Assessing Comparative Contributions of Internally Generated Revenue and Value Added Tax to the Recurrent Expenditure of Kogi State (2002-2014)

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Abstract

The tax revenue from both internal and external sources is a vital tool for running government programmes. The payments of workers’ salaries have become a serious challenge in Kogi state, due to low revenue generation from the state internal revenue sources and over dependence on the external sources of revenue which has not been stable due to dwindling crude oil price at the international market. This study compares the contributions of internally generated revenue and value added tax pool account to the recurrent expenditure of Kogi State. This study employed ex-post facto research design for the period of thirteen years (2002-2014). The time series data for actual internally generated revenue, actual allocation from value added tax and recurrent expenditure of Kogi State were used. Descriptive statistics were used to analyse the data while Ordinary Least Square regression was used to estimate the model and test the null hypotheses formulated. The results show that internally generated revenue has no significant contribution to the recurrent expenditure of Kogi State but that value added tax has a significant positive contribution to the recurrent expenditure of Kogi State. The study recommends among others that the Kogi state government should come up with an aggressive tax enforcement policy to increase her internally generated revenue in the state through enforcement of Taxpayer Identification Number (TIN). This should be done by allowing the registration of the taxable persons to be done in all the area tax offices across the state as against the present central registration centre in Lokoja, in order to bring more people into the tax net.

Introduction

Taxation is a mean of pulling out resources from the private sector of the economy in order for the government to cover the cost of providing public goods and services, law and order, security, health care, education, among others. Revenue from taxation generally constitutes a substantial part of the total revenue of the governments; taxation has become an important instrument of revenue generation in every nation’s economy. Adesina (2005) asserted that taxation is a charge imposed by the government authority upon income, profits and gains of individuals or companies to raise public revenue. This can also imply that taxes are compulsory payment imposed by legislation.

Running a government business is associated with funds and much revenue is needed to plan, execute and run government activities at the state level. The needed revenue generated for running government activities could either be obtained internally or externally. The rapidly increasing demand for modern governments calls for effective collection of revenue because it is the life wire from which every government derives the needed fund to carry out government recurrent expenditure. Osisami (1994) cited in Adesoji and Chike (2013) states that there are basically two sources of revenue that accrue to the government. These include internal sources and revenue allocation from the external sources. Internal sources are those revenues that are derived within the state from various sources such as taxes (pay as you earn, direct assessment, road taxes and capital gain tax of individuals) among others. While the statutory allocation from Federation Account, Value Added Tax, Excess Crude Oil Account and Subsidy Reinvestment Account constitute the external sources to the states in Nigeria. Value added tax allocation is the total revenue accruable from value added tax which is often allocated to the three tiers of governments; Federal, States and Local Governments in Nigeria, including Kogi State. Valued Added Tax (VAT) is a tax charged on consumption of goods and services that are locally or imported into the country.
From the buyer's perspective, it is a tax on the purchase price, while the seller views it as a tax only on the value added to a product, material or services (Tabansi, 2001). Most economies across the globe rely on income from taxation for development. Aside from its uses as a means of raising government revenue, taxation is also often used as an instrument of regulating the economy, redistributing wealth and inducing preferred modes of behaviour, particularly consumption patterns and investment choices (Naiyebu, 1996; Oyebode, 2010).

Taxes are the major tools required to control other market imperfections and achieve social justice by wealth redistribution. Tax is a major player in every society of the world. It is a major issue due to its consistency and constancy. It is an ingredient for development in different parts of the world as it is an opportunity for the government to collect additional revenue and used same to provide for the needs of the people (Ogbonna & Appah, 2012). The most important role of a tax system is its revenue-raising function. The government, therefore, imposes taxes to finance the expenditures they undertake. Value Added Tax system also has an important income distribution function. This recognises a general perception that the VAT system imposes a fair tax burden on taxpayers, which is essential for the effective operation of a voluntary compliance system of taxation. There is a growing recognition among developing countries of the world of the crucial role of value added tax revenue as an instrument of economic growth. Value added tax (VAT) revenue is increasingly accounting for the significant proportion of government revenue to finance the required level of public expenditure both at Federal, State and Local government levels (Owolabi & Okwu, 2011).

