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The Mode of Assessment, Collection, and Accountability of Personal Income Tax in Akwa Ibom State (The Case of Uyo Local Government Area)

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Keywords: personal income tax, assessment of personal income tax, collection of personal income tax, accountability of personal income tax, tax officers, tax administration, tax payers.

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Strictly as per the compliance and regulations of:

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Keywords: personal income tax, assessment of personal income tax, collection of personal income tax, accountability of personal income tax, tax officers, tax administration, tax payers.

I. Introduction

a) Background To The Study

Nigeria runs a federal system of government, running three tiers of Government i.e. the federal, state and local Governments each having its share of different roles in the development process of the nation. The local Governments were established as a boulevard by which people can participate in decision making at the grass-root level. The establishment of the third tiers of Government under Nigerian Federalism was based on the Local Government Reform Act of 1976. The different tiers of Governments acted as a catalyst for as well as aid rapid and sustainable development at the grass-roots level (Mamman 2006).

Mamman (2006) went on to say that in a federating system of government as is practised in Nigeria, the Local Government is closest to the people and as such, they could effectively improve socio-economic and political well-being of the people within their spheres of jurisdiction.

Adejugibe, (1990) and Ekpo, (1990) stated that Local Government as the third tier of government is becoming increasingly important in Nigeria's economic growth and development, as it is saddled with the responsibility of construction and maintenance of local roads, local water supply and distribution, provision of housing for lower-income groups, health clinics, establishment and maintenance of market and motor parks, provision of primary and adult education and planning of community development function. For a nation to carry out these basic functions, purse and implement her development programmes such as Vision 2020, a stable, predictable and sustainable source of revenue is required. This leaves us with a very limited choice other than to subscribe to international best practices and make taxation the primary source of our revenue. Previously, huge foreign exchange earnings from oil revenue made all three tiers of Government (federal, state and local government) to pay less attention to internally generated revenue collections from tax revenue. However, Nigeria's constitution of 1999 (As amended) saw the need for dependence on tax revenue for sustainable development when it stipulated in section 24 (f):

> 'That it shall be the duty of every citizen to declare his income honestly to appropriate and lawful agencies And pay his tax promptly'.

It is, therefore, a constitutional duty for every citizen in Akwa Ibom State and indeed the whole country to pay tax for the collective growth of the economy.

Abomaye-Nimenibo (2017) stated that all taxes in Nigeria except for a few are collected either by the

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State and Local Governments or/and are collected by the Federal Inland Revenue Service (FIRS). Tax is grouped into direct and indirect and is levied on annual bases. All businesses, organizations and taxable persons are obligated to make a tax return to the tax office for proper assessment at the beginning of the tax year. The following are some of the taxes commonly levied in Nigeria:

1. Companies Income Tax (CIT)
2. Petroleum Profit Tax(PPT)
3. Value Added Tax (VAT)
4. Personal Income Tax (PIT)
5. Withholding Tax (WHT)
6. Educational Tax (EDT)
7. Stamp Duties (STD)
8. Capital Gains Tax (CGT)
9. National Information Technology Development Fund (NITDF)
10. Levy
11. Dead Duty
12. Capital Transfers Tax
13. Properties Tax
14. Polls Tax

Abomaye-Nimenibo (2017) of the view that tax is a compulsory contribution made by animate and inanimate beings to the government being a higher authority either directly or indirectly to fund its various activities and any refusal is meted with appropriate punishment. Tax is, therefore, an involuntary payment made by a resident of a state in obeisance to levy imposed by a constituted authority of a sovereign state at a particular time. He went on to take about Taxation is the process put in place by the government (whichever tier) to exercise authority on and over the imposition and collection of taxes based on enacted tax laws with which projects are financed. Taxation can also be defined as the transfer of resources as income from the private sector to the public sector for its utilization to achieve some if not all the nation's economic and social goals such as the provision of basic amenities, social services, educational facilities, public health, transportation, capital formation etc.

Tosun and Abizadeh (2005) stated that taxes are used as a proxy for fiscal policy; and postulated five possible mechanisms by which taxes can affect economic growth. First, taxes can inhibit investment rate through such taxes as corporate and personal income, capital gain taxes. Second, taxes can slow down growth in labour supply by disposing of labour workability and productivity in favour of leisure. Third, tax policy can affect productivity and growth through its discouraging effect on research and development expenditures. Fourth, taxes can lead to a flow of resources to other sectors that may have lower productivity. Finally, high taxes on labour supply can distort the efficient use of human capital, resulting in high tax burdens though they have high social productivity.

Ojo (2008) 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 taxation is expected to yield income which should be utilized in the provision of amenities, both social and security and creates conditions for the economic wellbeing of the society.

Ochiogu (1994) defines tax as a levy imposed by the government against the income, profit or wealth of the individuals and corporate organizations. Azubike (2009) took a step forward by saying that, the funds provided by the tax are used by the state to support certain state obligations such as the development of educational system, health care system, and pensions for the elderly, unemployment benefits, and public transportation. Therefore, tax is seen as a major player in any society. The act of taxing is perceived as an opportunity for the government to gather additional revenue needed in discharging its obligations. The taxing system syllogises as one of the most effective tools of mobilizing a nation's internal resources and it lends credence to creating an environment conducive to the promotion of economic growth.

Nzotta (2007) argued that taxes constitute key sources of revenue to the federation's account shared by the federal, state and local governments. A tax policy represents key resource allocator between the public and private sectors in a country. The National Tax Policy defines tax as "a monetary charge imposed by the Government on persons, entities, transactions or properties to yield revenue", or 'the enforced proportional contributions from persons and property, levied by the State under its sovereignty for the support of Government and all public needs".

