by which taxation could be improved within the local government.

**Table 4.10:Distribution of question Ten**

	<b>Options</b>	<b>Strongly Agree (percentage)</b>	<b>Agree (percentage)</b>	<b>Neither Agree nor Disagree (percentage)</b>	<b>Disagree (percentage)</b>	<b>Strongly Disagree (percentage)</b>	<b>Total number</b>	<b>Total percentage</b>
A	Increase in federal and state allocation	60(50.)	40(33.3)	20 (16.6)	0	0	120	100
B	Exploitation of local raw materials for small scale enterprises	40(33.3)	30(25.)	20 (16.6)	20(16.6)	0	120	100
C	Enlightenment of the citizens	60(50.)	30(25.)	20 (16.6)	10 (8.3)	0	120	100
D	Special grants from the state and federal government	70(58.3)	50(41.6)	0	0	0	120	100

**Source Research Data, 2024**

Table 4.10 shows that out of 120 respondents, 60 or 50% of the respondents strongly agree that increase in federal and state allocation to the local government is appropriate way to improve taxation, 40 or 33.3% agree, 20 or 16.6% neither agree nor disagree, none disagrees or strongly disagree. In the option of exploitation of local

of local raw materials for small scale enterprises, 40 or 33.3% of the respondents strongly agree, 30 or 25% agree, 20 or 33.3% neither agree nor disagree, 20 or 33.3% disagree, 10 or 8.3% respondents strongly disagree. In the option of enlightenment of the citizens on the need for prompt payment of taxes 60 or 50% of the respondents strongly agree, 30 or 25% agree, 20 or 16.6% of them neither agree nor disagree, 10 or 8.3% of the respondents disagree, none strongly disagree. In the option of special grants from the state and federal government, out of 120 respondents, 70 or 58.8% of the respondents strongly agree, 50 or 41.6% of the respondents agree, none neither agree nor disagree, none disagree or strongly disagree.

#### **4.2 Interpretation of Data**

In analysis the data collected from the tables presented above, the five major research questions will be analyzed.

From question six, it can be deduced from table six that the impact of taxation on the development of the local government areas could be rated below average.

From question seven, it was proved that the revenue generated within the local government is inadequate for the provision of basic social amenities.

From question eight in table 4.8, it was proved that the level of poverty among the rural people as a result of poor development is “very high”.

In question nine in table 4.9, it has been proved that poor taxation has contributed to rural-urban migration within the local government areas.

From question ten in table 4.10, it has been proved that the following are ways by which taxation can be improved, through increase in federal and state allocation to the local government, exploitation of local raw materials for small scale enterprises, enlightenment of the citizens on the need for prompt payment of taxes special grants from the state and federal government.”

## **CHAPTER FIVE**

### **SUMMARY OF FINDING, RECOMMENDATION AND CONCLUSION**

“This chapter presents the summary findings based on the analysis of the data collected, base on the result of findings, recommendations are made which leads to conclusion.

#### **5.1 Summary of Findings**

a. The researcher discovered that the impact of taxation on the development of the local government areas could be rated below average which has resulted to poor development of the rural areas.

b. The researcher also found out that the taxation within Uhumwode local government area was grossly inadequate for the provision of modern social amenities.

Due to poor revenue generated to provide basic social amenities, such as accessible road, schools, portable pipe-bore water, electricity among others it was impossible for rural people to sell the agricultural crops, drink portable water, pay school fees. Thus the poverty is very high.

c. The researcher also discovered that due to poor taxation to provide basic social amenities especially in the rural areas. There was exodus of rural dwellers to the urban centres.

Included in the researchers findings was that the major method to be adopted by the local government in order to improve taxation base should be the enlightenment of the citizens on the need and important of regular payment of taxes.

## **5.2 Recommendations**

Based on the findings, the following recommendations have been made.

a. The efforts of local government should not only be directed toward the revenue yielding alone but also to the provision of social amenities such as basic health facilities, accessible roads, town halls, electricity and water supply which will help to improve the socio-economic of life of the rural people.

These facilities provided by Uhumwode Local government should be of high quality by doing this; the people's interest will be geared towards giving their maximum support to the government which will lead to the development of the area.

b. There should be constant campaign and awareness programme within Uhumwode local Government to enlighten the rural peoples on the benefits of prompt payment of taxes to the government as when due, it will go a long way in improving the taxation. The local government should embark on the establishment of small scale industries which will provide employment opportunities for the youths in the rural area to tackle the problem of rural-urban migration.