Adesoji and Chike (2013) argued that since the 1970s till now, over 80% of the annual revenue of the three tiers of government comes from petroleum. However, the serious decline in the price of crude oil at the international market in recent years has led to a decrease in the funds available for distribution to the states in Nigeria. The need for state government to generate adequate revenue from internal sources has, therefore, become a matter of extreme urgency and importance. This need underscores the eagerness on the part of the Kogi state government to look for new sources of revenue or to become aggressive and innovative in the mode of collecting revenue from the existing internal sources, in order to effectively carry out the implementation of the recurrent expenditure.

The internally generated revenue (IGR) has taken the second position in sources of revenue when Nigeria put heavy reliance on oil. Many state governments depend on monthly statutory allocations from the federation account to carry out their businesses. A study carried out on the proportions of internally generated revenues to total revenues of states for a five–year period found that states getting additional revenue from the statutory allocations as derivative have lower proportions of internally generated revenue (IGR) to their total revenues than some states (Banabo & Koroye, 2011). Wada (2012) asserted that the demanding need by the Kogi state government to source more revenue internally in addition to the statutory allocation from the federation account has become increasingly expedient. This is due to the ever growing need of the citizens in terms of essential service delivery in addition to the geometric increase in the critical capital projects to be executed in the state.

The payments of workers’ salaries which are the major aspects of recurrent expenditures have become a serious challenge in the state due to low revenue generation from the state internal revenue sources and over dependence on the external sources of revenue which has not been stable due to dwindling crude oil price at the international market. Internally generated revenue is important to any state government because it serves as a veritable instrument for enhancing socio-economic and political development. However, the Kogi State has over-relied on the statutory allocation from the federation account since its creation because of low internal revenue contribution which is inappropriate to tackle all the critical problems (Wada, 2012). Internal revenue usually generated by the tax officials of the Kogi State Board of Internal Revenue on behalf of the state government is not enough to make a vital and sufficient contribution to the state due to the catalogue of loopholes in tax administration (Audu, 2000). Ojo (2003) opines that tax revenue mobilisation as a source for financing government activities in Nigeria has been a difficult issue primarily because of various forms of resistance, such as evasion, avoidance and other forms of corrupt practices. These activities are considered as sabotaging the economy and are readily presented as part of the reasons for the present state of underdevelopment in Nigeria. From the foregoing, the broad objective of this study is to compare the contributions of internally generated revenue and value added tax pool account to the recurrent expenditure of Kogi State.
The specific objectives of the study include: to determine the extent to which internally generated revenue has contributed to the recurrent expenditure of Kogi state; also, to determine the extent to which value added tax (VAT) has contributed to the recurrent expenditure of Kogi state, and to determine which of the two sources of revenue contributes more to the recurrent expenditure of Kogi state. The specific objectives have been hypothesised as follows:

\[ H_0_1: \] Internally generated revenue has no significant contribution to the recurrent expenditure of Kogi state

\[ H_0_2: \] Value added tax has no significant contribution to the recurrent expenditure of Kogi state

\[ H_0_3: \] Internally generated revenue does not contribute more than the value added tax to the recurrent expenditure of Kogi state

**Literature Review**

**Revenue Generation and Government Spending**

The effective performance of recurrent expenditure is a function of adequate revenue generation from both internal and external sources. Hepworth (1976) asserted that revenue is an income or funds raised to meet the expenditure. He added further that revenue is a rising resource needed to provide government services. Every modern state or nation requires a lot of revenue to be able to provide and maintain essential services for her citizens. One ready means of revenue for the government is through the imposition of the tax. The tax system is one of the most powerful levies available to any government to stimulate and guide its economic and social development. Ojo (2003) asserted that taxation is one of the most important sources of revenue for the various tiers of the government and a major way of sourcing financial support to the Nigeria government at large. Every government exists in order to effectively collect taxes from available economic resources and make use of same to create economic prosperity such that available and willing human and other resources are gainfully employed.

In Nigeria, tax revenue is a factor to be reckoned with in government’s budget, the taxes so collected come back to the taxpayers’ in form of services. This has over the years encouraged or discouraged some activities in the private sector (Ola, 1999). The tax system in a developing economy must foster sustainable economic growth, ensuring that the necessary revenue collections are made to render essential services to the people to improve their standard of living. Ojo (2003) stresses that tax is itself a compulsory levy which is required to be paid by every citizen. It is generally considered as a civic duty. The imposition of the tax is expected to yield an income which should be utilised in the provision of amenities, both social and security and creates conditions for the economic well-being of the society.