Taxation is wide in scope, so we restrict our research to Personal Income Tax which is the oldest tax in the country. It was first introduced in Northern in 1904, before the unification of the country in 1914 as community tax and later incorporated into the native revenue ordinance in the Western and Eastern region in 1917 and 1928 respectively. To introduce Personal Income Tax in the country, prompted the implementation of the Income Tax Management Act (ITMA) of 1961(Odusola 2006).

Abomaye-Nimenibo (2017:42) stated that the root of the present laws on Personal Income Tax in Nigeria can be traced to the fiscal commission set up in 1957 under the Chairmanship of Sir Jeremy Raisman as the Chairman with Professor R. C. Tress as a member. The purpose of establishing the commission was to examine the jurisdiction and powers of the various tiers of government in Nigeria at independence, and the recommendations of this Commission as accepted by the Government relating to income tax, was the basis of section 70 of the Nigerian (Constitution) Order in

Council, 1960. Provisions of Section 70 Subsection 1 of this section conferred an exclusive power upon Parliament to make laws for Nigeria or any part thereof concerning taxes on the income and profit of companies while subsections (ii) and (iii) conferred concurrent powers upon Parliament to make laws for Nigeria or any part thereof concerning certain enumerated uniform principles about personal income tax. It was in the process of exercising the latter powers in 1961 that made the Federal Government enact the Income Tax Management Act 1961, otherwise called ITMA.

Personal Income Tax is levied on the income of employees and any other income so earned by individuals who are in paid employment as well as the self-employed. Assessment and collection of Personal Income Tax in Nigeria are regulated by the Personal Income Tax Act No 104, 1993; and is being collected by the various State Governments through the State Boards of Internal Revenue Service and that of the Federal Government from individuals resident in its tax territory.

Personal Income Tax Administration in Nigeria has remained the most unsatisfactory, disappointing and problematic of all the tax system prevalent in the economy (Asada, 2010). The performance of revenue agencies in Akwa Ibom State has not been encouraging, perhaps because of some regulating factors. Lack of funds has limited both the State and Local Governments in their bids to have poverty reduction and eradicate with slow welfare Improvement. There is, therefore, the need to research appraising the assessment and collection of Personal Income Tax in Uyo Local Government area of Akwa Ibom State.

b) Statement of the Problem

The State Board of Internal Revenue (SBIR) was not given maximum attentive it deserves until the early 80s. Huge loss of revenue through leakages in the form of tax evasion and avoidance was the order of the day. This was confirmed by a survey shepherded by Peat, Marwick, Ani, Ogunde and Co. Chartered Accountants in 1997, revealed that each State Board of Internal Revenue was losing 12-30 million Naira annually as a result of administration lapses in tax assessment and collection especially of Personnel Income Tax.

Abomaye-Nimenibo et al (2018) stated that the attitude of Nigerians towards taxation is worrisome as many prefer not to pay tax. As a result of the unwillingness to pay tax as well as evading tax, the economy, therefore, continues to lose a huge amount of revenue. Whereas, if this lost revenue is ploughed back into the economy and is well utilized, can change the fortune of the nation.

Every local tax office in Akwa Ibom State is expected to general a certain percentage of the overall budget estimate at the end of the year. The problem seems to be lack of well-articulated assessment and collection of Personal Income Tax in Akwa Ibom State in particular and Nigeria as a whole. The local offices have not been able to meet allocation targets set for them by the State Board of Internal Revenue. Will one be right to say that problematic situations are attributable to deficient in tax administration, complex tax legislation, high rate of illiteracy, widespread level of corruption, or absence of competent administrators? There is a compelling need to put an end to these unwholesome circumstances through proper problem identification.

There is a perception of the problem of inadequate human and material resources for the management of Akwa Ibom State Board of Internal Revenue. The low-income tax returns have made the State Board of Internal Revenue ineffective its objectives achievable; revealing that Personal Income tax income generated has been far below the budgeted estimate. Therefore, what is the solution proffer-able to solve the menace of low tax income generation?

c) Objectives of the Study

The main objective of this research work is to appraise the procedures and methods of assessment, collection and accountability of Personal Income Tax in Akwa Ibom using Uyo Local Government as a case study.

Specific objectives include:

i. To examine the methods and procedures of assessing, collecting and accounting for Personal Income Tax in an urban town of Akwa Ibom State.
ii. To examine how the taxpayers' attitude and compliance behaviour affects the administration of Personal Income Tax.
iii. To ascertain the problems of assessment and collection of Personal Income Tax in the urban and rural areas of Akwa Ibom State.

d) Research Questions

i. How is the Personal Income Tax assessed, collected, accounted for in Akwa Ibom State?
ii. Do taxpayers' attitude and behaviour affects the administration of Personal Income Tax in the State?
iii. What are the envisaged problems in the assessment, collection and accounting for Personal Income Tax?
iv. Is tax evasion and avoidance good?
v. If tax avoidance and evasion are not good what do you think should be the solution?

These and other questions guided this study.

e) Research Hypotheses

The hypotheses are stated in Null form:

i. Tax laws and policies do not significantly affect the tax assessment, collection and accountability in Akwa Ibom State.
ii. There is no significant relationship between taxpayers' attitude and behaviour, and the

administration of Personal Income Tax in Akwa Ibom state.

f) Significance of the Study

This study is significantly relevant as it exposes the problems militating against effective tax administration in the areas of assessment, collection and accountability of Personal Income Tax in Nigeria for the following reasons:

i. The study will be of immense benefit to the government in their policy formulation and reforms on tax administration at all tiers of the government.
ii. The Board of Internal Revenue will find this work of much relevance as its recommendation will bring lasting solutions to the problem of tax evasion in the State and nation.
iii. This work is believed to have the capacity of assisting Local Government Revenue Administration Committees in designing measures to promote the development process through proper collection of Personal Income Tax.
iv. Enlighten the public on the procedures and methods of assessing and collecting of Personal Income.
v. The study will be an opener to rural and city dwellers with adequate knowledge of Personal Income Tax and the reason for them to constantly pay their taxes to bring about even development in their local areas.
vi. The study adds to academic base drum for students and potential researchers will have access to further information on issues concerning taxation,
vii. especially Personal Income Tax in Nigeria both at the urban and rural scenery.

g) Definition of Operational Terms

Accountability: the process of rendering an account of a particular event under ones' responsibility (Anderson; 1983:1).

