

**TAX ADMINISTRATION AND SUSTAINABLE DEVELOPMENT IN
NIGERIA: A CASE STUDY OF ISOKO SOUTH LOCAL GOVERNMENT
AREA, DELTA STATE**

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CERTIFICATION

This is to certify that this work was carried out and compiled by **OBUKENI PRECIOUS** with **MAT NO SSC2105841** of the Department of Public Administration, Faculty of Social Sciences, University of Benin, Benin City.

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Date _____

DEDICATION

I dedicate this project to God Almighty my creator, who has shown me mercy and favour.

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All appreciation goes to God Almighty for given me grace to complete this programme in good health. I wish to thank my parents Dr and Rev Dr. Nosakhare Aladeselu for being the pioneer of this journey. I say a very big thank you and also to my mentor and mother Rev Yuwa Aladeselu, God bless you for being my backbone.

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ABSTRACT

The political, economic and social development of any country depends on the amount of revenue generated for the provision of infrastructure in that given country. However, one means of generating the amount of revenue for providing the needed infrastructure is through a well-structured tax system. Tax is a major player in every society of the world. The tax system is an opportunity for government to collect additional revenue needed in discharging its pressing obligations sustainable development. In the study methodology, the study adopts the survey research design, population of this study consist of the total population of Delta State. Which is estimated at 3,233,366 according to the 2006 population census. The sampling technique used for this study is the simple and convenient sampling technique. Also, questionnaire was used as an instrument of data collection, while the techniques of data analysis was the simple percentage analytical method. The study found amongst others that tax payers in Isoko South local government area are very willing to compliance to pay tax if they can visible see and witness massive infrastructural development in the local government area. It was also discovered that a good tax administrative system will bring about massive development in terms of fostering increase in the internally generated revenue profile of the local government area. The study also found out that tax remission centres in Isoko South local government area should be decentralize in order to allow for easy payment of tax by tax payers. Furthermore, policy recommendations were adopted which include amongst others the following; the local government in Isoko South should continue to implement infrastructural development like construction of roads, markets, schools, hospitals etc so as to enable tax payers pay their taxes knowing fulfil well that their money in being put to judicious purposes. Also, effective tax policies like property tax and personal income tax be given some consideration in terms of its adoption in the local government area (Isoko South).

CHAPTER ONE

BACKGROUND TO STUDY

1.1 INTRODUCTION

The local government is the closest tier of government to the people in Nigeria, yet the resident population in it is denied the benefits of its existence (Cerin, 2006:21). This is evident in the poor environmental state, deteriorating public school buildings, poor market facilities and lack of health centres (Kiabel and Nwokah, 2009:532). The failure of the local governments in the area of service delivery has made the citizens to lose trust in government as an institution (Akindele, 2002:12). In some areas, council officials are better known for the harassment of citizens than service delivery for sustainable development (Obasi, 1999:62). Many Nigerians crave for change in the local government system as presently constituted in order not only to bring it in conformity with present day realities but also to make it live up to the expectations of the people who have been yearning for grassroot sustainable development (Abubakar; 1993:337). According to Akindele (2002:14), internally generated revenue has always been a reliable means of self – sustenance in local government areas. According to AdDeltakun (2004:12) the primary source of local government sustenance in Nigeria is Federal Allocation. The extent to which local government can go in accomplishing its goal will largely depend on its IGR strength (Akindele; 2002:12). The capacity of local government to generate revenue internally is one very crucial consideration for the creation of a local council.

But various studies as Akindele (2002:14), Ekpo and Ndebbio (1998:41), have shown that local governments in Nigeria depend solely on statutory allocations from the federal government. In recent times though, there have been dwindling pattern in the federal allocation because most of the federal government revenue is from petroleum proceeds. There is less demand for petroleum in the world as other developed nations of the world are shifting away from petroleum as source of energy to other sources such as gas, solar energy etc (Olusola; 2011:43). Thus, according to Obakoya (2010:37), onus lies on the local government to work on their internal revenue efforts to be able to accomplish its developmental goals in the local community. Local government in Nigeria now faces more challenges in terms of struggling to be less dependent on the federal and the state governments for financial resources.

Though, according to Olusola (2011:45), the revenue allocation system mandates that a certain fraction of the federation account be allocated to local governments, these funds are not enough to meet expenditure and developmental requirements. This is because the size of the account is related to revenue from oil which is subject to fluctuations and the expenditures of local government far exceed available resources.

Moreso, the problem of lack of fiscal transparency as a result of mismanagement of funds, corruption, poor internal control and lackadaisical attitude to government work and property still abound. The question that comes to mind is that if the statutory allocation is not forthcoming, if oil is de-emphasized in the economy, what would be the lot of local government in terms of tax administration? How are they to survive if this should occur? Hence, this study examines the areas and ways of boosting internally generated revenue of local governments in Nigeria and

assess the impact internally generated revenue has on sustainable development using Isoko South local government area in Delta state as our case study.

1.2 STATEMENT OF THE PROBLEM

The hallmark of taxation in any given society is to foster sustainable developmental activities both human and capital. In this regard the McPherson (2004:30) defines sustainable development as the development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Therefore, in facilitating tax administration to achieving sustainable development in Nigeria, especially at the local government level, various activities have been seen as a road map in achieving this purpose. For example, provision of vehicles for tax mobilization, prompt payment of staff salaries, motivation of staff etc. and the various “tax collectors” are very pivotal to the developmental process also. In that, an effective and efficient tax mobilization team, if properly motivated will bring about a maximized tax output generation which will lead to more fund in the disposal of local government, thus reducing the over – dependence on funds from federal allocation.

Furthermore, tax administration especially in the local government level has received little or recognition as a veritable tool in bringing about sustainable development in the local areas. Indeed, local government system as the third – tier of government deserves adequate finance to enable it cope with numerous developmental activities within her jurisdiction. But the pathetic story still remains that local government in Nigeria has been faced with a great

challenge in tax mobilization and generation despite the much acclaimed fertile environment for revenue generation especially in Isoko South local government area of Delta State.

This research work from the aforementioned challenges centres on finding solutions to this challenge majorly from the administrative point of view. Thus, it will address itself to such questions as: Does local government tax administrative system promote human and material resource development in Isoko South local government area? Is there a connection between tax administration and sustainable development in local government? What are the factors hindering effective tax administration in Isoko South local government area? What are the possible ways of solving the problems of effective and efficient tax administration in Isoko South local government area, such that will impact on the sustainable development in Isoko South local government of Delta State?

1.3 OBJECTIVE OF THE STUDY

The purpose of the study includes the following:

- i. To ascertain whether local government tax administrative system promotes human and material resource development in Isoko South local government Area.
- ii. To establish a connection between tax administration and sustainable development in local government.
- iii. To determine the factors hindering effective tax administration in Isoko South local government area.

- iv. To identify the possible ways of solving the problems of effective and efficient tax administration in Isoko South local government area such that sustainable development will be guaranteed.

1.4 RESEARCH QUESTION

1. Does local government tax administrative system promote human and material resource development in Isoko South local government Area?
2. Is there a connection between tax administration and sustainable development in local government?
3. What are the factors hindering effective tax administration in Isoko South local government area?
4. What are the possible ways of solving the problems of effective and efficient tax administration in Isoko South local government area such that sustainable development will be guaranteed?