Table 4.10 shows that out of 120 respondents 60 or 50% of the respondents strongly agree that increase in federal and state allocation to the local government is appropriate way to improve taxation 40 or 33.3% agree 20 or 16.6% neither agree nor disagree none disagree or strongly disagree. In the option of exploitation of local material for small scale enterprise 40 or 33.3% of the respondent strongly agree 30 or 25% agree 20 or 33.3% neither agree nor disagree 20 or 33.3% disagree 10 or 8.3% respondents strongly disagree in the option of enlightenment of the citizens on the need for prompt payment of tax 60 or 50% of the respondents strongly agree 20 or 25% agree 20 or 16.6% of them neither agree. In the option of special grants from the state and federal government out of 120 respondents 70 or 58.8% of the respondents strongly agree none neither agree nor disagree none disagree or strongly disagree.

### **5.3 Conclusion**

In the research, it is clear that poor taxation by local government in Nigeria have affected the spread of development to all the nooks and crannies of the country. Thus local government councils and their management should strategically plan on proper measures to generate revenue as to meet with their functions as provided by the constitution of the country.

This will enhance their financial ability to implement their constitutional functions or responsibilities to the rural peoples.”

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## **QUESTIONNAIRE**

Department of Public Administration,  
Faculty of Social Sciences,  
University of Benin, Benin City.

Dear Respondent,

### **REQUEST FOR FILLING OF QUESTIONNAIRE**

I am a final year student of the above mentioned department and University. As part of the requirement of the award of degree in the university. I am carrying out a research project on “Taxation and Development in the local government, (A case study of Uhumwode Local government area).

I therefore request you to please supply the information being sought for as stated in the attached questionnaire please the research is just for academic work only and the information will be used for such. Your identity will not be revealed in any form, so feel free to complete the questionnaire with objective and independent judgment.

Yours Faithfully

**Osawense Bridget Airueghionmo**

## QUESTIONNAIRE

**INTRODUCTION:** Please tick ( ) inside chosen box

### SECTION A: PERSONAL DATA

1. Sex

a. Male

b. Female

2. Age

a.18 – 25

b.26 – 30

c.36 – 45

d.46 and above

3. Marital Status

a. Single

b. Married

4. Rank / position

5. How long have you worked with the local government?

- a. Below four years
- b. Four – six years
- c. Six – Eight years
- d. Eight years and above

6. What is your Qualification?

- a. WASC/GCE
- b. OND
- c. NCE
- d. HND
- e. B.Sc./B.A
- f. Other qualification since entry please specify

**SECTION B**

7. Are there source of revenue available in Uhumwode Local Government?

- a. Yes
- b. No

8. What is the major revenue source of Uhumwode local government area?

- a. Federal government allocation
- b. State government allocation

- c. Special grants from the state and federal government
  - d. Donation
  - e. Loan from financial houses (banks)
  - f. taxes, fines, rates, licence fees
9. What are the methods adopted for prompt collection of taxation?
- a. Creation of awareness and campaign within the local government for prompt payment of taxes
  - b. Reduction in tarrif policy to encourage local industries
  - c. Computerization of tax system
  - d. Effective tax collectors
  - e. All of the above
  - f. None of the above
10. Are there problems of taxation in Uhunmwode local government area?
- a. Yes
  - b. No
11. Which of the following do you consider as problem to taxation in Uhunmwode local government area?
- a. Embezzlement of fund by those entrusted with the council fund

- b. Lack of facilities for collecting taxes
- c. General laxity on the part of tax collectors
- d. Revenue staff not properly educated
- e. Delay in remitting funds
- f. Poor banking facilities
- g. All of the above

12. How can you rate the impact of taxation on the development of Uhumwode local government?

- a. Above Average
- b. Average
- c. Below Average

13. Are revenue generated from tax adequate for the provision of basic modern social amenities in Uhumwode Local Government Area?

- a. Yes
- b. No

14. How can you rate the level of poverty among the rural people as a result of poor development?

- a. Very High
-

- b. High
- c. Low
- d. Very Low

15. Has poor development contributed to rural-urban migration?

- a. Yes
- b. No

16. How can taxation be improved.....

17. Has there been too much dependents on federal and state allocation by local government? Yes  No

18. Is exploitation of local raw materials for small scale enterprises a viable means of developing the rural areas? Yes  No

19. Does enlightenment of the citizens on the need for prompt payment of taxes help improved revenue base and subsequent development of local government? Yes   
No

20. Make suggestions on how tax can be used to facilitate local government development?.....