Assessment: the evaluation and determination of the amount to be paid as tax or another fine on a person or property (Asuquo, 2007:18).

Personal Income tax: This is the tax levied on the income of an individual after all allowances have been deducted from the gross emolument at source (Abomaye-Nimenibo et al, 2018:12).

Budgeted Revenue is an estimated income accruing to the Government in a particular year.

Collection: for taxation, the collection is getting money from several persons or places (Ogundele, 1999:14).

Relevant Tax Authority: Tax authority is that elected or appointed group on a State or Federal level charged with the administration of certain kinds of taxes (Davies, 1981).

Once there is an enactment of tax law, there is the establishment of assessable income and assessable entity and accordingly followed by the determination of the relevant tax authority that is to be the body responsible in collecting the tax on behalf of the government. Relevant Tax Authority simply means the Revenue Board as a body responsible or mandated to assess and collect tax from taxable adults and companies. The tax authority, means the Federal Board of Inland Revenue, the State Board of Internal Revenue or the Local Government Revenue Committee. (Abomaye-Nimenibo (2017:48).

Tax: Tax is a compulsory exaction of money by a public authority for public purposes, (Soyode; 2000:3). Aguolu (2004) said it is a compulsory levy by Government through its agencies on the income, capital or consumption of its subjects.

Taxation: Taxation is the process put in place by the government (whichever tier) to exercise authority on and over the imposition and collection of taxes based on enacted tax laws with which projects are financed (Abomaye- Nimenibo, 2017:4).

Tax Administration is the process of assessing and collecting taxes from both human beings and corporate bodies i.e. individuals and companies in an efficient manner by relevant tax authorities; so that correct amount of tax assessed is collected efficiently and effectively with minimum tax avoidance and evasion. If tax assessment is not properly done, there are going to be a shortage of fund and people will capitalize on it to cheat the government(s). Also, if the system of collection of tax is not efficient enough, the government will pay more money as expenses to collect less money as tax. Going further, if the system is porous in every facet, the people will circumvent ways to pay less tax, and may even decide to hide under a certain cloak or cover to evade paying tax in totality or pay the incorrect amount. Man does not like to give but to receive; and also like to spend a little and get more money. Tax Administration is simply the administering, managing, conducting, directing the application and execution of the internal revenue laws, statutes and tax conventions legitimately to ensure proper supervision (Abomaye-Nimenibo (2017:48).

II. Literature Review and Theoretical Framework

a) Theoretical Literature

Taxation is most often used as a major instrument for revenue generation. Naiyeju (1996) believes that the revenue role of taxation is still very relevant. Without mobilization of funds through taxation, the Government may find it tough to execute most of its developmental programmes that can lead to economic growth and wealth creation. Therefore, the revenue function or objective of taxation is still vital. In a small society in which the Government have few duties and responsibilities, the financial needs of the Government are minimal. However, as a society becomes more complex and requires the opening of hospitals, good roads, subsidized transportation, provision of pipe-borne water, electricity, scholarship and bursary awards etc. government will need funds adequate for the provision of these services and more. The Government assumes greater responsibilities. In a complex society like Nigeria, oil revenue which is currently the mainstay of the economy cannot sufficiently meet these needs, therefore the need for tax payment.

i. *History of Taxation in Nigeria*

According to Osita A. (1999), taxation is the most important source of revenue to the government. Owing to the inherent power of the government to impose taxes, the government is assured at all times of its tax revenue no matter the circumstances. With modifications as a result of different manifestos of opposing political parties, the government's ability to impose taxes is unlimited. Furthermore, taxation could be too authoritarian and centralized in the sense that there may be a point beyond which further increase would result only from a system of government which is undesirable in itself. In the year 1904, the first form of tax was levied by Lord Lugard in Northern Nigeria known as community tax. The first tax law was introduced in Nigeria called the "Native Revenue Ordinance" in 1917 (Abomaye-Nimenibo, 2017, p.38).

The administration of this tax system in the North was easy because of Islamization since the people liked contributing to charity. This contributed to a formidable foundation for direct taxation in the North, which came in many forms according to Rabiu (1981:15-16).

Abomaye-Nimenibo, (2017) went to say that in 1918, the Native Revenue Ordinance was extended to the south and was only applicable in Benin and Abeokuta in the then Mid-Western State of Nigeria. In 1928, the Native Revenue Ordinance was also introduced into the Eastern Region and in 1929, a flat rate of 2% total earned income and of corporate profit was levied. In 1939, an ordinance was passed into a bill known as the company's income tax ordinance (CITO) which was to guide companies in the payment of tax. In 1940, another tax law, (Nigerian Income Tax Ordinance) was introduced through discriminatory in its application. This took care of corporate and non corporate residency in Nigeria especially "natives" in Nigeria elsewhere than in the Lagos Township and the first commissioner of taxes was appointed. From thence on Nigeria started having tax laws.

