CHAPTER ONE
INTRODUCTION

1.1 BACKGROUND OF THE STUDY

In developed and developing countries there are wide range of taxes and levies that affect individuals and companies, citizens and foreigners, manufacturers and marketers, workers and pensioners. In Nigeria taxes range from petroleum profits taxation to tenement rate imposition, and taxes are imposed at different levels to enable the government provide certain essential services and facilities to the population. Some of the issues involved are legal, economic, others are political, sociological, while others are historical.

The study will begin the appraisal by examining related taxes and levies applicable in Abia State and the legal instruments governing them. The government plays the piper and dictates the tune. Ogundele (1999:8) states that government intervention in an economy takes many forms. The degree of intervention differs from country to country, depending on the form of political model adopted in the
governance of the country. The intervention referred to is tax, which in a well planned economy affects every aspect of human endeavour. On the subject of intervention which differs from one form of government to another, and the form of intervention, they either intervene for the wrong reason or adopt the wrong strategies when intervention is justified. Mbanefo (1999:21) posits that the implications of government tax intervention are many and will be expatiated in this study.

Anyanwu (1997:18) opines that fiscal administration is tax policy making and collection as well as expenditure programming at all levels of government. It involves the controlling, organizing, directing, monitoring, planning and management of government revenues and expenditure. Furthermore, the long term role of fiscal administration is to collect all registered taxes at minimum cost, as well as execute government programmes as efficiently as possible by avoiding waste.
1.2 STATEMENT OF THE PROBLEM

Among the many problems confronting tax administration in Abia State, is how to ensure voluntary compliance on the part of the tax payers. Tax being a commodity nobody want to buy, the tax man is hardly liked by tax payers who perceive him as government toll collector. The problem of the tax man is worsened by poor performance of most state governments in terms of provision of amenities for the tax paying public. Lack of confidence and mutual distrust in government represented here by the tax man, gave rise to voluntary compliance difficulties.

Tax laws in Nigeria are complex and difficult for the common taxpayer to understand, and some cases are problematic even for literate official. In addition to lack of understanding, many taxpayers are unaware of the existence of certain tax. This couple with the lack of information, laziness of the tax official, uncooperative taxpayers and the habit of ‘quick –fix’ solutions-encourages the use of the best judgement approach. This may be a manifestation of the poor tax education and weak fulfillment
by tax authorities of their responsibilities with regard to public awareness.

Ocheoha (2000) asserts that tax is a commodity nobody will want to buy if buyers are given the opportunity of choice because tax is an imposition. He explains that government imposes taxes primarily to raise the revenue required to cover the cost of general administration and defense. He contends that the cost of general administration includes paying of personnel emoluments, salaries, wages of leaders or those in authority, their aides, as well as the salaries of civil servants, police and military personnel.

Today, the purposes of taxation have assumed a wider dimension hence the government uses it as a veritable tool of administration. Therefore, the status and standing of taxation as a subject worthy of study cannot be overemphasized. Abudulrazaq (2002) asserts that the way Nigerian taxation should be studied and practiced remains a broad and demanding one. He suggested there must be technical competence with a positive group of primary sources that the competence can be tested in many ways
regarding form, elementary computation to planning transactions. Tax is imposed by those in authority for a variety of reasons and charges. Musgrave (2004) posits that taxes and charges are withdrawn from the private sector without leaving the government with liability to the payee. However, tax is a compulsory imposition, whereas charges and borrowing involve voluntary transactions. In other words, a major distinguishing factor of tax from other charges is that tax is not a quid pro quo expenditure, thus implying that a tax payer should not demand or expect a commensurate exchange of goods or services for the tax paid.

In view of the above, this study will attempt to answer the following questions which form the bedrock of the problems raised by the study.

What classes of people are liable to which type of taxation and what is the level of their compliance to the personal income tax in the state?

What is taxation, and what purposes does taxation serve?
How have multiplicity and duplication of taxes, levies by the other levels of government made the administration of personal income tax by Abia state difficult?

High level incidence of corruption in the administration of personal income taxation gave rise to increased tax evasion, avoidance and ineffective and inefficient personal income tax administration in Abia state.

Noticeable inefficacy as evidenced in the increasing number of tax defaulters, evasion and avoidance are attributable to corruption and other vices in the administration of personal income tax in Abia state.

1.3 OBJECTIVES OF THE STUDY

The objectives of the study are as follows:

1. To review out, in detail, the operations of personal income tax in Abia State in order to establish their success or otherwise in the generation of revenue for Abia state government.

2. To ascertain the meaning and nature of tax, especially the context of administration of personal income taxation in Abia State.
3. To determine which and what income are liable to tax and the level of compliance by those who are liable.

4. To identify the factors that impinge on the effective administration of personal income tax in Abia State.

1.4 SIGNIFICANCE OF THE STUDY

Practically the study will assist the Abia State Board of Internal Revenue in positively administering their responsibilities in raising revenue through personal income taxation and conducting other tax duties.

It will also help policy makers in adopting appropriate policy on tax personal income tax and sanctions against violation or evasion of taxes by individuals, groups or companies. It will also help the officers of the Board of Internal Revenue to adopt new strategies in ensuring compliance of individuals, groups and companies in fulfilling their responsibilities as citizens of the country.

Theoretically, it will help in the education of the management, administrators and tax officers on the need for continuous tax assessment towards increasing the revenue base of the government. It will also assist in the education of
the general public and tax payers on the need to carry out their responsibility as citizens of the country.

The study will be of great importance in providing information to readers, especially those involved in financial administration to gain knowledge on the administration of personal income taxation.

It will increase the data base for scholars and practitioners interested in the field of revenue generation through personal income taxation.

Finally, it will serve as a reference point to scholars, and students who want to conduct research in future in the field.

1.5 SCOPE AND LIMITATIONS OF THE STUDY

The scope of this study covers only the staff of Abia State Board of Internal Revenue. The senior staff from grade level 10 and above, will be considered from other ministries and agencies of government for this study.

Some factors that constituted hindrance to success of this work include the following:
The time this study is expected to be completed is very short compared to the enormous work involved.

Limited financial resources also constituted a hindrance to the success of this study. A lot of money was required for transportation to various branches and zones of the Board of Internal Revenue.
CHAPTER TWO

LITERATURE REVIEW AND RESEARCH PROCEDURE.

2.1 LITERATURE REVIEW

The chapter is devoted to the review of related literature and method used in collecting data on the topic of study. It is expected that in the course of this review the concept of taxation would be defined and explained with special interest on the personal income tax administration in Abia state.

According to Chartered Institute of Taxation of Nigeria Tax guide and Statutes, Nigerian tax law is purely statutory, the tax system thus features a wide mixed range of statutes by which various governments in the country seek to charge and collect revenue for public expenditure. Of these, the most widely based are income taxation. The personal income tax act makes provision for the country, adding that liability to personal income tax in Nigeria does not depend on the domicile or nationality of the tax payer (Abdulrazaq, 2002:4).
2.1.1 Principles of Taxation.