Okon (1997) states that income tax can be regarded as a tool of fiscal policy used by government all over the world to influence positively or negatively particular type of economic activities in order to achieve desired objectives. The primary economic goals of developing countries are to increase the rate of economic growth and hence per capita income, which leads to a higher standard of living. Ola and Tonwe (2005) had noted that the dearth of finance had always been one of the major handicaps that hinder state governments in the performance of their functions in the country.

According to Okezie (2003), the primary purpose of revenue generation is to raise income for government expenditure. It is the best and quickest mode of raising revenue open to the government for economic activities in order to increase the quality of lives of its citizens. According to Public Finance General Directorate (2009), the purpose of taxation as enshrined in the French laws is for the maintenance of public force and administrative expenses. Miller and Oats (2006) maintained that “tax is required to finance public expenditure”. Tax is most often used as a major instrument for revenue generation. Nonetheless, Naiyeju (1997) 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 the mobilization of funds through taxation, the government may find it difficult to execute most of its developmental programmes that can lead to economic growth.
Effect of Value Added Tax on Economic Activities

Value Added Tax (VAT) is a consumption tax, levied at a 5% rate on suppliers that is, taxable individuals who are expected to add this amount to invoices for collection from customers and for further remittance to the VAT authorities on a monthly basis. Tabansi (2001) views VAT as a tax charge on consumption of goods and services that are locally or imported into the country. Okoye and Gbegi (2013) examined effective value added tax: an imperative for wealth creation in Nigeria. Their findings revealed that revenue generated through VAT has a significant influence on wealth creation in Nigeria. Also, revenue generated through VAT has a significant effect on total tax revenue in Nigeria. Similarly, Omolapo, Aworemi and Ajala (2013) studied the impact of value added tax on Nigerian economic growth (1994–2010). Their findings show that Value Added Tax has a significantly significant effect on revenue generation in Nigeria. The results from their analysis revealed that Value Added Tax (VAT) is beneficial to the Nigerian economy. They asserted that for Nigeria to attain its economic growth and development, she must be able to generate enough revenue in order to meet up with the challenge of her expenditure in term of provision of social amenities and the running costs of the government. In another development, Unegbu and Irefin (2010) studied the impact of VAT on the economic development of emerging nations. They found that VAT allocations alone account for 91.2% of the variations in expenditure pattern of Adamawa State and that VAT allocations to the State within the said periods were very significant.

Michael and Ben (2007) explored the causes and consequences of the spread of value added tax (VAT). A panel study of 143 countries for 25 years was observed. The result shows that VAT has a significant but mixed impact. This implies that while some countries would have gained revenue from the adoption of VAT, others would not. Collectively, the adoption of VAT had a long run increase in overall revenue to GDP ratio of about 4.5 percent. However, allowing the impact of VAT to vary with country specifics will shift the effect to become negative though acting in the opposite direction are gains that tend to be greater in higher income and in more open economies.

In Pakistan, Saeed, Ahmad and Zaman (2012) analysed the revenue effect of the value added tax (VAT), in the South Asian Association for Regional Cooperation (SAARC) region. Panel data of SAARC countries from 1995 to 2010 on various macroeconomic factors were obtained to determine the effect of VAT on revenue ratio. The results indicated a prosperous set of determinants of VAT adoption as it proved to be a vital instrument to collect the tax and enhance revenue ratio. The result showed that most of the SAARC countries that adopted value added tax had gained a more effective tax instrument to upgrade their GDP to revenue ratio. In the same vein, Zaman, Okasha and Iqbal (2012) examined the impact of value added tax in Pakistan’s economy using household survey data to grasp the effect of value added tax on the social and economic life of the populace. Results showed that VAT would disturb the economic order of the society. Salti and Chabaan (2010) studied the effect of increasing rate of VAT by targeting poverty and inequality. An empirical model based on consumer theory of demand was established to study the impact. Simulation results showed that increased rate of VAT would have a negative significant impact on poverty. Although, the increased rate would have a negative impact on overall consumption, yet its effect on poor is greater compared to the rich ones in the society.