He further stated that Income tax was first introduced in Great Britain in 1911 by Patt with the intention that it would be a temporary levy. However, it was discounted in 1915 but resurfaced in 1942 and till date, it is still in subsistence. Direct taxation was first practised in the Northern parts of Nigeria before the advent of the British while indirect taxation through custom duties and tolls attained a high level of development in Yoruba kingdom of the South-West while the South-East and South-South also practice it. The North practices direct tax because Islam charged it's devout to give a portion of their income for charitable or religious purposes, and so provided a religious basis for taxation which was followed to the letter.

Furthermore, the highly organised administration of the Emirs having firm control over their territorial villages, impose on them taxes. In the southern areas, because of the small size at the kingdom and difficulties of communication, a toll was levied on trade between the kingdom and between towns. Tributes of presents were often extracted by kings over the annexed territories, but the main source of wealth is indirect taxation.

In earnest, the tax system was highly developed in the North in the pre- 1900 era called "The zakka", being a tax paid on crops while the livestock tax has its origin in the "korari"; while the "kurdan kasa" was a tax similar to that of capital tax paid by farmers, and a plantation tax called the "shikka-shukka" was paid and extended to all crops which are not subject to zakka and Jangali or cattle tax was levied on livestock. Smiths, weavers, dyers, leather workers, freemen, gamblers, prostitutes, salt makers, canoe men, hunters, fishermen were all liable to a special tax.

There were also other types of taxes introduced in the North known as "Gado" and "Gaisua" as reported by Hogben (1962:74). These taxes were so varied and complex that in 1880, the problems which Royal Niger Company had in the North was not how to introduce taxation, but rather, how to combine different levies and taxes with simple, understandable and easily collectable taxes to maintain some acceptable cannon of equality, certainty, ability, convenience and economy.

Similarly, special taxes were levied on a special product like date-palm, beehives as well as on certain luxury crops like onions, tobacco and sugar-cane. When the British came in the 1830s and even much earlier in their expedition to the Riverine Communities in the present-day Rivers State of Nigeria and other parts of the country at later dates, there was a formalised system of taxation even in the Southern Protectorate comparable to that in the North and the West.

In the 12th Century and 1500 when the Dutch visited Ogu, Okrika, Bonny, Opobo, Brass all of Rivers State (Riverine areas) and other areas of South-South Nigeria, there were Political administrations in place which have both direct and indirect taxation until the Colonial Masters came and were faced with resistance when they tried to usurp political authority hence, the then wars and deportations of our Kings like King

Ibanichuka of Okrika, King Jaja of Opobo, King Overami of Benin just to mention but a few. Similarly, the Ijebu and Ondo kings relied on tributes, tolls and various levies which form their revenues, while in Ibadan, Oyo and Ife, there was a system of annual levies, special contributions at special festivals, fees, presents and tribal land rent, payment for personal services and contributions of food. The main revenue came from tolls, fines, death duties, presents and licenses, as well as customary taxes.

In the Igbo areas of the east, the tradition of direct taxation to central authority was non-existent rather; the community pay taxes in kinds by rendering free services such as marking out a track road, clearing the bush, digging pit toilets and wells, and so on for the progress of the community.

The British colonial government only enacted the national revenue proclamation Law No.4 of 1904, under Lord Lugard who sort to simplify the complex array of northern taxes, by ensuring equity and social justice in the system of taxation thereby enhancing efficiency in the fiscal administration of the protectorate. The system of taxation was centred on the annual value of the land to produce crops thereon, the profit of traders and manufacturers, on the flocks and herds of pastures; and other listed sources of incomes.

In 1918, based on the H.R Paulines findings and consequent authorization by London, Lord Frederick Lugard introduced taxation in Yoruba areas of Egba land and Ibadan. In Benin the son of exiled king Overami, accepted the imposition of direct taxation in 1917. The imposition of direct taxation in the west involved computation of many tributes and exactions. Ilesha division voluntarily asked to be included in the tax payment system but in Abeokuta, direct taxation was resisted with much opposition in which lives were lost and a lot of property destroyed culminating in Maxwell commission of 1918. In Ibadan, Ife, and Oyo, tax exemption was unbroken by Oba's and in Egba land by the Ogbonies. By 1920, the Native Revenue Ordinance has been extended to the entire west.

In the east, direct taxation was inconsistent. Direct taxation had been introduced in the South-eastern region in 1926 but it was quickly withdrawn for lack of support. It was not until 1927 that Lord Frederick Lugard succeeded in extending the Native Revenue Ordinance to the area east of the Niger. However, the resistance was stiff and opposition was prevalent. The Aba women riot of 1929 was sparked off as a result of rumours carried about that, women were about to be taxed, showing a strong indication of the strength of the people's feelings in the east against tax payment. In this protest, the women went bare and of course, some vile men went among them in the protest.

However, the east was the first to introduce a comprehensive regional finance law called, The Finance Law No.1 of 1956, wherefore people above 16 years of age are to pay tax. The Western Region followed sooth with the Income Tax Law No.26 of 1957 while the Northern Region retained the 1940 Direct Taxation Ordinance (DTO) as amended in 1948 and on its own accord, passed the Northern Nigeria Personal Income Tax Law in 1962. The Federal Territory of Lagos retained the income tax ordinance (as amended) of 1943 till 1957 when it reduced the structural modification in law and later promulgated the Personal Income Tax Law No.6 of 1961.