Adam Smith is the author of the famous four cannons of taxation. He enunciated them as follows:

i. Certainty: This stipulates that the tax payers should be made certain of the amount to be paid, time, place and method of payment. These clarifications will no doubts enable the tax payer pay with ease.

ii. Convenience: According to Adam Smith, there should be a convenient time, place and method of tax payment and collection. For instance a tax payer should not be made to travel over a long distance to pay his tax. Just as pay as you earn (PAYE) satisfies that principle of convenience for salary earners in terms of tax payments, harvest periods for farmers is a more convenient time for tax payment etc.

iii. Proportionality: Smith also stated the need for proportionality by this he explained that the amount of money individuals pay as taxes should be proportional to their income. In other worlds, a uniform proportion of 10% of income paid as taxes by all categories of tax
payers should satisfy this principle. This principle has been variously criticized by scholars who also expanded it to include other factors that will make for equitability of a good tax system.

iv. Economy: This he explained is the yield of good tax. That is to say that the difference between the tax collection and the cost of its collection, should be reasonably high. He reasoned that tax revenue minus cost of collection equals to yield and the yield must be positive because if the outcome is negative, it means that the yield is less than the cost of collection, meaning that the tax in question is not economic. Since the essence of revenue tax is not strictly speaking the extend of tax yield as explained by this principle, it means that all of Adam Smith's taxation cannot be taken hook line and sinker, some adjustments has to be made here and there is fine tune to present day tax reality.

2.1.2 Characteristics of a Good Tax System.

Tax revenue can be increased through effective and efficient administration of personal in-come tax in Abia
state, but in order to actualize this objective a brief examination of the characteristics of a good tax system will obviously be needed for accurate appraisal.

a. A good tax system should run in harmony with important national objectives, and as much as possible assist in the achievement of the objectives.

b. It should try to accommodate the attitude and problems of the taxpayers.

c. It should not lose sight of the administrative practicability of social and economic justice.

d. It should be able to yield adequate revenue for the treasury

e. It should be flexible enough to move with the changing situations of the state and the economy.

2.1.3 Why Taxes Are Imposed.

Generally speaking there are three principle objectives of taxation. They are to raise revenue for the government, to regulated the economy and economic activities and to control income and employment. Specifically speaking
The objectives to taxation can be discussed or imposed under the following subheadings:

i. To raise revenue: the primary objective of taxation as stated earlier is to raise revenue for the government.

ii. To regulate the production of certain commodities. For example commodities considered to be harmful or injurious to the health of either the workers or consumers.

iii. To regulate and control the consumption of certain commodities. The government imposes taxes to regulate and control the consumption of certain commodities considered either as harmful, injurious or tax luxurious/non essential. This sumptuary taxation can be levied on expensive clothing, drinks etc. It can also be levies on harmful good such as marijuana. Indirect taxes are mainly design to achieve this objective.

iv. To project infant industries. Protective tariffs are also imposed to prevent the demise of infant local industries as a result of foreign competition. Import duties are specifically designed to serve this purpose.
v. Other objectives include: To control business and commerce. To control monopoly. To check inflection, to prevent dumping, to control income and employment, to allocate resources, to reduce income inequalities or to redistribute income etc.

2.1.4 Legal Bases of Taxation.

As stated earlier that tax is a compulsory levy imposed by government on the income, profit or wealth of individuals, partnerships and corporate organizations. (Ocheoha, A.O. 2000), he stated further that what distinguished a tax from other forms of payment is that is not a guide pro quo payment for any particular good or service. Besides, tax is a compulsory form of payment, meaning that those who are liable to pay tax must pay their tax after due assessment and demand, failing which they could be prosecuted as tax defaulters.

It is because tax is a compulsory form of payment that government ensure that the various taxes levies in their respective countries are backed by law, hence the legal bases of taxation.
2.1.5 Tax Laws in Nigeria.

The major legislations from which the Nigerian government derived its authority to impose taxes and which stipulates rules regulations and modalities for assessment, collection and administration of these taxes are briefly stated as follows.

i. Income tax management act (1961, ITMA)

The law deal with the assessment of all taxable persons in Nigeria forms the basis on which the state Board of Internal Revenue carrying out its functions.

ii Companies income Tax act (Cita, 1961)

The Act which was revise in 1979, governs the assessment and collection of corporate tax form of all companies and corporations operating in Nigeria. This tax is administered by the Federal Board of Inland Revenue (FBIR).

There are many other tax laws covering the various forms of taxes obtainable in Nigeria, but for the purpose of this study we shall concentrate on the aspect that have to do with the state Board of Internal Revenue, which is the
body charged with the responsibility of assessing and collecting personal income tax in the state.

**ii. Other tax laws include.**

The income Tax amendment Decree No 65 of 1975

The sales tax decree of 1986

The finance (miscellaneous provision decree of 1996 and 1997)

The personal income tax decree no 104 of 1997 and the value added tax (VAT) decree No. 102 of 1993. All these are modification of existing legislation on the subject.

**2.1.6 Class of Income.**

The various classes of income, which are subject to different forms of income tax are:

i. Income from employment: There principle sources of income for people of working age, including the self employed, is form employment. Income from employment include salaries, wages and bonuses, salaries are mainly for people on permanent and guest permanent and sometime personable employment ad calculated annually, but paid monthly by instilments. Wages on the other
hand, are paid to casual and unestablished workers and are calculated and pond on hourly or daily basis in proportion to the work done. Income from employment is liable to tax. The amount of tax payable is assessed after necessary tax-fee dedications known as relief or tax free allowances.

ii. Income from investments: This includes interest and individual received by the tax payer. This comparing such dividends and interest on investments is required by law to deduct (Ocheoha, 2000:24).

iii. Income from profit on trade profession or vocation: Income in this category includes profits made from trade and the profits of such professions as low, medicine, accountancy. Engineering etc. tax inspectors assess the amount of tax due from such professionals.

iv. Income from hand and buildings: This class income comprises rents and royalties from buildings, estates and other landed property. The tax due is computed by deducting sundry expenses from the gross rent.
v. Miscellaneous income: All income not chargeable under the above four major classes, are computer for tax purpose as miscellaneous income

2.2 THEORETICAL FRAMEWORK

Tax is a product no body wants to buy; it is a challenging job from time immoral. Questions have often been asked as to the relevance of Tax payment, in a society like ours where government appears to have nothing to show for tax payers. However, we need theories as guide for scientific inquiry, for theory seeks tools for analyses and reliable understanding or the way personal income tax is administered in Abia state, a theoretical framework will therefore help place our research in its relevant perspective, thereby directing us on what to look for and the standard against which to analyses the data collected.

In this research work the sumptuary theory was adopted because the theory will provide a comprehensive framework for understanding the nature of personal income tax administration in Abia state.
Sumptuary theory was first used in English literature in 1600. Solum (1960) asserts that the purpose of a tax should be to control and limit private expenditure on what is considered unnecessary, extravagant and uneconomical, all of which are not in the best interest of the community.