1.5 RESEARCH HYPOTHESIS

To guide the research, the following hypotheses will suffice;

- i. There is no significant relationship between tax administration and sustainable development.
- ii. There is no significant relationship between local government tax policies and revenue generation.

- iii. There is no significant relationship between local government staff job satisfaction and revenue mobilization.

1.6 SIGNIFICANCE OF THE STUDY

The importance of this research is to figure out the benefit of tax administration on sustainable development in Isoko South local government area of Delta State. Tax administration in the local areas is a very important variable in achieving desired sustainable development. Revenue generation is an important area where public authorities controlling the affairs of the state especially in the local level to harness in bringing about sustainable development in terms of infrastructure, social services and local economy. Indeed, the society as a whole stands to benefit from this research study.

1.7 SCOPE OF THE STUDY

The scope of the study is the research boundary. The scope is on local government tax administration and how it can be managed to bring about sustainable development. More so, the focus area in which this research is been carried is Isoko South local government area in Delta State.

1.8 DEFINITION OF TERMS

Sustainable Development

Although many definitions abound, the most often used definition of sustainable development is that proposed by the Brundtland Commission (Cerin, 2006:24). This broad

definition, which will be used in this dissertation, does not limit the scope of sustainability. The explanation does, however, touch on the importance of intergenerational equity. This concept of conserving resources for future generations is one of the major features that distinguish sustainable development policy from traditional environmental policy, which also seeks to internalize the externalities of environmental degradation. The overall goal of sustainable development (SD) is the long-term stability of the economy and environment; this is only achievable through the integration and acknowledgement of economic, environmental, and social concerns throughout the decision making process.

Furthermore, sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs (United Nations, 1987:10). Also sustainable development has three components: environment, society, and economy. If you consider the three to be overlapping circles of the same size, the area of overlap in the center is human well-being. As the environment, society, and economy become more aligned, the area of overlap increase, and so does human well-being.

Tax Administration

It is one thing to make policies, rules and regulation in an attempt to attain a desired goal or objective and it is another thing to implement these policies, rules and regulation. The organs and or agencies in charge of tax policy implementation in Nigeria are referred to as the administrative organ or agency in this research work. Efficiency and effectiveness should be the watch word in designing a tax administration structure that will give the desired result (McPherson 2004:34). Put differently, tax administration in Nigeria is the responsibility of the

various tax authorities as established by the relevant tax laws (Kiabel and Nwokah 2009:539). Citing Section 100 of the personal income tax Decree, 1993 and amended by Decree No 18-Finance (Miscellaneous Taxation Provisions) Decree 1998, Kiabel and Nwokah (2009:442) noted “Tax authority “to mean Federal Board of Inland Revenue, the State board of internal revenue and the local government revenue committee. Together with the Joint Tax Board (JTB) and Joint state revenue committee or Local Revenue Committee, Nigerian tax authority administers taxes in Nigeria.

Local Government

The concept of local governance is as old as the history of humanity, only recently has it entered the broad discourse in the academic and practice literature (Shah, 2006:37). This concept has created excitement within the scholarship and practicing world of administration. It has attracted the attention of many scholars within the academia who have seriously analyzed and dug deep into the meaning, genesis and the need for its existence within all political arrangement of the world (Akindele, et al, 1997:12). Therefore, there is no unanimous acceptable definition among the scholars on the definition of local government. However, Obakoya (2010:39) defines local government as government by popularly elected bodies’ charges with administration and executive duties in matters concerning the inhabitants of a particular district or place.

According to Shah (2006:89) local government can be defined as specific institutions or entities created by national constitution, by state constitutions, by ordinary legislation of a higher level of central government, or by executive order to deliver a range of specific services to a relatively small geo-geographically delineated area. Local governance is a broader concept and is

defined as the formulation and execution of collective action at the local level. Thus, it encompasses the direct and indirect roles of formal institutions of local government and government hierarchies, as well as the roles of informal norms, networks, community organizations, and neighborhood associations in pursuing collective action by defining the framework for citizen-citizen and citizen-state interactions, collective decision making, and delivery of local public services. Local governance, therefore, includes the diverse objectives of vibrant, living, working, and environmentally preserved self-governing communities.

Contributing further to the discourse, the Nigeria Guideline for Local Government Reform (1976:25); defines local government Government at the local level exercised through representative council established by law to exercise powers within defined areas. These powers should give the council substantial control over local affairs (including staffing) and institutional and financial powers to initiate and to determine and implement projects so as to compliment the activities of the state and federal government in their areas, and ensure, through devolution of functions to those councils and through the active participation of the people and their traditional institutions, that local initiative and response to local needs and conditions are maximized.

CHAPTER TWO

2.1 LITERATURE REVIEW AND THEORETICAL FRAMEWORK

The political, economic and social development of any country depends on the amount of revenue generated for the provision of infrastructure in that given country. However, one means of generating the amount of revenue for providing the needed infrastructure is through a well structured tax system. According to Azubike (2009:36), tax is a major player in every society of the world. The tax system is an opportunity for government to collect additional revenue needed in discharging its pressing obligations sustainable development. A tax system offers itself as one of the most effective means of mobilizing a nation's internal resources and it lends itself to creating an environment conducive to the promotion of economic growth. Nzotta (2007:40) argues that taxes constitute key sources of revenue to the federation account shared by the federal, state and local governments. This is why Odusola (2006:30) stated that in Nigeria, the government's fiscal power is divided into three-tiered tax structure between the federal, state and local governments, each of which has different tax jurisdictions. And based on this study, the focus is on the third tier of government which is the local government. The system is lopsided and dominated by oil revenue. He further argues that over the past two decades oil revenue has accounted for at least 70% of the revenue thus indicating that traditional tax revenue has never assumed a strong role in the country's management of fiscal policy. Instead of transforming the existing revenue base, fiscal management has merely transited from one primary product-based revenue to another, making the economy susceptible to fluctuations of the international market. It on the account of this lopsided revenue structure that tax experts and scholars stated in clear

terms that the Nigerian tax system need to be reformed to achieve long term economic growth and sustainable development especially in the local government level.

Tax is a compulsory levy imposed on a subject or upon his property by the government to provide security, social amenities and create conditions for the economic well-being of the society (Appah, 2004:18). Anyanwu (1997:32) stated that tax are imposed to regulate the production of certain goods and services, protection of infant industries, control business and curb inflation, reduce income inequalities etc. Tosun and Abizadeh (2005:2251) say taxes are used as proxy for fiscal policy. They outlined five possible mechanisms by which taxes can affect economic growth. First, taxes can inhibit investment rate through such taxes as corporate and personal income, capital gain taxes. Second, taxes can slow down growth in labour supply by disposing labour leisure choice in favour of leisure. Third, tax policy can affect productivity growth through its discouraging effect on research and development expenditures. Fourth, taxes can lead to a flow of resources to other sectors that may have lower productivity. Finally, high taxes on labour supply can distort the efficient use of human capital high tax burdens even though they have high social productivity. Engen and Skinner (1996:617) suggest that a number of recent theoretical studies have used endogenous growth models to stimulate the effects of a fundamental tax reform on economic growth. All these studies conclude that reducing the distorting effects of the current tax structure would permanently increase growth.