Abomaye-Nimenibo (2017:42) wrote extensively that the root of the present laws on Personal Income Tax in Nigeria can be traced to the fiscal commission set up in 1957 under the Chairmanship of Sir Jeremy Raisman as the Chairman with Professor R. C. Tress as a member when the nation was about to have a republic. There was the need to incorporate the tax laws into the constitution and therefore, there arose the need to have a commission to look into the existing tax laws and their inadequacies The purpose of establishing the commission was to examine the jurisdiction and powers of the various tiers of government in Nigeria at independence and to determine which arm of government should handle which tax law. The recommendations of the Sir Jeremy Raisman Fiscal Commission were accordingly, embodied in the Nigerian constitution order in council of 1960 which formed the basis of the Income Tax Management Act 1961and later enshrined into Section 70 of the Nigerian (Constitution) Order in Council, 1960. Provisions of Section 70 Subsection 1 of this section conferred an exclusive power upon Parliament to make laws for Nigeria or any part thereof concerning taxes on the income and profit of companies while subsections (ii) and (iii) conferred concurrent powers upon Parliament to make laws for Nigeria or any part thereof concerning certain enumerated uniform principles with personal income tax. Furthermore, it was decided that the Federal government should retain control over the taxation of individuals in the federal territories and companies throughout Nigeria, while the regional governments exercise control over income taxes of all persons within their regions whether Native or expatriates. It was further determined that custom duties and sales tax were to be collected by the Federal Government, while the Regional Governments retained export tax on motor vehicles, fuel revenues, and exercise with custom duties on tobacco. It was in the process of exercising the latter powers in 1961 that made the Federal Government enact the Income Tax Management Act 1961, otherwise called ITMA.

He went on to say that five tax legislations were enacted between 1959 and 1961 based on the recommendations of the Raisman fiscal commission. These are:

a. The Petroleum Profit Tax Act (PPTA), 1959.
b. The Stamp Duties Act (SDA), 1959.

c. The Income Tax Management Act (ITMA), 1961.
d. The Personal Income Tax (Lagos) Act (PITL A), 1961
e. The Companies Income Tax Act (CITA), 1959.

All the regional tax laws, which predated the Income Tax Management Act, were amended by the respective regional legislatures to bring them into conformity with its provisions. The Western Region Principal Tax Law called Income Tax, Cap. 48 of 1959 were for this purpose amended in 1961 by the Income Tax (Amendment) Law, 1961.

Easter Region passed the Finance Law, 1962, to replace the earlier Finance Law of 1956. The Northern Region, which had not enacted its Income Tax Management Act, enacted the Personal Tax Law in 1962.

Nigeria became a Republic in 1963, and all the provisions of S.70 of the I960 Constitution were contained in S.76 of the 1963 Republican Constitution. The position under the 1963 Republican Constitution was that all regions (Western, Eastern, Northern and Mid-Western) as they were called then, assumed jurisdiction over the income tax of persons other than Companies while the Federal Government, in this respect acts as a region assumed jurisdiction over regional taxes in respect of the Federal Territory of Lagos thereby making it come into uniform principles imposed under the Income Tax Management Act. Nigeria came under military rule in 1966, and on 27th of May 1967, the then Federal Military Government promulgated the States (Creation and Transitional Provisions) Decree No. 14, 1967 under which the country was divided into 12 States, i.e. Northern Region was divided into 6 States, Eastern Region 3 States, Western Region (1State), Mid - Western Region (1State) and Federal Capital Territory of Lagos as (1State).

All the states in the Northern Region applied Personal Tax Law; those of the former Eastern Region applied the Finance law, and Lagos State applied Personal Income Tax Act, while States within Western Region and Mid-Western Region Applied Income Tax (Amendment) Law, 1961.

There are two principal acts under which Personal Income Tax is administered before 1975 and these are:

i. The Income Tax Management Act (ITMA) 1961and
ii. The Personal Tax Law of each state.

The ITMA is, in fact, a Federal Act which determines what assessable income is; whereas Personal Tax Law determines how the income determined was to be taxed. Therefore, each state exercised its autonomy in fixing its rates of taxes and allowances granted.

In 1975 the Federal Government promulgated Uniform Taxation Decree of 1975 unifying personal tax rates and personal allowances. This Uniform Taxation Decree of 1975 expunged federalism in Nigeria taxation. To complete the burial of fiscal federalism in Nigeria, the 1979 constitution which came into effect on 1st October 1979 made all-states Income Taxation Law legislation unconstitutional. It made matters relating to tax assessment, recovery and appeals to come under Federal jurisdiction for the first time in the history of tax policy in Nigeria.

The number of States in Nigeria was subsequently increased to 19 through Decree No 12 of 1976 and these States so created assumed jurisdiction over Personal Income Tax and applied the personal tax laws of the states in their jurisdiction.

The Federal Government in 1979 constituted a ten-member task force on tax administration, headed by Alhaji Shehu Musa, the then Permanent Secretary, Federal Ministry of Finance. The Task Force was mandated to:

i. Examine the sources of tax revenue and the structure of tax administration in Nigeria.
ii. iAssess the effectiveness in the management of existing taxes both at the Federal and State levels, and
iii. Suggest ways and means of making the administration of the tax system more effective and efficient (Abomaye-Nimenibo, 2017: 37-50).

ii. *The Structure of the Nigerian Tax System*

The Nigerian tax system is structured as a tool for revenue collection. This is a legacy from the pre-independence government. It was based on 1948 British tax laws and has been mainly static since enactment. Depending on the types of business, taxies are levied on businesses on an annual basis. This implies that all businesses, organizations and taxable persons are obligated to make a tax return to the Tax Office. Profits arising from transactions of companies constitute taxable income following their assessment to tax. This also includes Personal Income Tax, which is duly imposed on individuals by the relevant tax authority in the territory where the individuals reside. The need to make Personal Income Tax uniform throughout the country prompted the Income Tax Management Act (ITMA) 1961 as amended. In Nigeria, Personal Income Tax for salaried employment is based on the "Pay-As-You-Earn system. The State Board of Internal Revenue is responsible for the administration and collection of the relevant tax in the State, while the Federal Inland revenue is charged with the responsibility of the company and other related taxes. The tax system was prudently organised to effectively enhance the collection of taxes and reduce the incidence of tax evasion and the subsequent loss of revenue to the government.