These gave rise to the introduction of taxes such as purchase tax, value added tax, etc. Proponents of this theory advocate tax as controlling and limiting factor which should be manipulated in a way that private expenditure considered unnecessary and extravagant should be reduced to the barest minimum in the interest of the state economy.

Sumptuary theory best explains the practice and administration of income tax in the state. In applying the theory to the explanation of personal income tax administration in this state, the approach of the common taxation, will to some extent, come into play. The sumptuary theory of taxation takes into cognizance, the fact that for government to address its objectives, using tax an instrument, certainty of amount of the tax to be paid, the time, place and method of payment, ought to be dear to the
prospective tax payer. In other words, there should be clear
guidelines, leaving no doubt in the tax payer’s mind,
because the sumptuary theory takes care of this.
Government lists out, at the beginning of each financial
year, items that are considered extravagant and
uneconomical and imposes high tax tariff on them.
Convenience is another aspect of the cannons of taxation
that is accommodated in the sumptuary theory. The theory
in practice, satisfies the principle of convenience by pay-as-
you earn (PAYE) system, whereby taxes are deducted at
monthly statements from salaries of workers, and the higher
one earns, is the higher one pays as tax. Similarly, tax
payers are given the opportunity of paying in banks interest
to the banks nearest to them. Moreover value added tax
(VAT) which is a by product of this imposed tax, is made in
such a way that only the beneficiaries pay the tax.

Proportionality is another factor which the sumptuary
theory supports. It supports this by way of taxing a uniform
percentage or proportion of say 20% tax on a range of
luxurious items. This means that a tax payer who imports
an item worth (₦200,000) pays the same proportion of tax with the person who imports an item worth (₦20,000). This means that the 20% tax is applied across the board, irrespective of who is involved in the importation.

Economy, which is one of the cannons of taxation according to Adam smith, is also well accommodated in the sumptuary theory. Economy advocates that the yield of a good tax is the difference between the tax collected and the cost of its collection. The primary objective of the sumptuary theory is to reduce the elasticity of items, goods, and services considered frivolous and uneconomical, hence tax is used as an instrument of actualization of this objective.

2.3 METHODOLOGY

Methodology is the application of the right technique, strategy or means within which to carry out a research or a description of how a research was carried out. It has to do with identification of the available framework to generate, collect and organize data on a problem identified as crucial either to an individual, group, society, institution or nation.
The research design, sampling techniques, types and sources of data collection, methods of data presentation and analysis ought to be specifically stated.

This study population is two hundred and twelve employees of the agency as the population of the study, while the sample size is one hundred and thirty eight. Purposive simply was used in selecting the sample size.

**Secondary Sources**

Secondary data were collected from past works, journals, magazines, textbooks, periodicals, newspapers and encyclopedia. The population of study was made of staff drawn from Abia Central and Abia South Board of Internal Revenue Zone, the total number of employees was 212 covering the senior and middle class officers. The sample size for the study was one hundred and thirty eighth (138) calculated, using Taro Yamani formula for sample size determination (Yamani, 1954). The sample size was calculated, using the formula below.

\[ N = \frac{N}{1 + N \cdot e^2} \]
Where \( n = \) sample size

\[
\begin{align*}
N & = \text{Population} \\
E & = \text{Limit of error} = 0.05
\end{align*}
\]

Applying the formula above to a population of 212 employees we have

\[
N = 212
\]

\[
e = 0.05
\]

\[
I = \text{Constant}
\]

\[
\therefore n = \frac{212}{1 + 212 (0.05)}
\]

\[
\therefore n = \frac{212}{1 + 212 (0.0025)}
\]

\[
\therefore n = \frac{212}{1 + 0.53}
\]
\[ n = \frac{212}{1.53} \]
\[ n = 138.56 \]

Therefore, the sample size was 138 employees

### 2.3.1 Research Design

The research producer adopted by this study is survey design since the work is an appraisal

### 2.3.2 Population of the Study

The population used for this study consists of the entire staff of Abia Central and Abia South zones of the board of internal revenue.

The population selected for this research comprised employees of the aforementioned organization as classified in their various departments.

### 2.3.3 Sample Size and Sampling Technique

A sample is a relatively small number from a population which can serve to make for generalization. Similarly, sample technique is the method of selection of individual units or the elements that will add up to the predetermined sample size of the study.
According to Foresee and Richer (1970), the main purpose of sampling is to reduce the time and money that would be spent if the total population were studied and still generate data that are accurate representation of the entire population.

In selecting the sample, purposive sampling method was adopted. By this method it means that certain staff were purposively selected and included in the sample because they were believed to have crucial role to play in the growth of the commission as regards administration of personal income taxation. A total of one hundred and thirty eight (138) people were selected for the study.

Research methodology is the process by which the researcher carried out the research work. This could further be as the procedure involving the number of decisions, which need to be taken regarding the collection of data before ever the data are collected Nwana (1999). According to Obasi (1999) research procedure is designed to explain whether the study is a survey design, archival research, documentary design or experimental design.
2.3.4 Method of Data Collection

The questionnaire was the major instrument of data collection for this study, tables were used in the presentation of data. These tables contain the distribution of responses as evident in the questionnaires returned.

This theory was selected because it helps address the issue of taxation and how the government uses taxation to control expenditure in privolous good and services.

2.3.5 Tests of Validity and Reliability of Instruments

It is obvious that taxes are impose by the government of Abia State in order to raise revenue for its use. However without effective and efficient tax planning the Abia State government may not yield enough money for urban development. Effective enforcement of tax laws and sustained public enlightenment will create the awareness required for efficient personal income tax administration in the state. Not only the inadequate qualified manpower and complete absence of working materials. In the revenue
offices, impinge the effective administration of personal income tax in the state.

Also, corruption, sharp practice and other vices characterize personal income tax administration in Abia State.

Tax administration in Abia State does not differ much from other parts of the country. There is the irregular review of revenue capacity of all revenue unit.

The irregularity of these review processes has contributed to the poor forecast of growth rate over the years.

The existing tax rates are too low and in some cases the cost of administration is higher than the revenue collected based on the business methods in effect in Nigeria, it is not easy to ascertain whether firms operate at a profit or loss, and this makes it difficult to determine how much should be paid in taxes. Hence, a large chunk of the revenue is lost though this process.
2.3.6 Method of Data Analysis

To analyze the data collected, simple percentages were used. This is to enable inference to be drawn in respect of the administration of personal income taxation in Abia Board of Internal Revenue. In testing the hypotheses, the liker scale method was used “true or false”.
CHAPTER THREE:
STUDY AREA/GENERAL INFORMATION

3.1 THE STATE BOARD OF INTERNAL REVENUE (SBIR)

Each state of the Nigerian Federation has a Board of Internal Revenue which is responsible for the assessment, collection and general administration of all forms of taxes which are within the purview or statutory jurisdiction of the authorities empowered to collect as contained in Decree 21 of 1998. The State Board of Internal Revenue is therefore, the relevant tax authority for each state.