Tax is a major source of local government revenue all over the world. Government use tax proceeds to render their traditional functions, such as the provision of public goods, maintenance of law and order, defense against external aggression, regulation of trade and

business to ensure social and economic maintenance (Azubike, 2009:25). Musgrave and Musgrave (2004:30) also stated that the economic effects of tax include micro effects on the distribution of income and efficiency of resource use as well as macro effect on the level of capacity output, employment, prices, and growth. However, the use of tax as an instrument of fiscal policy cannot be achieved because of dwindling level of revenue generated as a result of ineffectiveness of government officials. Kiabel and Nwokah (2009:34) argue that the increasing cost of running government coupled with the dwindling revenue has left all tiers of government in Nigeria with formulating strategies to improve the revenue base. Tax is dynamic, so reforms are necessary to effect the required changes in the local economy for sustainable development (Ola, 2001:10).

In the same vein, Arnold and McIntyre, (2002:32) define tax as a compulsory levy on income, consumption and production of goods and services as provided by the relevant legislation. Tax is a charge imposed by government authority upon property, individuals, or transactions to raise money for public purposes. This definition is however imperfect. The study of the teachings of Christianity, Islamic and other prominent religions in the world shows that tax is a religious duty based on social and civil responsibilities (Agbetunde, 2004:9). They all support and encourage tax imposition either to redistribute wealth or to finance government project. The Nigerian tax administration is in line with the British model of tax administration since 1960 and has been operating this up to 1990 when the self-assessment scheme came into play which seems similar to the American model of tax administration system (Adesola 2004:52).

The British model of tax administration assumes tax payers are incompetent as to tax process and tax authorities do not rely on information supplied by tax payers. Returns of the tax payer are carefully verified through the application of the American model in reference to the rigid British model. The American model despite the advantages that can be derived from its application has not found a good place in Nigeria because all the phenomenon that made it a success in America such as voluntary compliance system, competence of tax payer, efficient data processing system which aids detection of fraud are still not present the Nigeria context. Consequently disadvantage has adversely impacted on local government tax system since they are part of the ruling process in the state. Such impact has generally been based on problems associated with collection, assessment and returns procedures in the local government area. There is doubt on how efficient the tax authority and other bodies participating in the collection of tax and make returns to the local and state government.

Indeed, taxation or tax is most often used as a major instrument for revenue generation. Nonetheless, Naiyeju (1987:2) is of the opinion that the revenue role of taxation is still very relevant. The revenue function or objective of taxation is still vital in the sense that without mobilization of funds via savings or through taxation, government may find it difficult to execute most of its developmental programmes that can lead to economic growth and or wealth creation. It is clear that government expenditures via infrastructural establishment, road construction, energy and power generations, health facility, to mention just a few, lead to creation of an atmosphere conducive for capital formation (CF) and or gross domestic investment (GDI) which invariably will raise economic growth and development and eradicate poverty (Uremadu,

2008:23; Ogamba 2003:2; Dienning, 1981:64). Thus, taxation can be used as a principal tool for generating revenue for the government which it uses to prosecute various expenditure programs targeted at raising the living standard of its people.

Local government needs money to build schools and hospitals, to maintain law and order, to construct and maintain roads, and so forth. Through tax activities of government the required revenue or developmental funds could be raised, as a matter of fact. However, Akujobi (2013:23) has a contrary view. He states that this function of taxation, of late, can be questioned in that government has the power to create more money through deficit financing, however, mainly at federal government level, the monetary authorities can do this on behalf of the apex government. This arbitrary creation of money is deficit budgeting, according to Uremadu (2000:34). The states and local authorities should not exercise such powers as such authorities have not been bestowed upon them in most modern states. Ndulue (2005:186) disagrees with the view that this function of taxation is not relevant as government can create money. If government resorts to printing money any time it needs funds, it will definitely spark off inflationary pressures on the financial system and this development may not be good for the economy. In a bid to control inflation, government should not always resort to printing money at will just for the sake of money creation, rather the required funds can be generated through taxation and or borrowing from the capital market and/or money markets through issues of municipal bonds (Uremadu, 2008:32; Okafor, 1983:41).

Operational process of taxation could as well be used to reduce excess liquidity in the economy (Uremadu, 2008:33). Other than using taxation as an instrument for revenue generation,

tax can also be used to accomplish various economic and social objectives, as Rabiou (1981:43), rightly argues. According to him, local government can use taxation as a weapon to accomplish some definite economic and objective goals such as influencing consumer demand, providing incentives for production of gross domestic investment (GDI) or capital formation in certain sectors of the economy, investment and savings. Buhari (1993:9) classifies objectives of taxation into four broad headings: revenue generation, income distribution, regulation and stabilization of the economy.

Furthermore, Hanson (1988:5), states the reasons for imposition of taxes as follows: payment for the cost of general administration, defence and social services, curtailing the consumption of harmful commodities, redistribution of labour and reduction in inequality of income. Harvey (1982:56) summarizes the purpose of taxation to include: payment for goods and services produced by the country, achieving equitable distribution of wealth and income, compensating social costs and benefits and regulation of the local economy of the country. The local economy should be regulated in order to develop strategic industries, to protect infant industries to move factors to reduce unemployment, to allocate resources and to encourage the growth of the national income (Ndulue, 2005:187). In fact, various economic and social objectives could be accomplished through tax as pointed out by these authors (Ndulue, 2005:190; Uremadu, 2000:30). According to them, tax can be used to stimulate economic growth, to encourage the consumption of certain goods, to redistribute wealth and income, to control inflation, depression and deflation, to protect new industries, to maintain a favourable balance of payment and to encourage rural-urban population drift. These objectives are geared towards

economic growth and sustainable development and they are aimed at improving the welfare and living standard of the local citizenry.

It should be well noted that a good tax system operates under a number of principles (Uremadu, 2000:33) or what Adam Smith in Ndulue (2005:200) called the cannons of taxation. According to him, a good tax system must be based on principles as thus explained below:

Equity

Treatment of similarly situated tax payers or that people should pay tax according to their abilities to pay (Harvey, 1982:60; Musgrave and Musgrave, 1987:33).

Certainty

It stipulates that the time of payment, the manner of payment and the amount to be paid should be clear to the taxpayer as well as to the taxing authorities (Harvey, 1982; Uremadu, 2000:35). There exist two aspects of certainty in this perspective, that is: (i) certainty in amount to pay and (ii), certainty in collection Uremadu, 2006:37). In both counts most Nigerian governments at (federal, state and local) fail.

Convenience

This relates to mode of payment and the timing. This principle stipulates that the time and manner of payments should be convenience to the taxpayer. As a matter of fact, a tax system should be simple, easily assessed, and understood and be collected at minimal costs (Uremadu, 2000:42). PAYE tax system is one which is deducted at source, guarantees most of these requirements (Harvey, 1982:62).

Economy

According to Harvey (1982:70), the total costs of collection should be small when compared with the tax yield or amount realized from tax. Economical in this respect is seen in terms of costs or cost implications of the tax system adopted by the taxing body, authority or government in question. Hence, the compliance costs to the tax payers and the administrative costs to the government negatively affect national output of taxes collected (Uremadu, 2000:50).