The Nigeria tax laws provide that where a dividend or such other distribution becomes due from a taxpayer or company, the company paying such dividend or making such distribution shall on the date when the amount is paid or credited deducts tax to the rate specified in the act and shall forthwith pay over to the relevant tax authority the amount so deducted (CITA, section 62 and PITA, section 70). The tax laws also provided for the collection of taxes at the source of the taxpayer's income. This is achieved through the Withholding Tax System, which allows taxes to be deducted at the source of income.

iii. *The Personal Income Tax (Amended) Act, 2011*

Former Nigeria's President Goodluck Jonathan on Tuesday 13, December 2011 while presenting the 2012 Federal Budget Proposal to the Joint Session of the National Assembly confirmed that the Personal Income Tax (amended) Bill has been signed into law.

Key changes of the Act:

i. Introduction of a consolidated Tax-Free Allowance of N200, 000 of 1% of Gross Income, whichever is higher, plus 20% of the Gross Income. Gross emolument (for income) is defined to include benefits in kind, gratuities, superannuation and any other incomes derived solely because of employment.
ii. Principal place of residence redefined to include places where branch offices and operational site of companies are situated. Operational sites are defined to include oil terminals, oil platforms; flow stations construction sites, etc. with a minimum of 50 workers.

iv. *Local Government Revenue Committee*

The Local Government Revenue Committee was established under PITA 2004 S.90. It may be referred to as the Revenue Committee, it comprises of the following as members:

a. The supervisor for finance as Chairman.
b. Three local government councillors as members; and
c. Two other persons experienced in revenue matters to be nominated by the Chairman of the local government on their merits.

A. Functions of the Revenue Committee

The Revenue Committee shall be:

a. Responsible for assessment and collection of all taxes, fines, and rates under its jurisdiction and shall account for all amount so collected in a manner to be prescribed by the chairman of the local government.
b. Autonomous of the local government treasury department and shall be responsible for the day to day administration of the Department which forms its operational arm.

B. Functions of Local Government in Nigeria

Local governments were empowered by the constitution of the country to provide the following functions with the revenue so derived:

i. Provision and maintenance of primary, adults and vocational schools,
ii. Development of agriculture and natural resources other than the exploitation of minerals,
iii. Establishment and maintenance of slaughterhouses, markets, motor parks public conveniences and health services,
iv. Registration of birth, death and marriages from which functions, and others, she derived her revenue.
v. Other functions and services assign by the State House of Assembly of that state wherein the local government resides.

The Local Government Reform of 1975 acknowledged local governments in the federation as the third tier of government and where given definite powers, sources of revenue and functions for which they would be held accountable.

C. Taxes Collected by Local Government

The following taxes and levies can be collected at the local government level:

a) Statutory allocation from the Federation Account
b) The fixed percentage of Value Added Tax due to Local Government.
c) Property taxes collected within its jurisdiction of operation.
d) Tenement rates.
e) Poll tax on all adults within its area of jurisdiction.
f) On and Off Liquor license fees
g) Slaughter slab fees
h) Marriage, birth and death registration fee.
i) The naming of a street registration fee, excluding street in the State Capital.
j) Right of occupancy fees on lands in the rural areas, excluding those collectable by the Federal and State Governments.
k) Market taxes and levies excluding any market where State Finance is involved.
l) Motor Park levies.
m) Domestic animal license fees,
n) Bicycle; Truck; Canoe; Wheelbarrow and Cart fee other than a mechanically propelled truck.
o) Cattle tax payable by cattle fanners only
p) Merriment and road closure levy
q) Radio and television license fees (other than radio and television transmitter)
r) Vehicle radio license fees (to be imposed by the Local Government of the state in which car is registered).
s) Wrong parking charges
t) Public convenience, sewage and refuse disposal fees.
u) Customary burial grounds permit fees.
v) Religious places establishment permit fees.
w) Signboard and Advertisement permit fees.

x) Development Levy and others
y) Shops and Kiosks rates.
z) Stickers and emblems on motor vehicles.

vi. *Joint State Revenue Committee*

Joint State Revenue Committee was established under section 92 of PITA2004.

A. Composition of the Committee

Each state of the Federation shall establish a Joint State Revenue Committee, which shall comprise:

a. The chairman of the State Internal Revenue Service as the chairman.
b. The chairman of the Local Government Revenue Committee.
c. A representative of the Bureau of Local Government Affairs not below the rank of a director.
d. A representative of the Revenue Mobilization Allocation and Fiscal Commission, as an observer.
e. The state sector commander of the Federal Road Safety Commission as an observer.
f. The legal advisor of the State Internal Revenue Service;
g. The secretary of the committee who shall be a staff of the State Internal Revenue Services.

B. Functions of the Committee

The functions of the State Joint Revenue Committee shall be to:

a. Implement decisions of the Joint Tax Board
b. Advice the Joint Tax Board and the state and local governments on revenue matters.
c. Harmonizing tax administration in the state.
d. Enlighten members of the public generally on state and local government revenue matters; and
e. Carry out such other functions as may be assigned to it by the Joint Tax Board.