3.2 ORGANIZATIONAL STRUCTURE OF SBIR

a. The head office

b. District offices

c. Sub district offices or tax offices

The head office is the nerve centre for the Board of Internal Revenue. It is responsible for the control and management of the centre state taxation machinery, including supervision and monitoring of the activities of the district offices and other field offices. Another arm of the Board is in charge of monitoring licensing offices located in various parts of the
state, for instance, the renewal of vehicle licenses, driving licenses, learners permit and collection of fees thereon.

The district offices are headed and controlled by the Tax Assessment authorities which are empowered by the Board to assess and collect taxes on its behalf from their respective tax districts. They are, therefore, responsible for the district or divisional tax offices as well as the field offices under them. The sub-district or sub-tax offices are in charge of tax collection at the grassroots level under the supervision of their district offices.

Ideally, the state Board of Internal Revenue is headed by a chairman or director which is a professionally trained tax administrator and a career civil servant. Sometimes however a political appointee and non-career officer is appointed chairman of the Board and charged with general policy matters and guidance. The Directors and other professional heads of Department provide technical and professional services day-to-day tax administration and execution of policy directives issued by the Board.
For effective tax administration, the state is divided into three zones namely Abia Central, Abia North and Abia South.

**Zone One: Abia Central**

<table>
<thead>
<tr>
<th>Local Government Areas</th>
<th>Headquarters</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. Ikwuano</td>
<td>Ikwuano</td>
</tr>
<tr>
<td>ii. Isialangwa North</td>
<td>Isialangwa</td>
</tr>
<tr>
<td>iii. Isialangwa South</td>
<td>Umuoba</td>
</tr>
<tr>
<td>iv. Umuahia North</td>
<td>Umuahia</td>
</tr>
<tr>
<td>v. Umuahia South</td>
<td>Apumiri Ubakala</td>
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</tbody>
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**Zone Two: Abia North**

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<tbody>
<tr>
<td>i. Osisioma</td>
<td>Osisioma</td>
</tr>
<tr>
<td>ii. Bende</td>
<td>Bende</td>
</tr>
<tr>
<td>iii. Ohaofia</td>
<td>Ohafia</td>
</tr>
<tr>
<td>iv. Arochukwu</td>
<td>Arochkwu</td>
</tr>
<tr>
<td>v. Umu-Nneoichi</td>
<td>Mbanano Isuochi</td>
</tr>
</tbody>
</table>

**Zone Three: Abia South**

<p>| | |</p>
<table>
<thead>
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<th></th>
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<tbody>
<tr>
<td>i. Aba North</td>
<td>Eziama</td>
</tr>
<tr>
<td>ii. Aba South</td>
<td>Aba</td>
</tr>
</tbody>
</table>
iii. Obi Ngwa - Obi Ngwa
iv. Ugwunagbo - Ugwunagbo
v. Ukwa East - Okeikpe
vi. Ukwa West - Akwuete

At a glance there is an apparent disproportionate distribution of local government councils in the various zones but the yard stick for the distribution is the amount of tax money realizable from them. All the zones are headed by zonal tax controllers (ZTCs) who report to the chairman directly or through the Head of Department (assessment).

Other departments at the Headquarters include the finance and supply, headed by accountants posted from the ministry of finance; stores, training, legal unit, special assessment unit (SAU), Capital Gains Tax, etc. Since the job of revenue collection and access involves direct communication with the tax payers, revenue offices are opened in various towns within the local government councils of the state. This explains why some zones have more local councils than the others.
3.3 ZONAL TAX ARRANGEMENT.

The zonal tax controller is a recent creation. Before now they were called (ZTAS) zonal Tax Authority. The zonal tax officer is an officer not below the rank of chief inspector of taxes. They are appointed by the chairman and are posted to head the various zones. The ZTC, it is now called, is the administrative head of the zone and the representative of the Board in that zone. He monitors and supervises other activities of all the Board of Internal Revenue officer in the zone and ensures that official instructions from the headquarters are carried out. Although the assessment authorities, tax collectors and motor licensing authorities who head the tax and motor licensing offices at the local government levels are appointed by the chairman of the Board, they report to the zonal tax controllers who, in turn, report to the headquarters or the chairman. It is important to make the following clarifications, the assessment authorities or Executive Secretaries head the local tax offices. The motor licensing authorities head the motor licensing offices. All these officers are appointed by the
chairman as statutory office holder and they cannot be changed except by the same chairman.

3.3.1 The Assessment Authority (AA)

Section 53(1) of the personal income Tax Act No 104 of Tax 19993 states that the relevant Tax Authority shall proceed to assess every taxable person chargeable with income tax as soon as may be after the expiration of the time allowed to the person for the delivery of the return provided for in section 41 of this act or other wise as it appears to the relevant tax authority is practicable to do so.

By the above section of the statutes, it is clear that the officer so appointed to carry out the functions of assessment must be statutorily appointed. The assessment authority may appoint an assessment committee to which he becomes the executives secretary. The assessment authority works with inspectors of taxes and other supporting officers to get his job of assessment done. In recent times, exigencies of duty have made some zonal tax controllers to double as the ZTC and the AA of that tax jurisdiction.
3.3.2 The Tax Collector

According to CITN Nigerian Tax guide statutes, 94(1) for the purpose of this part of this Act, a Tax collector means duty authorized officers of the state services or the Federal Board of Inland Revenue. This definition of a tax collector clearly also highlights the significance of his job. The tax collector is in charge of the collection section of the tax office, while the AA, in addition to being the administrative head, controls the assessments. The implication of this arrangement is that both officers have statutory responsibilities aimed at checking possible corruption.

Conventionally, tax collectors are meant to account for the tax, and account for the tax money collected with the aid of their subordinates. In the rural areas they also perform the function of tax payers enrolment or what is known as “evasion of normal roll”. The exercise involves the tax collector reaching out to the rural community through either the community leader or an appointed agent of the community to obtain the list of names of eligible tax payers from that community. The tax collector works with his
assessment authority under the supervision of the zonal tax controller to achieve the target assigned to him for collection. In the urban areas, the tax collectors also perform the function of prosecution within the legal unit.

3.3.3 Motor Licensing Authorities

The motor licensing authority performs the function of collection of Road Tax within the area of his jurisdiction. Since road tax is not under the restrictions of the residency law, they can also source for road tax payers from outside the areas of their jurisdiction.

3.3.4 Tax Office Structure

For purpose of effective and efficient revenue generation through aggressive tax assessment collection and accountability, the tax office is structured as follows:

i. Gathering information for tax purposes.

ii. Transmission of information received to the various tax offices where they will be utilized.

iii. Processing the information received for purposes of tax assessment.
iv. Inviting the tax payers for tax assessment and assessing them as appropriate.

v. Writing of the notice of assessment and delivering same to the tax payers for paint.

vi. Enrolment of new tax payers through the information received.