Simplicity

This is usually a good tax system should be very simple and not be complex. It should be simple and well understood by both the tax payers and tax administrators alike. It should as well be easily administered. Ndulue (2005:202) is of the view that: “Nigerian tax system does not satisfy this requirement. The Nigerian tax system is very complex. It is not simple and easily understood by both the tax payers and tax administrators. The “tax” laws are complex and are not easily understood by tax payers. The tax administration is also complex despite the introduction of the self - assessment scheme and the new payment system”.

BRIEF HISTORY OF TAX ADMINISTRATION IN NIGERIA

One of the recurrent problems of the three-tier system in Nigeria is dwindling revenue generation as characterized by annual budget deficits and insufficient funds for meaningful growth and viable projects development. Local governments are the nearest government to the people at the grassroots in Nigeria, they are strategically located to play a pivotal role in national development. Since they are responsible for the governance of about 70 percent of the population of Nigeria, they are in vantage position to articulate the needs of the majority of Nigerians and formulate strategies for their realization. Local administration in Nigeria can be traced to the

colonial period. Available record shows that the first local administration ordinance was the Native Administration Ordinance No. 4 of 1916 which was designed to evolve from Nigeria's old institutions the best suited form of rule based on the people's habits of thought, prestige and custom (Bello-Imam 1990:12). These local administrations were used in the north eastern and western parts of the country while the indirect rule was introduced in the rest of the north. For example, in 1926, a centralized budget system was introduced.

Following the creation of Northern, Western and Eastern regions in 1946, a decentralized public revenue structure began to emerge. The first revenue commission was set up in 1946. During the colonial period, four revenue commissioners were created. The principles, criteria and allocation formulas recommended by the commissions are well documented (Ekpo, 1994:24). Macpherson constitution of 1948 initiated some remarkable changes, the regions introduced some reforms in their local administrations in the 1950s which aimed at enhancing performance. Though, the reforms gave local administrations to collect rates and levy pools and income taxes to finance their activities, the regions had overall control of the taxes. Local administration lacked self-determination, hence their resource were inadequate. Though, the local authorities were partially successfully in the North but unsuccessfully in the Eastern and Western regions.

Adedeji (1970:39) blames the ineffectiveness of local administration on the following reasons. (a) Lack of mission or lack of comprehensive functional role (b) Lack of proper structure (i.e. the role of local governments in the development process was not known). (c) Low quality of staff; and (d) Low funding. According to him, these problems led the local governments into a vicious circle of poverty because inadequate functions and powers lead to

inadequate funding which result in the employment of low skilled and poorly paid staff. Local government administration in the country experienced fundamental changes in 1976.

The 1976 local government reform created for the first time, a single-tier structure of local government in place of the different structure in the various states. Our interest in the 1976 reform hinges on the restructuring of the financial system. The reforms instituted statutory allocation of revenue form the federation account with the intention of giving local government fixed proportions of both the federation account and each states' revenue. This allocation to local government became mandatory and was entrenched in the recommendations of the Aboyade Revenue Commissions of 1977.

The 1979 constitution empowered the national Assembly to determine what proportion of the federation account and revenue form a state to allocate the local government. In 1931, the National Assembly fixed these proportions at 10percent of the federation account and 10 percent of the total revenue of a state. In 1985, the state's proportion was reduced to 10 percent of the internally-generated revenue, local governments' allocation from the federation account was later adjusted to 20 percent. It was further increased to 25 per cent with the arguments that local governments are expected to take on larger developmental responsibilities.

The revenue allocation has continued to vary in proportion over time. At present, local government receive 20 per cent of the federation account. In addition, proceed from the value added tax (VAT) are also allocated to them. Presently, VAT's allocation is 35 per cent based on equity of states (50 per cent), population (35 percent) and derivation (2 percent). The 1976 local government reforms states the internal revenue sources of local governments to include: (a)

Rates, which include property rates, education rates and street lighting. (b) Taxes such as community, flat rates and poll tax. (c) Fines and fees, which include court fines and fees, motor park fees, forest fees, public advertisement fees, market fees, regulated premises fees, registration of births and deaths and licensing fees; and (d) Miscellaneous sources such as rents on council estates, royalties, interest on investment and proceeds from commercial activities. Despite this clear demarcation, states and local government still clash over sources of internal revenue.

There has been a significant increase in the number of Local Governments over the years. There were 96 divisions in 1967. By 1976, they had increased to 300. The number was increased to 774 after five years (AdDeltakun; 2004:12) we will like to emphasize here that the rise in the number of Local Governments as implications on the assignment of public revenue responsibilities among the tiers of government.

LOCAL GOVERNMENT FINANCES AND REVENUE UTILIZATION

Public revenue mobilization is one of the most keenly contested issues in Nigeria. A comprehensive review of the reports of the various commissions and government policies from the 1946 Philipsons commission to the activities of the National Revenue Mobilization, allocation and fiscal commission established in 1989 could be found in Ekpo (1994:24).

Local governments in Nigeria receive statutory allocations from the two higher tiers of government (federal and states). At the present, revenue sharing formula, local governments receive 20 per cent from the federation account. They are also statutorily entitled to 10 per cent of states' internally generated revenue. As regards to Value Added Tax, local governments

receive 30 percent in 1998. This was shared to local governments, on the following basis: equality (50 per cent): population (30 per cent) and derivation (20 per cent). In 1999, local governments received 35 per cent of the VAT proceeds.

The federal government controls all the major sources of revenue like import and excise duties, mining rents and royalties, petroleum sales tax, petroleum profit tax and companies income tax among other revenues sources (see table 1). Local Government taxes are minimal hence this limits their ability to raise independent revenue and so they depend solely on allocation from the federation account.

Much of the revenue collected by the federal government and distributed among the different tiers of government using the vertical revenue allocation formula is from the federation account. But the federal government seems to exercise too much control over its distribution. So many deductions are made from the total revenue collected before the rest is distributed according to the sharing formula.

TABLE 1: JURISDICTION OF MAJOR TAXES IN NIGERIA

S/N	Type of Tax	Administration and Collection
1	Import duties	Federal
2	Excise duties	Federal
3	Export duties	Federal
4	Mining and royalties	Federal
5	Petroleum sales and profit tax	Federal
6	Companies' tax	Federal
7	Capital gains tax	Federal / State
8	Personal income tax (other than listed in 9)	State
9	Personal income tax: armed forces, external affairs officers, on-residents, residents of the Federal Capital Territory and the Nigeria Police.	Federal
10	License fees on television and wireless radio	Local
11	Stamp duties	Federal / State
12	Capital transfer tax (OTT)	State
13	Value Added Tax	Federal
14	Pools Betting and other Betting taxes	State
15	Motor Vehicle and Drivers' Licenses	State

16	Entertainment tax	State / Local
17	Land registration and survey fees	State
18	Property taxes and rating	Local
19	Market and trading licenses and fees	Local
20	Motor park duties	Local
21	Advertisement fees	Local
22	Domestic Annual License Fees	Local
23	Religious Place Establishment Permit	Local

Source: AdDeltakun, (2004).