Nellor (1987) looked at whether the ratio of government revenue to GDP rises steadily after implementation of VAT in 11 European countries. Nellor asserted that the implementation of the VAT instantly increased tax ratio, which then continues growing at the higher level. Smith, Islam and Moniruzzaman (2011) analysed the contribution and performance of VAT in Bangladesh compared to other developing countries. The result showed that the performance of VAT was quite satisfactory in the initial years; afterwards, VAT collection remained stagnant at a certain level. The study found that the stagnation happened as a result of a relatively small number of VAT taxpayers, a general lack of awareness, and a weak monitoring system. Adereti, Sanni and Adesina (2011) studied the contribution of VAT to GDP in Nigeria. Their findings showed that VAT revenue to total tax revenue averaged 12.4% which they considered low compared to other African countries such as Ivory Coast, Kenya and Senegal that had 30%. The study also observed a positive and significant correlation between VAT and GDP.

Theories Relevant to the Study

The theories that are relevant to this study are Ability to Pay Theory and Diffusion Theory. The ability to pay theory is relevant to the internally generated revenue because people should be made to pay their taxes based on their taxable capacity. This could appear to be more just, fair and equitable.
What then is the measure of a man’s ability to pay? Dewett, Navalur and Janmejoy (2005) argued that income remains the single best test of a man’s ability to pay.

But even in the case of income, the tax will be in proportion to faculty, if there is a minimum exemption to allow for a reasonable subsistence, if there is an allowance made for the number of dependants, and finally, if the principle of progression is applied by taxing the rich at a higher rate. Besides, we have to consider ‘the ability to pay’ not merely of the individual taxpayer but of the community as a whole. In this light, it is necessary that the tax system as a whole is not oppressive. It should not discourage saving or retard accumulation of capital. Also, it should not, in any manner, impair the productive capacity of the community by hampering the development of trade and industry in the country (Dewett et al, 2005).

The diffusion theory is relevant to the Value Added Tax because those who consume VATable goods and services pay this tax to the relevant tax authority through their agents. This type of tax is based on taxation theory propounded by a French economist Canard (1954), who opined that under perfect competition when a tax is levied; it gets automatically equitable diffused or absorbed throughout the community. He says further that "when a tax is imposed on a commodity by the state, it passes on to consumers automatically. Every individual bears the burden of tax according to his ability to bear it”.

Methodology

The study employed Ex-post facto research design. The time series data for the period of fifteen years were targeted. While the data for the period of thirteen years were sampled (2002-2014), in respect of actual internally generated revenue, actual allocation from value added tax and recurrent expenditure of Kogi State, This period was chosen because of the availability of data and the need to compare the contributions of internally generated revenue and value added tax to recurrent expenditure of Kogi state. Data were sourced from the secondary sources. The data were extracted from Kogi State Budget Annexure various years (2002-2014) as published by Kogi State Ministry of Budget and Planning, Lokoja, for the period under review. Descriptive statistics were used to analyse the data while Ordinary Least Square regression was used to estimate the model and test all the null hypotheses formulated. The technique was used because of its effectiveness in the estimation, prediction and generation of the impact of the independent variables on the dependent variable. The analysis was done using Econometric Views (EViews) 7 software.

Model Specification

The dependent variable of the study is recurrent expenditure, while the independent variables are Actual Internally Generated Revenue (AIGR) and Actual Value Added Tax (VAT). Ordinary Least Square regression method was used to estimate the model. The linear model is presented below:

\[ RE = f(AIGR + AVAT) \]
\[ RE = B_0 + B_1AIGR_i + B_2AVAT_i + \mu_i \] .................................[Model]

Where:
- \( RE \) = an indicator representing Recurrent Expenditure (Dependent Variable)
- \( B_0 \) = Constant;
- \( B_1 \) - \( B_2 \) = Coefficients of the Independent Variables;
- \( AIGR_i \) = Predictor representing Independent Variable (Actual Internally Generated Revenue);
- \( AVAT_i \) = Predictor representing Independent Variable (Actual Value Added Tax);
- \( \mu_i \) = Stochastic error term;
- \( i \) = Time series; and
- \( f \) = Functional relationship.

Data Presentation

Table 4.1 below presents the figures of Recurrent Expenditure, Actual Internally Generated Revenue and Actual Value Added Tax allocation of Kogi State for the period of thirteen years within 2002-2014
4.2 Data Analysis and Discussion of Results

The data analysis was conducted using EViews 7 software.