C. Taxes Collected by the State Government

By the provision of the approved list for Tax collection Decree (Decree No. 21 of 1998) the following taxes/levies are collectable by the governments in Nigeria:

a. Personal Income Tax collected from Civil Servants, and Staff of Companies operating in the State in respect of:
   i. Pay-As-You-Earn (PAYE); and
   ii. Direct taxation (Self-Assessment)
b. Withholding Tax of Individuals only.
c. Capital Gain Tax for individuals only.
d. Stamps duties by individuals in respect of properties bought within the state for purposes of registration of ownership and issuance of Certificate of ownership of plots.
e. Pools, betting and lotteries, gaming and casino taxes.
f. Road taxes such as Vehicle and Driving licences and attendant fines,
g. The naming of street registration fees in the State Capital.
h. Business premises registration fee in respect of:
   i. The urban area as defined by each state to a maximum of N10, 000.00 for registration; and N5, 000 per annum for renewal of registration,
   ii. Rural areas attract N2, 000 for registration; and N I, 000.00 per annum for renewal of registration,
i. Development levy (individuals only) not more than N100 per annum to all taxable individuals,
j. Right of occupancy fees on lands owned by the State Government in urban areas of the state.
k. Market taxes and levies where State Finance is involved.

iii. *Forms of Personal Income Tax*

There are three forms of taxes administered under the Personal Income Tax No. 104 LFNM, 1993 as follows:

i. Pay-As-You-Earn: this tax refers to the system of income tax collection whereby tax is deducted at source by the employer from the earnings of his employees as payment becomes due and paid.
ii. Self-Assessment Scheme is a system whereby a taxpayer is required to make a return of his income by filing an appropriate form and the tax liability based on such income. The taxpayer is expected to forward the returns with the cheque for tax payment due to the relevant tax authority.
iii. Withholding tax an advanced payment of tax which is deducted at source on certain transactions which is later refunded as the payee applies for refund when the final tax was paid. It is a tax credit in the settlement of the income tax liability of the year to which the payment is due.

iv. Persons Chargeable To Personal Income Tax

Taxes, when designed and imposed, have to be paid but the question is who and who is to pay what and which tax. There are different categories of taxes and there are also different categories of persons to pay. Is it just human beings to pay the tax or does it involve animals and inanimate things (lifeless, extinct, death, deceased, inorganic and non-living things)? An assessable entity or person is the one to pay tax.

An assessable entity is a person whether artificial or real who resides in any part of the country in a particular year of assessment with an express exemption of religious, charitable, trade union, labour organizations and governments boards, states and corporations that are responsible in paying tax.

A. Section 2 of the Personal Income Tax Act (PITA), 1993 classifies the persons chargeable to tax as follows:

i. The first person called Mr Individual as a living personality who is within the taxable age and is an income earner either from salary, rent from properties, dividend from shares, or bank interest.

ii. The second person as an individual business person who is a legalized person through business incorporation; becoming a Sole Trader or proprietor, and in conjunction with other individuals become Partnership (Limited partner or General Partnership) and
iii. Limited Liability Company, simply known as Company (Private or Public).
iv. Executors of the estate of a deceased person.
v. Persons employed in the Nigerian Army, the Nigerian Air force and the Nigerian Police Force other than in a civilian capacity.
vi. Officers of the Nigerian Foreign Service.
vii. Every resident of the Federal Capital Territory, Abuja.
viii. A person resident outside Nigeria who derives income or profit in Nigeria.

B. Chargeable Income from Personal Income Tax

Section 3(1) of PITA of 1993, enumerates the following sources of income chargeable to tax;

i. Gains or profit from any trade, business, profession or vocation for whatever period.
ii. Dividends, interest or discount.
iii. Any pension charge or annuity.
iv. The gains or profit including the premiums arising from a right granted to any other person for the use or occupation of any property.
v. Employment income such as salary, wage fee, allowance or other gains or profits from employment including compensation; bonuses, premium, benefits or others pre-requisite allowance given or granted to an employee.

C. Exempted Income from Personal Income Tax

Schedule iii of Pita No.104 Of 1993 lifted the following incomes to be exempted from Personal Income Tax in Nigeria;

i. Official emoluments of the President, Vice President, State Governor, Deputy Governor.
ii. The income of any trade union registered under the Trade Union Act, provided such income is not derived from a trade or business carried on by such trade union.
iii. The income of any statutory or registered friendly society in so far as such income is not derived from a trade or business carried on by such society.
iv. Income and profits of cooperative societies.

v. *Identifying Assessable Person*

Tax is not just imposed in a vacuum but upon a person regarded as an entity that is to be taxed and hence the source(s) of the income to be taxed must be distinguishable or identifiable. Therefore, an assessable entity is said to be a person whether artificial or real who resides in any part of the country in a particular year of assessment with an express exemption of religious, charitable, trade union, labour organizations and government boards, states and corporation. Somebody or some personalities must also be relevant in the process of levying and collecting tax. These persons that will be taxed under different statutes and in different ways have to be identified.

The first person to be identified is the Mr Individual who is within the taxable age and has sustainable income, which may be salary, rent, dividend or interest or having shares in companies through which he gets dividends. He may have money lodged in the bank from which he gets interested or he may have properties from which he earns rent.

The second identified person is the Individual business person: This is the person that has gone to legalize himself through incorporation. This individual businessperson may take two forms. If he decides to start a business on his own with no partners or shareholders, he is said to be a sole proprietor. He bears all the costs and keeps all the profits after the Relevant Tax Authority has taken its cut in taxes. As a sole proprietor, he has unlimited liability meaning that he is personally responsible for all the business debts. If he borrowed money for the business and cannot repay the loan, he may be forced into personal bankruptcy.

On the other hand, instead of starting a business on his own, he may decide to pool his money or expertise with friends or business associates. Another form of individual businessperson is known as Partnership who has come into being a taxpayer. We do have a written partnership agreement, which set out how management decisions are to be made and the rights and duties of partners so involved such as partners' entitlements like salary, interest on capital and share of profits.