PROBLEMS OF TAX COLLECTION IN NIGERIA'S LOCAL GOVERNMENT

In Nigeria, tax administration is confronted with complex and thoughtful multidimensional problems. According to Ola (2001) revenue collected from income tax of individual and corporate bodies is tend to be too low because of inadequate level of knowledge (tax literacy), poor association between tax authorities and taxpayers, insufficient number of qualified and competent accountant among the staff of tax authorities. Untrained and unqualified tax personnel lack skills on how to reach information or other technical procedures on how to utilize information available for the assessment and calculating tax in a best suitable manner (Ayodeji, 2014:27).

However, Ariyo (1997:45) suggested the following: dysfunction in collection system and tax administration, multifaceted statute and apathy of taxpayers is because of absence of utilities

enjoyed in turn for their tax collected. The overall opinion of taxpayers is that the wealthy individual do not pay taxes in the country, this has deteriorated the situation. Generally speaking, it is very hard to distinguish between tax matters from financial issues since the problem was typically borne under a single consistent caption. It is also viewed as a process of determining the legitimate position laborious and difficult (Ariyo, 1997:50), Ola (2001:18); and Odusola (2003:32).

The problem of tax administration as well as collection of revenue for sustainable development in Eksako West local government in Delta State is seems to be similar with that of other local government areas in the country. In respect of the issue Hassan (2014) identified the following problems:

- Poor staffing system
- dysfunctional legal framework (obsolete laws)
- absence of the necessary infrastructure to enhanced revenue generation by tax collectors as well as administrators
- Often fraught with leakages
- Manual nature of tax collection processes

According to Hassan above, the identified problems are directly responsible for low revenue generation to the state and hence reduce the state government ability to provide additional infrastructure to the public. Furthermore, if the problem persisted this would lead to a situation where public utilities may be continue affected and hampered which in turn standard of living

will deteriorate. In the long run tax evasion will prevail and attitude of non-compliance from the taxpayer would reach to a higher level.

Equally, Chinyere (2000:3) cited in Abdullahi (2012:1) suggests that the problems related to tax administration and collection include the following:

- In sufficient tax personnel or manpower that are capable and competent to fit the collection exercise.
- Negligence and misconduct of the collected tax
- Bribery, corruption and fraud among the tax collectors
- Absence of voluntary compliance behaviour from the tax payers
- Poor record keeping (books of account)
- Insufficient training and operational facilities

Frequently, the problems of tax administration and collection as identified by different findings are similar and tend to be unique. This is because the nature of the issue and the consequences are all same. Soyode and Kajola (2006:23) the problem course low revenues realization and which is negatively impacting on government expenditure. Furthermore, misused of tax collected, bribery and corruption, in competent tax personnel and poor proper accounting record- all these increase noncompliance attitude and facilitate low tax return to the government. The situation led to an act of tax evasion as well as tax avoidance.

PROSPECTS OF TAX COLLECTION

As was discuss previously, taxes the most useful ingredient source of income to the modern economies and different government across the countries. Effective and efficient utilization of

the collected revenue from taxes will allowed the government especially in the local areas to provide adequate infrastructure that may boost and improved the life quality of its citizen. Therefore, beyond any reasonable doubt with proceed from taxes, a nation or society will gain prosperity and their standard of living would be upgraded. A prominent economist of 17th century Adam Smith (1776:21) posits the followings as prospect of good tax collection:

- Tax administration and collection should be efficient and supported to safeguard required tax collection via creating awareness and enlightenment campaign on the important of paying tax, training and re-training of tax personnel and computerization of tax process.
- Forceful action particularly should be deployed to table the leak of revenue especially on minor goods or services and as well as unpacked items.
- Government on various level should ensure sufficient and effective policies regarding tariff was put in place to enable the domestic firms have ability to compete with their counter foreign trade accordingly.
- Fair tax administration must be ensured and maintained in accordance to the principles taxation and sources of tax income through enacting new and amending existing tax laws.
- General Service Tax (GST or VAT value added tax) is one of the indirect types of tax that yield government with revenue. With that, there is need for government to put more effort in strengthening and widening the scope of the tax base by bringing closer the administration of GST or VAT to the taxpayers. This will be achieved through establishing new offices and relevant collection point that would facilitate the process.

2.2 THEORETICAL FRAMEWORK

Social Contract Theory

Social contract theory is a political theory. It is a theory that stresses an understanding between the ruled and their rules, characterizing the right and obligations of everyone accordingly (Abdullahi, 2012:5). According to Britannica, (1995:920) new reference book state that in primitive times as indicated by the theory, individuals were naturally introduced to an anarchic state of nature, which was content or troubled as per the specific version, they then by practicing common reason framed society (Government) by means a contract between themselves. Notwithstanding comparative thoughts can be tracked back to the Greek critic social contract scholar had their most notable century in the seventeenth and eighteenth hundreds of years and are connected with so many names as (Thomas Hobbes, 1851. John Locke, 1960. Jean-Jacques Rousseau, 1762).

Generally, social contract theorists advance the view that the state or, more precisely, civil society is the product of a contract, a covenant, an agreement, or a compact (Tocqueville; 1998:91). Its earliest recognizably modern form dates back to Thomas Hobbes and continues through John Locke, Baruch Spinoza, Samuel Pufendorf, Jean-Jacques Rousseau (and others) to Immanuel Kant (Nwoko; 1988:81). While John Rawls stands out among its contemporary proponents, not only for resurrecting it from the disrepute into which it fell after Kant but, perhaps more importantly, for incorporating into it some key elements for its adaptation to the contemporary requirements of the state and citizenship. *Contractarianism* and *Contractualism* are often generally used as synonymous terms for social contract theories, the central idea of which

is that ‘the legitimacy of the state and/or the principles of sound justice derive their legitimacy from a societal agreement or social contract (Rawls; 1971:142). However, the two terms are also sometimes distinguished respectively as the Hobbesian model, and the Kantian interpretations of the justificatory problem, which is a central issue in the modern conceptualizations of the theory. Locke’s “contract of government” presupposes that the people had earlier given their mutual consent to the formation of society. And, then, as members of society, they later chose their rulers to form their government, each party having specific duties and obligations. The rulers hold power on fiduciary grounds and are accountable to the people (Locke; 1980:98). This provision wherein the people choose and can remove their rulers constitutes the source of the people’s power.

Summarily, the social contract theory is stating that the citizens will be ready to surrender their entitlement to the government just when government Guarantees them of satisfactory protection and procurement of social amenities. This is relevant to taxation in which the citizens are willing to pay their taxes just when the government guarantees them of sufficient procurement of social amenities. For example, provision of power/electricity, good roads/streets networking, schools, job opportunities, hospitals/medical facilities, security and so forth. As a rule the taxpayers are frustrated when government neglects to give these civilities regardless of tremendous tax loads that they bear. Therefore, social contact theory help the profit standards of taxation which expresses that each taxpayer ought to hold up under tax burden in connection to the benefit which he or she get from open administrations or public services.

CHAPTER THREE

RESEARCH METHODOLOGY

The methodology of this paper will include; the research design, population of the study, sampling and sampling technique, research instrument, and methods of data analysis.

3.1 Research Design

Survey research design can be descriptive or historical (Obasi, 1999:62). It is historical when it evaluates and explains past events with a purpose of gaining a deeper understanding of the present and attempting a reliable prediction of the future. It is descriptive when it unravels the major elements and characteristics of any phenomenon. This study utilizes the survey research design in which questionnaires will be used to collect data from the respondents.