Table 4.2: Descriptive Statistics

<table>
<thead>
<tr>
<th>Year</th>
<th>RE (₦)</th>
<th>AIGR (₦)</th>
<th>AVAT (₦)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>9,549.00</td>
<td>1,209.00</td>
<td>1,155.00</td>
</tr>
<tr>
<td>2003</td>
<td>10,872.00</td>
<td>1,004.00</td>
<td>2,638.00</td>
</tr>
<tr>
<td>2004</td>
<td>12,825.00</td>
<td>1,757.00</td>
<td>1,456.00</td>
</tr>
<tr>
<td>2005</td>
<td>12,884.00</td>
<td>2,115.00</td>
<td>1,640.00</td>
</tr>
<tr>
<td>2006</td>
<td>14,798.00</td>
<td>1,974.00</td>
<td>1,857.00</td>
</tr>
<tr>
<td>2007</td>
<td>18,326.00</td>
<td>1,569.00</td>
<td>2,887.00</td>
</tr>
<tr>
<td>2008</td>
<td>24,242.00</td>
<td>3,377.00</td>
<td>3,188.00</td>
</tr>
<tr>
<td>2009</td>
<td>32,610.00</td>
<td>2,267.00</td>
<td>4,880.00</td>
</tr>
<tr>
<td>2010</td>
<td>27,836.00</td>
<td>3,049.00</td>
<td>5,365.00</td>
</tr>
<tr>
<td>2011</td>
<td>36,916.00</td>
<td>5,569.00</td>
<td>7,000.00</td>
</tr>
<tr>
<td>2012</td>
<td>62,630.00</td>
<td>3,103.00</td>
<td>6,263.00</td>
</tr>
<tr>
<td>2013</td>
<td>62,535.00</td>
<td>5,415.00</td>
<td>7,733.00</td>
</tr>
<tr>
<td>2014</td>
<td>58,773.00</td>
<td>10,181.00</td>
<td>10,000.00</td>
</tr>
</tbody>
</table>

Source: Kogi State Budget Annexure (2002-2014)

The data were extracted from the Kogi State Budget Annexure various years (2002-2014) as published by Kogi State Ministry of Budget and Planning, Lokoja. The results in table 4.2 above show the descriptive statistics for the overall data set. Measures of central tendency; mean was used to summarised the data while standard deviation tested the degree of dispersion among the variables under investigation. Skewness and kurtosis were used to test the normality of the data. The total recurrent expenditure, actual internally generated revenue and actual value added tax for the period of 2002-2014, showed a mean of ₦29,599.69; ₦3,276.077 and ₦4,312.462 with their standard deviations of 19,960.32, 2,521.916 and 2,797.41 respectively. All the distributions are positively skewed, indicating that they are not symmetrically distributed. The Kurtosis values of the distributions indicated that they are not normally distributed. The descriptive statistics further shows the maximum total recurrent expenditure of ₦62,630 and the minimum of ₦9,549, the maximum internally generated revenue of ₦10,181 and the minimum of ₦1,004 and the maximum value added tax of ₦10,000 and the minimum of ₦1,155.
Table 4.3: Regression Result

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIGR</td>
<td>2.283664</td>
<td>2.133184</td>
<td>1.070543</td>
<td>0.3095</td>
</tr>
<tr>
<td>AVAT</td>
<td>8.298150</td>
<td>1.923104</td>
<td>4.314977</td>
<td>0.0015</td>
</tr>
<tr>
<td>C</td>
<td>1295.698</td>
<td>4569.790</td>
<td>0.283536</td>
<td>0.7825</td>
</tr>
</tbody>
</table>

| Source: EViews 7 |

Table 4.3 above presented, the Ordinary Least Square (OLS) regression results, the coefficient of determination adjusted for degree of freedom, depicted by Adjusted R-squared, stood at a value of 0.84, which indicates that the model accounts for 84% of the systematic variation exhibited by the dependent variable recurrent expenditure while the remaining 16% is explained by the other variables not capture in the model. Table 4.3 above equally shows that the overall model is statistically significant at 1%, considering F-statistic of 26.67 as indicated by the sig. level of 0.00. The Durbin-Watson statistics has a value of 1.8, which, indicates that the presence of a first-order serial correlation does not exist in the model and consequently does not have any element of bias, making the model admissible in decision making.

Test of Hypotheses

To compare the contributions of internally generated revenue and value added tax to the recurrent expenditure of Kogi State, the following hypotheses were examined using Ordinary Least Square Regression test.