3.3.5 The PAYE Assessment Subsection

As the name suggests, this is the section that deals with the assessment of those under employment both in the private and public sectors. Examples of these under the Payee assessment are civil servant, company employees, and other related workers. It is important to note here that PAYE means Pay-As-You-Earn. It is the PAYE assessment subsection that handles employers tax assessment.

3.3.6 Collection Section

The collection section is statutorily headed by the tax collector. The idea is to ensure internal checks, whereby one cannot assess and collect at the same time. The collection section therefore has the following sub-sections that facilitate its performance.
i. cash sub-section

ii. Ledger section

iii. Prosecution

iv. Tax clearance certificate section

The cash sub-section has the main cashier as the head, with sub cashiers and clerks. Their duties are to collect and issue receipts for taxes paid in accordance with the taxes raised in the notice of assessment. It is the cashier and his team who reconcile and balance account of the tax office and pay same into the appropriate government account.

3.3.7 Ledger Sub Section

The ledger Sub section is headed by O/C ledger, usually an executive officer cadre with some clerks. They perform the function of ensuring that all assessments are entered in the relevant sections of the ledger. The ledger sub section does the reconciliation of both the assessments and collections in any year of assessment and by so doing identifies unpaid assessments for possible recovery actions.
3.3.8 Annual Returns

This function is also performed by the ledger-sub section, it involves reconciling the PAYE tax Agents return or collection of payment and the original assessment raised on the forms concerned. It is necessary to note that every PAYE operator is known as a PAYE Tax Agent. The idea of the return is also to spot unpaid PAYE assessments for recovery actions.

3.3.9 Prosecution Sub-Section

The sub-section is headed by an officer of the executive cadre, his duties include to work, with the assistance of the legal unit of the headquarters, to prosecute defaulting tax payers. The officer compiles the list of defaulters with the aid of the ledger section and proceeds to prosecute them either at the customary magistrate courts to effect recovery of the tax money.

Other sub-sections not mentioned but which are found in the tax officers are the administration and capital grains taxes. The administration of a tax office is by the Assessment Authority who appoints an officer of the
executive cadre to act as officer in-charge of administration with the filling clerks, correspondence clerks, etc.

The capital grains tax, although it has always been there in the statues, it has never been fully explored by the Board of Internal Revenue anywhere in the country. In recent times, some state governments are beginning to turn their search light on it. Abia state is among those states. As a result, a section for capital gains tax has been set up at the headquarters of the Board of Internal Revenue. Other sections are the (SAU) or Special Assessment Unit, which deals with big time Tax Payers and back duty assessments.

3.3.10 Information Sub-Section

Information sub-section is under the assessment section. This unit gathers and supplies information for purposes of tax for collection and accounting. The importance of information in any tax system cannot be over-emphasized as it is the life wire of sustainable tax system. Correct and complete information is indispensable to a tax office in order to ensure fair and accurate assessment.
Information is gathered from many sources. These sources include:

Assessment committees
Companies and statutory corporations
Banks and planning offices of Government Departments
Employers, landlords and tenants
News papers, magazines, Radio, TV
Motor licensing authorities
Judiciary for money lenders
Local government offices
Federal inland Revenue
Board of customs and excise
Marketing Boards
Town planning offices

The assessment authority shall explore means of sourcing additional information within the area of his jurisdiction in addition to the ones stated above. To effectively utilize information available, tax offices must ensure that the sources of their information are credible (BIR, Tax Office procedure manual)
CHAPTER FOUR

4.1 DATA PRESENTATION AND ANALYSIS

In the course of the study a total of one hundred and thirty eight questionnaires were distributed and administered to respondents. The data collected were analysed using simple percentages. By this method the percentage rate of one response to another determined the acceptance or rejection of a particular study question. The major areas of occupation of the respondents, are considered in this study. They are both private and government establishments since some of the establishments are smaller than the other ones in size and population, the sample population from the larger establishments is 20, respectively. Meanwhile the sample population from the Board of Internal Revenue is 30, being the agency that handles income taxes in the state.
I. Is Tax, as the major source of revenue for the government, fully exploited?

Table 1: Distribution of respondents by LGA.

<table>
<thead>
<tr>
<th>Options</th>
<th>Abia Central</th>
<th>Abia South</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No of Respondents</td>
<td>Percentage</td>
</tr>
<tr>
<td>A</td>
<td>Yes</td>
<td>38</td>
</tr>
<tr>
<td>B</td>
<td>No</td>
<td>52</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>90</td>
</tr>
</tbody>
</table>

Score: Field survey work 2007. Abia State Board of Internal Revenue

The above table clearly shows that 38 respondent out of the total of 90 respondents in Abia Central, representing 42.22% said that the revenue due to the government is fully exploited, and used, while 52 respondents, representing 57.78% were of the opinion that it is not fully exploited and used.

Also in Abia South, 32 out of the total 96 respondents, representing 59.38% disagreed with the opinion that the
revenue due to government is not fully exploited and utilized.

From the above, it is clear that majority of the respondents in both areas agree that the revenue due to government is not fully exploited. This means that with an enhanced revenue drive in the administration of personal income taxation, more revenue will be generated for the state.

II. Inefficiencies in the administration of personal income taxation and revenue generation are the causes of poor administration of personal income tax in Abia State.

Table 2: Distribution of respondents by LGA.

<table>
<thead>
<tr>
<th>Option</th>
<th>Abia central</th>
<th>Abia south</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No of Respondents</td>
<td>Percentage</td>
</tr>
<tr>
<td>True</td>
<td>74</td>
<td>82.22</td>
</tr>
<tr>
<td>False</td>
<td>16</td>
<td>17.77</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Field survey work 2007: Abia State Board of Internal Revenue
The result above shows that 28 respondents out of the total 90, representing 31.11% were of the view that Government has adequate collection facilities, while the remaining 62 respondents, representing 63.89% agree that there are inadequate revenue collection facilities. Also in Abia South, 25 respondents, representing 26.04% said that available facilities are adequate, while the outstanding 71 respondents, 73.96% said that the facilities available are not adequate.

The confirms the notion that there were inadequate revenue collection facilities leads to inefficiency and under exploitation of the available revenue. A move towards provision of more facilities will undoubtedly mark a move towards an improved administration of personal income taxation which will enhance more revenue for the Government.
iii. **Do you think that the existing revenue offices are enough for effective personal income tax administration?**

**Table 3: Distribution of respondents by LGA**

<table>
<thead>
<tr>
<th>Options</th>
<th>Abia central</th>
<th>Abia south</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No of Respondent</td>
<td>Percentage</td>
</tr>
<tr>
<td>Yes</td>
<td>26</td>
<td>28.89</td>
</tr>
<tr>
<td>No</td>
<td>64</td>
<td>71.11</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Field survey work 2007. Abia State Board of Internal Revenue

The table above shows that in Abia Central 26 respondents (28.89%) out of the 90 respondents agree that the existing revenue collection office are adequate, while 64 respondents 71.11% disagree that the existing revenue collection offices are adequate.