3.2 Population of the Study

According to Schutt (1999:46) research population is the sum total of all the elements of units of analysis which a study is interested in. The population of the study shall include the total number of persons living in Delta State.

3.3 Sampling and Sampling Technique

In order to determine the level of Local Government Administration and Sustainable development in Isoko South Local Government of Delta State, a total of 100 persons will be randomly surveyed. The field survey will employ the use of cluster random sampling, which grouped the targeted population into the twelve (12) wards in the local government area.

Therefore, 120 respondents comprising both male and female of voting age were selected totally 120 respondent. Hence, 120 respondents make up the sample for this survey.

3.4 Sources of Data

Basically, there are two major sources of data collection which will be utilized in this study. There are; **Primary Sources:** This entails gathering information through the administration of questionnaires which will be structure in line with the relevant objectives of the study, while the **Secondary Sources** involve the use of data from sources such as published books, journals, Newspapers, magazines, government gazettes as well as internet sources.

3.5 Instrument of Data Collection

The major instruments for the collection of data for this study is the use of questionnaire. The questionnaire will be structured into two sections i.e. section A and B. Section A will dwell on the socio – demographic profile of the surveyed as Age, Educational qualification, Occupational distribution, and Religion. Section B will cover issues that relate to the subject matter of the research. The questions will be structured along the closed – ended response pattern where respondents will be given options to choose from.

3.6 Techniques of Data Analysis

The method of data analysis to be used for the purpose of this study is the simple percentage. The simple percentage which is a descriptive statistical tool of analysis shall be used in the analysis for the study. The formula for the computation of the simple percentage is given below:

$$\% = \frac{PC}{N} \times \frac{100}{1}$$

Where PC (F) = Percentage Compliance

N = Total numbers of respondents

100 = Common base of simple percentage
(Ogbeide, Uyi – Ekpen, 1997: 186)

CHAPTER FOUR
DATA PRESENTATION AND ANALYSIS

The presentation of data and analysis is examined in this chapter. As indicated in the study methodology, 120 respondents were sampled and same numbers of questionnaire were distributed to the targeted respondents of the study. In the retrieval process, the study observed that, out of the 120 questionnaire distributed to the study sampled respondents only 100 were retrieved by the researcher. Thus, changing the study analysis total sample to 100.

4.1 PERCENTAGE CALCULATION OF BIO DATA
SECTION A

Table 1.0

Gender Distribution	Respondents	% Respondent
Male	65	65%
Female	35	35%
Total	100	100

Source: Field Survey; 2025

Interpretations

From the above table, it is seen that 65% of the respondents are Males which account for the majority of the sample while 35% of the remaining respondents were females.

Table 1.1

Age Distribution	Respondents	% Respondent
18-35	30	30%
36-53	45	45%
54 and above	25	25%

Total	100	100
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Source: Field Survey; 2025

Interpretation

From table 1.1, it was discovered that 30% of the respondents were within the age bracket 18-35 years while 45% which form the majority of our respondents were within the age bracket 36-53 years. And lastly, 25% of the remaining respondents fall within the age bracket 54 and above years.

Table 1.2

Marital Status	Respondents	% Respondent
Single	35	35%
Married	65	65%
Divorced	Nil	Nil
Total	100	100

Source: Field Survey; 2025

Interpretation

From the above percentage computation, it was observed that 35% of the sampled population were single. And 65% were married while none were divorced.

Table 1.3

Religious Distribution	Respondents	% Respondent
Muslim	85	85%
Christian	15	15%

A.T.R.	Nil	Nil
Total	100	100

Source: Field Survey; 2025

Interpretation

In table 1.3, the researcher discovered that 15% of his total sampled populations were Christians, while 85% were Muslims. And it was also noticed that non were A.T.R.

Table 1.3

Occupational Status	Respondents	% Respondent
Farming	10	10%
Trading	30	30%
Artisan	15	15%
Civil Servants	45	45%
Others	-	-
Total	100	100

Source: Field Survey; 2025

Interpretation

From the above table 1.3, it was discovered that 10% of the total respondents were farmers, 30% were traders, 15% were artisan, while 45% were civil servants.

Table 1.4

Educational Qualification	Respondents	% Respondent
No Formal Education	10	10%
Primary	15	15%
Secondary	40	40%
Tertiary	35	35%
Others	-	-
Total	100	100

Source: Field Survey; 2025

Interpretation

From the above table, it is being noticed that 10% of the total sample population did not have any formal education, 15% were primary school certificate holders, 40% attended secondary school while 35% of the total respondents attended tertiary institutions.

ANALYZING IN PERCENTAGE EACH ITEM IN THE QUESTIONNAIRE (SECTION B).

Question 1

1. Effective tax policies will enhance attainment of education policies.

Table 2.0

Question One (1)	Respondents	% Respondent
Yes	54	54%

No	46	46%
Total	100	100

Source: Field Survey; 2025

Interpretation

From the percentage computation of table 2.0, it was discovered that 54% of the sampled respondents agreed that effective tax policies will enhance attainment of education policies. While 46% of the respondent were not in support that effective tax policies will enhance attainment of education policies.

Question 2:

Road construction and rehabilitation depends on tax payment compliance.

Table 2.1

Question Two (2)	Respondents	% Respondent
Yes	62	62%
No	38	38%
Total	100	100

Source: Field Survey; 2025

Interpretation

From the above 2.1, it is clearly noticed that 62% of the total population were in support that road construction and rehabilitation depends on tax payment compliance. While 38% were not in support.

Question 3

Government is not able to provide well-equipped hospitals because of lack of financial recourses

Table 2.2

Question Three (3)	Respondents	% Respondent
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Yes	48	48%
No	52	52%
Total	100	100

Source: Field Survey; 2025

Interpretation

It is being observed from table 2.2, that 48% of the total sample population were in agreement that government is not able to provide well-equipped hospitals because of lack of financial recourses. While 52% disagreed to the above fact.

Question 4

If citizens pay their taxes government will be able to develop the local areas better.

Table 2.3

Question Four (4)	Respondents	% Respondent
Yes	63	63%
No	37	37%
Total	100	100

Source: Field Survey; 2025

Interpretation

As seen in table 2.3, 63% of the total sampled respondents were of the opinion that if citizens pay their taxes, government will be able to develop the local areas better. But 37% of the respondents were not in support of the aforementioned assertion.

Question 5:

People are encouraged to pay tax because of massive road construction and rehabilitation in Isoko South local government

Table 2.4

Question Five (5)	Respondents	% Respondent
Yes	80	80%
No	20	20%
Total	100	100

Source: Field Survey; 2025

Interpretation

In table 2.4, 80% of the total sampled respondents were in favour that people are encouraged to pay tax because of massive road construction and rehabilitation in Isoko South Local Government. While 20% were not in favour of the above statement.

Question 6

Tax remission centres are located in different areas of Isoko South Local Government

Table 2.5

Question Sex (6)	Respondents	% Respondent
Yes	29	29%
No	71	71%
Total	100	100

Source: Field Survey; 2025

Interpretation

From the above table, its discovered that 29% were of the opinion that tax remission centres are located in different areas of Isoko South local government. While 71% disagreed to the above assertion.