H$_{01}$: Internally generated revenue has no significant contribution to the recurrent expenditure of Kogi state

H$_{02}$: Value added tax has no significant contribution to the recurrent expenditure of Kogi state

H$_{03}$: Internally generated revenue does not contribute more than the value added tax to the recurrent expenditure of Kogi state

The results from table 4.3 above showed that internally generated revenue has no significant contribution to recurrent expenditure of Kogi State for the period under review, from the coefficient of 2.28 which is not significant at all levels of significance as indicated by (sig. level of 0.31). Based on this, the null hypothesis one is accepted. However, the results from table 4.3 above further showed that value added tax has a significant positive contribution to the recurrent expenditure of Kogi State for the period under review, from the coefficient of 8.30 which is significant at 1% level of significance as indicated by (sig. level of 0.00). Based on this, the null hypothesis two is rejected.

Discussion of Findings

The study revealed that internally generated revenue has no significant contribution to the recurrent expenditure of Kogi State. Holding all other things constant, a 1 increase in internally generated revenue brings about 2.28 value increases in the recurrent expenditure of Kogi State, for the period under review. This finding is in corroboration with Ola and Tonwe (2005) who noted that the dearth of finance had always been one of the major handicaps that hinder state governments in the performance of their functions in the country.
Naiyeju (1997) also argued that the revenue function of taxation is still vital in the sense that without the mobilization of funds through taxation, the government may find it difficult to execute most of its developmental programmes that can lead to economic growth.

The study further revealed that value added tax has a significant positive contribution to the recurrent expenditure of Kogi State. Putting all other variables constant, an increase in value added tax brings about 8.30 value increase in the recurrent expenditure of Kogi State, for the period under review. This is in line with Isah (1997) who asserted that VAT has a far-reaching effect on wealth creation and economic development of Nigeria as a whole. Also, Unegbe and Irefin (2010) in their study asserted that VAT allocations to Adamawa State from 2001 to 2009 have a very significant impact on expenditure pattern of the state.

The standard coefficients of 8.30 and 2.28 for both value added tax and internally generated revenue respectively shows that allocation from the value added tax contributes more than the internally generated revenue to the recurrent expenditure of Kogi state for the period under review. Also, comparative mean scores of 4, 312.462 and 3, 276.077 in table 4.2 above equally shows that value added tax contributed more than the internally generated revenue to the recurrent expenditure of Kogi State for the period under review.

Conclusion

Revenue is a vital fluid that ensures the government is run effectively and in a sustainable manner. Tax, if effectively applied, will provide optimal internally generated revenues for running government programmes and also assures the prosperity of the state as a whole. Sustainable economic growth would be possible by the availability of enhanced internally generated revenue and value added tax. These will help the Kogi state government to provide basic services that will stir up investment, which will, in turn, bring about economic growth and development.

The allocation from the value added tax pool account contributes more than the internally generated revenue to the recurrent expenditure of Kogi state for the period under review. This is a serious issue in Kogi state sources of revenue that value added tax which is one of the sources of revenue from the federation account contributed to the recurrent expenditure of Kogi state even more than the approved list of taxes assigned to the state government by the Constitution of the Federal Republic of Nigeria 1999 as amended. If policy measures are not put in place to checkmate this menace of low tax drive in Kogi state, this may lead to the government resulting into other indiscriminate sources of revenue to fund government programmes, which will, in turn, lead to mortgaging the future of the taxpayers.

Recommendations

(i) The Kogi state government should come up with an aggressive tax enforcement policy to increase her internally generated revenue in the state through enforcement of Taxpayer Identification Number (TIN). This should be done by allowing the registration of the taxable persons to be done in all the area tax offices across the state as against the present central registration centre in Lokoja, in order to bring more people into the tax net.

(ii) The Kogi State Board of Internal Revenue Service should ensure direct taxes which are mostly evaded by the taxpayers in the State should be properly looked into with key sincerity of purpose to increase the internally generated revenue which has not been effective in the state. This is evident as most motor circles and even some motor vehicles are found operating their normal activities in the state without licenses.

(iii) The Kogi state government should ensure a conducive business environment to attract both local and foreign investors, thereby bringing more taxpayers into the tax net and hence reduce over-dependence on the statutory allocation from the Federation account, Excess crude oil account and Value Added Tax for self-reliance.

References


Wada, I. I. (2012). Draft Budget Speech Presented by the then Governor of Kogi State to Kogi State House of Assembly, Lokoja, 4th December, 2012