Also in Abia South 34 respondents, representing 35.42% of the total of 96 respondents said that the revenue
collection offices are enough, while 62 respondents represent 64.58%, were of the contrary opinion.

The above analysis shows that the existing revenue collection offices are not enough for effective performance. It is thus a worthwhile goal for the Government to improve the number of revenue collection offices for improved efficiency and effectiveness.

**Table 4: Distribution of Respondents by type of trade**

<table>
<thead>
<tr>
<th>Department</th>
<th>No of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of internal Revenue</td>
<td>30</td>
<td>3.33%</td>
</tr>
<tr>
<td>Ministry offices</td>
<td>20</td>
<td>6.66%</td>
</tr>
<tr>
<td>Abia State University</td>
<td>20</td>
<td>6.66%</td>
</tr>
<tr>
<td>Umuahia main market</td>
<td>10</td>
<td>3.33%</td>
</tr>
<tr>
<td>Timber shed</td>
<td>10</td>
<td>3.33%</td>
</tr>
<tr>
<td>Motor mechanics</td>
<td>10</td>
<td>6.66%</td>
</tr>
<tr>
<td>Banks</td>
<td>20</td>
<td>3.33%</td>
</tr>
<tr>
<td>AUTO Dealers</td>
<td>10</td>
<td>3.33%</td>
</tr>
<tr>
<td>Hotels</td>
<td>20</td>
<td>6.66%</td>
</tr>
<tr>
<td>Shops/super market</td>
<td>10</td>
<td>6.66%</td>
</tr>
<tr>
<td>Category</td>
<td>Count</td>
<td>Percentage</td>
</tr>
<tr>
<td>---------------------------</td>
<td>-------</td>
<td>------------</td>
</tr>
<tr>
<td>Inland Revenue</td>
<td>40</td>
<td>9.99%</td>
</tr>
<tr>
<td>General Hospital Umuahia</td>
<td>30</td>
<td>9.99%</td>
</tr>
<tr>
<td>Motor parts dealers</td>
<td>10</td>
<td>3.33%</td>
</tr>
<tr>
<td>Electronic dealers</td>
<td>10</td>
<td>3.33%</td>
</tr>
<tr>
<td>Fast food dealers</td>
<td>10</td>
<td>3.33%</td>
</tr>
<tr>
<td>Bankers</td>
<td>10</td>
<td>3.33%</td>
</tr>
<tr>
<td>Landlords</td>
<td>10</td>
<td>3.33%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>300</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Sources: Field survey work 2007. Abia State Board of Internal Revenue

Table 4 shows that 10% representing 30 respondents are from core areas responsible for taxation whereas 6.66% representing 140 respondents of 20 areas are from government department, while 3.33% representing 130 respondent of 10 each is from self employed and non-governmental organizations.
Table 5

Sex Distribution of Respondents

<table>
<thead>
<tr>
<th>Sex</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>200</td>
<td>66.66%</td>
</tr>
<tr>
<td>Female</td>
<td>100</td>
<td>3.33%</td>
</tr>
<tr>
<td>Total</td>
<td>300</td>
<td>100%</td>
</tr>
</tbody>
</table>

Sources: Field survey work 2007. Abia State Board of Internal Revenue

Table 5 shows that 200 respondents represent 66.6% are males, while 100 respondent represent 3.33% are females. The implication is that more males pay tax in Nigeria than the females.

Table 6

Age Distribution of the Sample Population

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-30 years</td>
<td>40</td>
<td>13.33%</td>
</tr>
<tr>
<td>31-59</td>
<td>200</td>
<td>66.66%</td>
</tr>
<tr>
<td>60 years &amp; above</td>
<td>60</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>300</td>
<td>100%</td>
</tr>
</tbody>
</table>

Sources: Field survey work 2007. Abia State Board of Internal Revenue
Table 6 shows that those between 20-30 years have 40 respondents (13.33%) whereas 31-59 years has 200 respondents (66.66%) while 60 and above 60 has 20%. This distribution is based on the fact that those between the ages of 31-59 are in the majority because this is the most active group that pays tax. The first group is made up of mainly students applicants and apprentices who are not usually taxable.

**Table 7**

**Marital Status of Respondents**

<table>
<thead>
<tr>
<th>Marital status</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married</td>
<td>200</td>
<td>66.66%</td>
</tr>
<tr>
<td>Single</td>
<td>100</td>
<td>33.33%</td>
</tr>
<tr>
<td>Total</td>
<td>300</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field survey work 200. Abia State Board of Internal Revenue

Table 7 shows that 200 respondents (66.66%), of the total of the total population are married, while 100 respondents (33.33%), of population are single. This is an indication that
both married and single individuals are highly involved in income taxation directly or indirectly.

**Table 8**

**Occupational Distribution of Respondents**

<table>
<thead>
<tr>
<th>Occupational Group</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apprentices/students</td>
<td>100</td>
<td>30%</td>
</tr>
<tr>
<td>Working class/Traders</td>
<td>150</td>
<td>30%</td>
</tr>
<tr>
<td>Professionals</td>
<td>30</td>
<td>16.66%</td>
</tr>
</tbody>
</table>

Source: Field survey work 2007. Abia State Board of Internal Revenue

Table 8 above reveals that 100 respondents representing 33.33% of the total population are students and apprentices whereas 150 respondents representing 30% of the total sample population as working class and other income earners who are highly involved in payment of income taxes. The other 50 respondents representing 16.66% are categories as professionals are equally taxable individuals.
CHAPTER FIVE

SUMMARY, RECOMMENDATIONS AND CONCLUSION

5.1 SUMMARY

This work submits that the administration of personal income taxation in Abia State is poor, inefficient and ineffective, and its contribution to the overall revenue generation of the state is insignificant compared to other sources. In a growing economy such as ours and in a state which yardstick for determining the allocation of revenue in the country is income tax the tax officials should be taken very seriously if the state government is to meet the increasing demand for social services and provide good infrastructure,. It has to improve the level of government revenue generation. In as much as new sources of revenue should continue to be exploited, the government is advised to concentrate on the full exploitation of earning sources of revenue which are at present under exploited. One such revenue source is personal income taxation. This work has shown that the administration of personal income tax in
Abia state requires radical reorganization to achieve the desired results.

Several factors are responsible for the very limited contribution which personal income tax makes to revenue of the state. These factors have been discussed under three broad heads: jurisdiction, structural and administrative. The problems, however, lie more with administrative factors.

5.2 RECOMMENDATIONS

1. Taxation is crucial to Nigeria to ensure sustainable fiscal policy. This is even more important in view of the fact that the country presently operates under a cash budget approach. The need to avoid revenue volatility and the inability of the lower levels of government to meet their ever-increasing fiscal responsibilities make the expansion of non-oil revenue vital. Increasing non-oil revenue requires the various tiers of government to seek improvements in the following:

2. VAT, one of the most dependable revenue sources in Nigeria today, has the potential to become the main source if it is properly harnessed. This can be achieved
only if the Federal Inland Revenue Services is autonomous, void of the unnecessary encumbrances.