Question 7

Effective policies on personal income tax will lead to more revenue for sustainable development

Table 2.6

Question Seven (7)	Respondents	% Respondent
Yes	69	69%
No	31	31%
Total	100	100

Source: Field Survey; 2025

Interpretation

In the above table 2.6, it is observed that 69% of the total sampled population were of the opinion that effective policies on personal income tax will lead to more revenue for were not in favour of the aforementioned fact.

Question 8

Adoption of property tax in local government areas will increase revenue available to government for developmental purposes.

Table 2.7

Question Eight (8)	Respondents	% Respondent
Yes	69	69%
No	31	31%
Total	100	100

Source: Field Survey; 2025

Interpretation

From the above table 2.7, it is being discovered that 69% of the total sampled population were of the view that adoption of property tax in local government areas will increase revenue available to government for developmental purposes. While 31% of the respondents were not in favour.

Question 9

Local government tax workers are well behaved towards tax payers in the process of collecting tax for development.

Table 2.8

Question Nine (9)	Respondents	% Respondent
Yes	25	25%
No	75	75%
Total	100	100

Source: Field Survey; 2025

Interpretation

From the above table 2.8, it is being discovered that 75% of the total respondents do not agree that local government tax workers are well behaved towards tax payers in the process of collecting tax for development. While 25% were in agreement of the aforementioned statement.

Question 10

Local government tax workers are given monthly targets

Table 2.9

Question Ten (10)	Respondents	% Respondent
Yes	81	81%
No	19	19%
Total	100	100

Source: Field Survey; 2025

Interpretation

It is observed from table 2.9, that 81% of the total sampled population were in agreement that local government tax workers are given monthly targets. While 19% were not in agreement

Question 11

Those who meet or exceed targets are specially rewarded

Table 2.11

Question Eleven (11)	Respondents	% Respondent
Yes	57	57%
No	43	43%
Total	100	100

Source: Field Survey; 2025

Interpretation

From the above table 2.11, it is observed that 57% of the total sample population were in agreement that those who meet or exceed targets are specially rewarded. While 43% of the remaining respondents were not in favour of the aforementioned statement.

Question 12

Local government provide vehicles for tax mobilization

Table 2.12

Question twelve	Respondents	% Respondent
Yes	59	59%
No	41	41%
Total	100	100

Source: Field Survey; 2025

Interpretation

From the above table, it is being observed that 59% of the total sample respondents were in favour that local government provide vehicles for tax mobilization. While 41% of the remaining sample population were not in support of the above aforementioned assertion.

Question 13

Local government tax workers observe get-together for special occasions

Table 2.13

Question Thirteen (13)	Respondents	% Respondent
Yes	45	45%
No	55	55%
Total	100	100

Source: Field Survey; 2025

Interpretation

It is being discovered from above 2.13, which 55% of the total sampled respondents were in agreement that local government staff do not observe get-together for special occasions. While 45% of the remaining respondents were in agreement that local government workers do observe get-together for special occasions.

4.2 DISCUSSION OF FINDINGS

Taxation is most often used as a major instrument for revenue generation. Naiyeju (1987:2), is of the opinion that the revenue role of taxation is still very relevant. The revenue function or objective of taxation is still vital in the sense that without mobilization of funds via

savings or through taxation, government may find it difficult to execute most of its developmental programmes that can lead to economic growth and or wealth creation.

Local government especially Isoko South local government area needs money to build schools and hospitals, to maintain law and order, to construct and maintain roads, and so forth. Though tax activities of government the required revenue or developmental funds could be raised.

As a matter of fact this can only be achieved when there exist an effective and efficient tax administrative system.

Thus, in analyzing our findings from this research work, it was discovered that effective tax policies will enhance the attainment of better standard of living variables, like high standard educational system, building of markets, infrastructural development etc in Isoko South local government area. And this fact was further buttress with the majority respondents agreeing to the aforementioned asserted as shown in table 2.0.

Also tax payment compliance was also discovered as a major drive to road construction and rehabilitation in Isoko South local government. The prompt payment of tax by tax-payers in Isoko South local government has led to major social and economic development due to accessible roads which is being constructed in major parts of Isoko South local government area. Again, it was also observed that government is not able to provide well quipped hospitals because of lack of financial resources as posited by the research questionnaires number three (3). But the respondents were not in support if the above assertion that it's due to lack of financial resources that made the government unable to provide well-equipped hospitals. The research

found out that other variables like mismanagement of public funds, corruption on the part of local government administrators and lack of maintenance culture on the part of the local government and its citizenry has led to the ill state of public hospitals and health centres in Isoko South local government area.

Furthermore, in regards to our research findings, it was discovered that the majority of the respondents were in convergence opinion that if citizens pay their taxes, government will be able to develop the local areas better (see table 2.3). This findings according to table 2.3 is also seen as a motivator for the local government to live up to their social responsibilities to their local people especially in Isoko South local government area.

Again, according to the research findings due to massive road construction and rehabilitation in Isoko South local government area people are encouraged to pay tax. This point is been further buttress by the majority respondents that were in convergence agreement (see table 2.4) that base on government infrastructural drive or development in local government areas, local citizens are more encouraged to pay tax, which is one of the main instrument that finances the growth and development of infrastructural activities.

The study also discovered that for effective and efficient tax administration that will foster sustainable development, tax remission centres should be decentralized. But this is not the case in Isoko South local government area (see table 2.5). From the data collected from the field (table 2.5), it is visible clear that majority of the total sampled population were not happy that tax remission centres in Isoko South local government area is centralized. And this particular fact

according to the sampled respondent creates difficulties in tax payment especially for individuals living in the hinter lands of Isoko South local government area.

Also, the issue of effective policies on personal income tax was discovered as a driver for increase in the revenue structure or profile in Isoko South local government area which will invariably lead to sustainable development in the area. Personal income tax structure is a very crucial aspect of the tax system in Nigeria. Thus an effective policy on PAYE will undoubtedly motivate tax payers in Isoko South local government area as seen in table 2.6. furthermore, according to the research chi square calculation on the relationship level between effective tax policies and revenue generation, the researcher discovered that there exist a medium positive relationship between the aforementioned variables (see table 3.1). Another discovered was that of adoption of property tax as an avenue for boosting the revenue profile which in turn will lead to sustainable development in Isoko South local government area. It was observed according to the convergence agreement of the sampled respondents that adoption of property tax in Isoko South will increase the revenue profile in the area. This is true and a veritable instrument in tax administration because, if all properties e.g. lands, building, automobiles etc are tax at a considerable rate, the local government area will tend to increase financially which will enable the local government put in place development possesses in the area.

Also, it was discovered according to the research findings that local government tax workers are not well behaved towards tax payers in Isoko South local government area. This is further made clear by the majority opinion of the sampled respondents according to table 2.8. And this act or behaviour of local government tax workers in Isoko South local government area

has led to the slow rate of tax growth for sustainable development in Isoko South local government area.

Again, it was observed that local government tax workers are given monthly target (see table 2.9). According to our findings “given of monthly targets” by local government to local tax workers not as a form of motivation to this tax workers which will tend to give their optimum best according to their abilities and capabilities without running into dissatisfaction in the long run.

Moreso, it was also discovered that those who meet or exceed set targets are specially rewarded. This single act by the local government tend to set in motion a motivational drive in the working style or mode of tax workers in Isoko South local government area which will lead to sustainable increase in the internally generated revenue profile of the area.

Again, as a form of job satisfaction and motivation, it was discovered that local government in Isoko South provide vehicles for tax mobilization. This initiative tends to encourage local government tax workers in the area of mobilization for proper revenue generation for developmental purposes in Isoko South local government area. And this can be seen in table 2.12 were majority of the sampled population are in agreement that local government in Isoko South provides mobility for tax workers.

Land lastly, it was succinctly discovered that most of the successes achieved in terms of Internally Generated Revenue (IGR) in Isoko South was due to the high level of tax workers satisfaction (to a reasonable extent) which tend to lead to a marginal yearly increase in revenue generation. And this is further buttress by the chi square relationship testing between staff

satisfaction and revenue mobilization (see table 3.2). it was discovered in the relationship testing, that there exist a medium positive relationship between staff satisfaction and revenue mobilization in Isoko South local government area in Delta State.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

The study sought to examine the impact of local government tax administration and sustainable development in Isoko South local government area. Some of the objectives of this study were to establish a connection between tax administration and sustainable development in Isoko South local government area, to ascertain whether local government tax administrative system promotes human and material resource development in Isoko South local government area etc. The research design that was employed in this study is survey research design. The population of study include the total number of persons living in Isoko South local government area. Also, the study used both primary and secondary data. Primary data was collected using structured questionnaire. Data was analyzed by the use of simple percentage and chi square.

Furthermore, the study discovered that tax payers in Isoko South local government area are very willing to compliance to pay tax if they can visible see and witness massive infrastructural development in the local government area. It was also observed that effective tax policies like policies on property tax, personal income tax etc will inevitably lead to socio-economic growth and sustainable development in the Isoko South local government area. Also, it was noticed that a good tax administrative system will bring about massive development in terms of fostering increase in the internally generated revenue profile of the local government area. Further in line with tax administration, it was discovered that tax remission centres in Isoko South local government area should be decentralize in order to allow for easy payment of tax by tax payers. The study also pointed out the human satisfactory aspect of the administrative

process. As it is widely known about the phrase “happy employees’ smiling output” so it is with local government tax workers in Isoko South local government area, base on the fact that, if these workers are highly motivated it will lead to job satisfaction which in turn will lead to improve revenue generation in the local government area.

5.2 Conclusion

The study concludes that effective local government tax administration will serve as a driven to sustainable development in both human and capital. This can be manifested in the form or process of increase in revenue generation. The study further concludes that good and workable tax policies for development especially policies on personal income tax and property tax will lead to generation of revenue for Isoko South local government area in which will make funds available for developmental purposes. Also, the issue of staff motivation was seen a major factor in the effective and efficient process of tax administration which can be confident of mobilizing sufficient internally generated revenue (IGR) for sustainable developmental purposes.

Furthermore, the study also concludes that staff satisfaction must be place on high priority alert. This is because for any organization to proper and fulfill derived organizational goals and objectives, the employees must be maximally satisfied with their work or job. So it is to a revenue agency especially that in Isoko South local government area. The higher the tax workers are satisfied with their job, the higher the revenue marginal increase.

5.3 Policy Recommendation

The study therefore recommends that there is need for an effective and efficient tax administrative system that will foster the increase in revenue for developmental purposes in

Isoko South local government area. This is evident in the administrative policy drive being undertaken by the local government in terms of trying to decentralize tax remission centres and increasing the human capital development of local tax workers by conducting regular on-the-job training for effectiveness and efficiency in the process of revenue generation. Thus, it is recommended that the aforementioned assertions should be put in place and implemented for maximum sustainable development.

Also, it is being recommended that the local government in Isoko South should continue to implement infrastructural development like construction of roads, markets, schools, hospitals etc so as to enable tax payers pay their taxes knowing fulfil well that their money in being put to judicious purposes.

Furthermore, the research also recommends that effective tax policies like property tax and personal income tax be given some consideration in terms of its adoption in the local government area (Isoko South). By implementing this tax policies, the local government in Isoko South will be wide open for inflow of internally generally revenue which will boost socio-economic growth and sustainable development in the local area.

Moreso, the issue of monthly target as an instrument of motivation in the local government area which is intended to foster revenue increase should be uphold and encouraged by the local government in Isoko South. And also, in line with the motivational drive, the study recommends that the giving of special rewards by the local government should not be jettison but should for further encouraged for optimum revenue increase in the local government area.

Again, the study also gives its opinion in terms of recommendation that the mobility been provided by the local government for tax mobilization purpose should be sustained and even developed upon. And lastly, the study recommends that the workers get-together for social occasions should be encouraged by the local government. This is because; these occasions will bring satisfaction to the workers and in turn motivate them to do their jobs to their optimum capabilities and abilities.

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Department of Political Science,
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Dear Sir / Madam,

REQUEST FOR YOUR COOPERATION IN COMPLETING THIS QUESTIONNAIRE

I am an undergraduate Student of the above mentioned Department and University. As part of the programme, I am presently conducting a research on the topic “Local Government Revenue Generation and Sustainable Development in Nigeria: A Case Study of Isoko South Local Government Area, Delta State”. This questionnaire is therefore designed to collect the relevant data for the study. Your response to the questions will not be used for any other purpose other than the one stated above.

Furthermore, you are kindly requested to respond as sincerely as possible to all the questions as stated in the questionnaire. Please, tick (✓) in the space provided in the most appropriate column on each of the item.

Thank you for your cooperation.

SECTION A: BIODATA

Please, kindly tick the box that best fit the information given below:

1. Sex: Male () Female ()
2. Age: 18 – 35 years (), 36 – 53 (), 54 and above ()
3. Marital Status: Single (), Married (), Divorced ()
4. Religious Affiliation: Christianity (), Islam (), Traditional (),
Others ()
5. Occupational Status: Farming (), Trading (), Artisan (), Civil Servants (),
Others ()
6. Educational qualification: No formal education (), Primary (), Secondary (),
Tertiary (), Others ()

SECTION B:

Please, tick the space that best fit your view.

Keys: SA – Strongly Agree; A – Agree; UN – Undecided; D – Disagree; SD – Strongly Disagree

S/N	STATEMENT	SA	A	UN	D	SD
1	Effective tax policies will enhance attainment of education policies					
2	Road construction and rehabilitation depends on tax payment compliance					
3	Government is not able to provide well-equipped hospitals because of lack of financial recourses					
4	If citizens pay their taxes, government will be able to develop the local areas better					
5	People are encouraged to pay tax because of massive road construction and rehabilitation in Isoko South Local Government					
6	Tax remission centres are located in different areas of Isoko South Local Government					
7	Effective policies on personal income tax will lead to more revenue for sustainable development					
8	Adoption of property tax in local government areas will increase revenue available to government for developmental purposes					
9	Local government tax workers are well behaved towards tax payers in the process of collecting tax for development					
10	Local government tax workers are given monthly targets					
11	Those who meet or exceed targets are specially rewarded					
12	Local government provides vehicles for tax mobilization					
13	Local government tax workers observe get-together for special occasions					