3. To be able to function effectively, the FIRS should be ratified by law and supported with adequate resources; their tools and techniques should be modernized.

4. Withholding tax on dividends: in line with the current globalization trend, many countries now provide various tax incentives to attract investors. In Nigeria, operators in the Securities and Exchange Commission have made spirited efforts to persuade the government to abolish taxes on dividends. This is all the more expedient, given the government’s commitment to attract foreign investors as well as to increase savings and investment.

5. Tax administration can achieve good results only if the following conditions are met: simple tax rules and procedures, low tax burden, convenience to tax payers, minimal compliance costs, easy access to information, and mutual trust and fairness. Reforms that ignore these issues may not achieve much.
6. Corrupt-free and efficient administrative machinery with personnel who are adequately trained, well-equipped and motivated would take Nigeria to appreciable progress in revenue diversification. Tax administration should have an effective redress and refund system so that disputes can be settled easily and corruption checked. To avoid the present situation where states impose illegal taxes and levies, there should be a unified, effective and unbiased tax administration with full orientation from the three tiers of government. To complement this effort, specialized tax judges are needed in the courts to adjudicate on tax matters promptly and efficiently and to foster tax compliance and respect.

7. Funding for tax authorities and custom services should be increased to 3-5 percent of the targeted revenue to ensure efficient administration. Officials employed within these services must adopt a client-friendly attitude for assisting exporters/importers as the need arises.

8. UTB’s new stance that tax consultants should not be involved in primary taxation functions is a step in the
right direction because it upholds the tenets of taxes and levies Act of 1998. Consultants contravening the law should be executed by the Attorney General, and relevant professional associations should take disciplinary steps against erring tax consultants.

9. To tap income from the self-employed or informal sector activities, a broad based comprehensive scheme should be designed so as to fully harness the potentials from this revenue source. Tax incentives have not had much impact in Nigeria. Total rejection of the present approach is not warranted, but its use should be restricted to such important sectors as oil and gas, export-oriented industries, industries located in rural areas and solid minerals development, etc. Nigerian tax laws are noted for their complex structure. Tax laws must be made understandable to all: They should be expressed simply, clearly and intelligibly. The annual amendments that are incorporated into the yearly budgets should be aligned with the principal legislation to avoid confusion.
Upstream oil companies need to report annual expenditures on the purchase of assets, services and financial charges with the view to broadening the scope for withholding tax and VAT payments. Computerization of these items could provide important input for improving tax assessment and collection. The FIRS will have to work closely with the oil companies, the Nigerian national petroleum company, in particular with the department of petroleum resources, crude oil, marketing department and the National Petroleum Investment management Services as well as the Central Bank of Nigeria. At the state level, the State Board of Internal Revenue, with an operational technical arm called the State Internal Revenue Service will, among others, ensure effective and optimum tax collection, facilitate effective tax assessment and collection, and make recommendations to JTB on tax policy, etc. The Joint State revenue commission is the second institution. Tax institutions at the local government level are characterized by irresponsible, deliberately questionable action and inhuman exploitation of the citizens. Improvement in this
regard calls for institutional rehabilitation. First, the roles the Ministry of Local government in terms of proper coordination, control and regulations of activities should be enforced. Second, the practice of using political associates to collect taxes should be avoided, as this may not be within the strict rule of law. Creating jobs for the ‘boys’ has worked against the state and local governments in efforts to form a constitutionally recognized body to undertake this responsibility. Thus, local government revenue committee members are politicians, and employees hired at federal and state levels with limited or no technical qualifications. Third, the joint state revenue committee, was intended to coordinate issues and problems relating to the implementation of legal provisions of the laws, but which is still absent in almost all states should be set up. Tax compliance costs are minimal to adopt the attitude of the tax payer being the king.

5.3+ CONCLUSION

Nigeria’s tax system is characterized by unnecessarily complex, distortionary and largely inequitable taxation laws
that have limited application in the informal sector that dominates the economy. Among the other problems relating to taxation can be added the low yield of revenue disregard for the true principle of federation, endemic institutional and management concerns at sub-national levels, weak tax assessment, corrupt processes, and the prevalence of multiplicity of taxes. The major challenges facing tax authorities include the need not only to build, but also to utilize institutional and human capacity, funding and logistics as well as finding solutions for tax evasion, fraud and mismanagement of collected revenue, improving voluntary compliance and quick adjudication on legal matters for the tax system to be efficient and effective it must produce officials that are well-paid, well-motivated, properly organized, adequately equipped, well disciplined and professionally-inclined. The system needs to adhere to simple, clear and unambiguous tax laws, assessment and collection procedures must be straightforward, transparent, client friendly. Nigeria must train special tax judges and establish special tax tribunals.
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LEGISLATIONS

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Sales Tax Decree, 1986.

APPENDIX I

University of Nigeria,
Nsukka
Department of Public
Administration and Local
Government

Dear Respondent,

I am a postgraduate student of the Department of Public Administration and Local Government, University of Nigeria, Nsukka. Being part of the requirements for the Award of Masters in Public Administration and Local Government (MPA), Department of Public Administration and Local Government. I am undertaking a research on the topic: An Appraisal of Administration of Personal Income Taxation in Nigeria (A case Study of Abia State Board of Internal Revenue).

Please, as your assistance is highly solicited for, kindly provide reliable answers to the questions asked, meanwhile, your responses will be treated in strict confidence.

Yours sincerely

Olu Grace O.
## APPENDIX C

### POPULATION BY LOCAL GOVERNMENT AREA AND SEX

#### ABIA

<table>
<thead>
<tr>
<th>LGA</th>
<th>Both Sexes</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aba North</td>
<td>106,844</td>
<td>53,016</td>
<td>53,828</td>
</tr>
<tr>
<td>Aba South</td>
<td>427,421</td>
<td>220,541</td>
<td>206,880</td>
</tr>
<tr>
<td>Arochukwu</td>
<td>169,339</td>
<td>85,695</td>
<td>83,644</td>
</tr>
<tr>
<td>Bende</td>
<td>192,621</td>
<td>95,675</td>
<td>96,946</td>
</tr>
<tr>
<td>Ikwuano</td>
<td>137,897</td>
<td>70,509</td>
<td>67,388</td>
</tr>
<tr>
<td>Isiala-Ngwa North</td>
<td>154,083</td>
<td>76,261</td>
<td>77,822</td>
</tr>
<tr>
<td>Isiala-Ngwa South</td>
<td>136,650</td>
<td>67,205</td>
<td>69,445</td>
</tr>
<tr>
<td>Isiukwuato</td>
<td>115,794</td>
<td>56,660</td>
<td>59,134</td>
</tr>
<tr>
<td>Obi Ngwa</td>
<td>181,894</td>
<td>89,593</td>
<td>92,301</td>
</tr>
<tr>
<td>Ohafia</td>
<td>245,987</td>
<td>124,416</td>
<td>121,571</td>
</tr>
<tr>
<td>Osisioma Ngwa</td>
<td>220,662</td>
<td>110,790</td>
<td>109,872</td>
</tr>
<tr>
<td>Ugwunagbo</td>
<td>85,371</td>
<td>42,801</td>
<td>42,570</td>
</tr>
<tr>
<td>Ukwa East</td>
<td>58,139</td>
<td>29,410</td>
<td>28,729</td>
</tr>
<tr>
<td>Ukwa West</td>
<td>87,367</td>
<td>44,149</td>
<td>43,218</td>
</tr>
<tr>
<td>Umuahia North</td>
<td>223,134</td>
<td>112,595</td>
<td>110,539</td>
</tr>
<tr>
<td>Umuahia South</td>
<td>139,058</td>
<td>68,950</td>
<td>70,108</td>
</tr>
<tr>
<td>Umu-Nneochi</td>
<td>163,119</td>
<td>82,032</td>
<td>81,087</td>
</tr>
<tr>
<td><strong>Abia State</strong></td>
<td><strong>2845.380</strong></td>
<td><strong>1,430,298</strong></td>
<td><strong>1,415,082</strong></td>
</tr>
</tbody>
</table>
QUESTIONNAIRE

When did you start your business? 19 ......................

When did you pay your first personal income tax? 19 .......

Do you pay tax in order to avoid harassment from tax officials? Yes  No  Don’t know

Do you pay your tax because government has been utilizing the tax payer’s money will Yes  No

Do you pay tax in order to fulfill your civic responsibility as a citizen of Nigeria? Yes  No  Don’t know

Do you pay your tax because tax certificate is demanded when dealing with government institutions and agencies? Yes  No  Don’t know

You do not like paying tax because government officials misappropriate funds? Yes  No

Specify any other reasons why you do or do not like to pay tax. -----------------------------------------------

Do you keep accurate accounts and records in your business Transactions? Yes  No
Do you keep records of all income that you make?
Yes ☐ No ☐

Do you keep records of all expenses that you make?
Yes ☐ No ☐

Do you find it difficult to fill the tax form? Yes ☐ No ☐

Where the major sources of revenue available to Government fully exploited? Yes ☐ No ☐

Do you obtain help from tax officials in filing the tax forms?
Yes ☐ No ☐

Do you normally pay for such help rendered? Yes ☐ No ☐

When helped to fill the tax forms, do you pay less tax than when you fill the forms on your own? Yes ☐ No ☐

Do you think that state government possesses adequate revenue collection facilities in the administration of personal income tax? Yes ☐ No ☐

Do the tax officials demand some kind of gratification to do their job? Yes ☐ No ☐

Do you find it difficult to pay your tax? Yes ☐ No ☐
Do you think that the existing revenue collectors are enough for effective personal income tax administration and revenue collection? Yes ☐ No ☐

Do you think most of the rural areas of the state are covered by the revenue officials? Yes ☐ No ☐

Have there been cases of defrauding the government of proceeds of personal income tax? Yes ☐ No ☐

Are there cases of manipulation of accounts by tax payers to evade taxes in Abia? Yes ☐ No ☐

Does corruption impede the amount of revenue generated from personal income tax? Yes ☐ No ☐

Is there preferential treatment in administering personal income taxation in government affairs? Yes ☐ No ☐

Does corruption exist in the administration of personal income taxation and other government revenue generation? Yes ☐ No ☐

Do you think that government policies can improve the Administration of personal tax and enhance revenue generation? Yes ☐ No ☐
## EXPLANATION OF ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Z.A.C</td>
<td>Zonal Tax Controller</td>
</tr>
<tr>
<td>S.A.U</td>
<td>Special Assessment Unit</td>
</tr>
<tr>
<td>A.A</td>
<td>Assessment Authority</td>
</tr>
<tr>
<td>T.C</td>
<td>Tax Collector</td>
</tr>
<tr>
<td>M.L.A</td>
<td>Motor Licensing Authority</td>
</tr>
<tr>
<td>D.D</td>
<td>Deputy Director</td>
</tr>
<tr>
<td>C.I.T</td>
<td>Chief Inspector of Taxes</td>
</tr>
<tr>
<td>P.I.T</td>
<td>principal Inspector to Taxes</td>
</tr>
<tr>
<td>D.I.R</td>
<td>Director of Inspector Revenue</td>
</tr>
<tr>
<td>I.T.</td>
<td>Inspector of Taxes</td>
</tr>
<tr>
<td>F.C</td>
<td>Financial controller</td>
</tr>
<tr>
<td>A.C.E.O</td>
<td>Assistant Chief Executive Officer</td>
</tr>
<tr>
<td>H.O.D</td>
<td>Head of Department.</td>
</tr>
</tbody>
</table>
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17 LOCAL GOVERNMENT AREAS AND HEADQUARTERS

IN ABIA STATE

1. ABA NORTH - Eziama
2. ABA SOUTH - Aba
3. AROCHUKWU - Arochukwu
4. BENDE - Bende
5. IKWUANO - Ikwuano
6. ISIALA-NGWA NORTH - Isiala Ngwa
7. ISIALA-NGWA SOUTH - Umuoba
8. ISIUKWUATO - Mbanano
9. OBI NGWA - Obi Ngwa
10. OHAFIA - Ohafia
11. OSISIOMA NGWA - Osisioma
12. UGWUNAGBO - Ugwunagbo
13. UKWA EAST - Okeikpe
14. UKWA WEST - Akwuete
15. UMUAHIA NORTH - Umuahia
16. UMUAHIA SOUTH - Apumiri Ubakala
17. UMU-NNEOCHI - Mbanano Isuochi
AN APPRAISAL OF THE ADMINISTRATION OF
PERSONAL INCOME TAXATION: A CASE STUDY OF ABIA
STATE BOARD OF INTERNAL REVENUE

A RESEARCH PROJECT PRESENTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE
AWARD OF MASTERS IN PUBLIC ADMINISTRATION
(MPA)

BY

OLU, GRACE OLEKANMA
PG/MPA/08/48655

SUPERVISOR: PROF. F. C. OKOLI

MARCH 2010.
AN APPRAISAL OF THE ADMINISTRATION OF PERSONAL INCOME TAXATION: A CASE STUDY OF ABIA STATE BOARD OF INTERNAL REVENUE
This research project has been approved for the Department of Public Administration and Local Government, Faculty of the Social Sciences, University of Nigeria Nsukka.

By

Prof. F.C. Okoli
Supervisor

Prof. F. O. Onah
Head of Department

Prof. E.O. Ezeani
Dean of the Faculty of Social Sciences

External Examiner
DEDICATION

This work is dedicated to the Almighty God for His steadfast love. My appreciation goes to His Royal Highness Eze Michael Chukwuemeka Olu and his wife, Ugoeze Nkechinyere M. Olu, Mr. Patrick Nkemakolam Olu, Blessing Olu, Bridget Okwudiri Olu, and Dr. Luke Madu Ndubuisi, for all their encouragements.
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