The partners pay personal income tax on their share of profits individually. Partners, like sole proprietors, have the disadvantage of unlimited liability. If the business runs into financial difficulties, each partner has unlimited liability for all the business debts, not just his or her share in the business. However, in practice larger businesses can be, set up as *Limited Partnerships, and under this law, partners are classified as "General" or "Limited."* General partners are the executives that manage the business and have unlimited personal liability for the business debts, but limited partners usually have a restricted role in management, and their liability is confined only to the money they contribute to the business. They can lose everything they put in, but no more, unlike the general partners whose liabilities extend to their investments/properties.

Many professional businesses are organized as partnerships such as large accounting firm, legal investment and management-consulting firms etc. Incomes of individual persons are taxed under the Personal Income Tax Act 2004 with certain exemptions.

As the individual or individual business person grows, he or they may become aware of the benefits of another personality of a very important person to the taxman called *the company*. Section 105 of CITA 2004 simply defined company as "any company or corporation (other than a corporate sole) established by or under any law in force in Nigeria or elsewhere".

Unlike a proprietorship or partnership, a Company is legally distinct from its owners. It has a Constitution or Charter called Memorandum of Association, setting out its powers and status as well as its relationship to the outsiders. The Articles of Association regulate the management of the internal affairs of the company.

A Company may be limited by shares or limited by guarantee. The first type is more suitable for commercial purposes. There are two types of companies limited by shares, viz: Private Companies and Public Companies. While a private company is particularly suitable for a small family business, but a public company is formed where there is a business requiring large capital, which can only be, raised from the public through the stock exchange (Abomaye-Nimenibo, 2017:90-92)

vi. *Assessment of Personal Income Tax in Akwa Ibom State*

Ochi (2008) quoted Pinson saying that the term assessment describes the administration act by which income is made liable to tax and every such assessment is made for a year irrespective of the period for which the taxpayer renders accounts. The general arrangement is to charge tax according to the source from which the income arises. Sources are classified under Schedules and where the sources are identified they are aggregated and total profits derived there are taxed after all deductions and allowance are affected.

Well trained inspectors who are capable of determining the taxable incomes or profits, the exempted ones, the appropriate computations, the proper basis and procedures usually make assessments due to technicalities involved. The Assessments are generally based on returns filed. In Nigeria as well as other countries, assessments are normally based on the income or profits of the preceding year except in cases of commencement, cessation and change of accounting dates where overlapping assessment occurred as such are treated under statutory provisions.

ix. *The Basis for Computing Assessable Income*

The bases for assessing income are:

i. Income assessed on current year basis which includes - income of persons, and employment incomes usually taxed in the year they are earned.

ii. Income assessed on Preceding Year Basis which includes - income from trade, profession, business, vacation, interest and rent. The exemption inherent in the type of tax lies in the computation of assessable income and the year of commencement of business which is determined following Section 20(3) and (4) of Income Tax Management Acts (ITMA), 1961.

x. *Classes of Assessments*

Assessments are normally based on the income or profit of companies or corporations arising from trade or business carried on in Nigeria. Assessment is to be imposed on the "profit" of an enterprise relative to an accounting period. There are two (2) principal classes of *of assessment namely;*

i. Self-Assessment: This assessment scheme aims at shifting the duty of raising assessment to the taxpayers themselves. Under this system, the taxpayer is expected to submit his Tax Returns with self-assessment notice and evidence of payment to the Board of Internal Revenue through appropriate designated collecting bank.

ii. Government Assessment is an assessment carried out on behalf of the government by the tax authorities, examples of which are: assessment raised per audited accounts and computations filed by the taxpayers.

xi. *Types of Assessment*

There are various types of assessments as opined by Ojo (2008) as follows:

i. *Original Assessment* being the first assessment computed on a taxpayer in a particular year of assessment. An original assessment may be the subject of an objection and appeal procedure.

ii. *Revised/Amended Assessment* is the assessment that is raised to replace an original assessment the replacement usually arises from either a notice of objection or appeal that is successful.

iii. *Additional Assessment:* this is an additional assessment which usually arises from a back-duty assessment being the additional assessment to cover a shortfall in tax that was previously paid.

iv. *Provisional Assessment* is a traditional assessment being chiefly an estimate of tax payable based on the tax paid by the taxpayer in the previous year which is subject to the objection and appeal procedures.

v. Best of Judgement Assessment usually arise where the taxpayer has either not filed returns or is not even registered for tax purpose. In such a situation, the Inspector of Taxes will simply use the best of his judgement to estimate the assessable profit, capital allowance claimable and the tax payable. A Best of Judgement Assessment (BOJ) is also subject to the objection and appeal procedure.

vi. *Assessment Based on Taxpayers' Returns:* these are assessments based on the information contained in the taxpayers' returns. The tax computations together with the capital allowance computation are enclosed along with the audited account and such assessment could either be a Self- Assessment or Government Assessment.

xii. *Registration of a Taxable Person*

Under the current dispensation, a taxpayer has the responsibility to register his/her name as a taxpayer. The result of such registration with the Federal Inland Revenue Service (FIRS) is the issuance of a Tax Identification Number (TIN). In registering at any of the tax offices, a taxpayer must provide the following:

i. A Certificate of Incorporation issued by Corporate Affairs Commission.
ii. Documents showing the business address.
iii. The Commencement date of business.

xiii. *Process of Tax Payment*

i. The taxpayer will first register and obtain a Tax Identification Number (TIN).
ii. He will then render appropriate returns. He will also obtain assessment and demand notices, where applicable.
iii. He is to remit the tax to approved collecting banks using the appropriate form and obtain an electronic ticket (e-ticket).
iv. He will present the E-ticket for the issuance of official FIRS receipt.
v. Then he will process for Tax Clearance Certificate.

xiii. *Personal Income Collection Challenges*

There has been a lot of challenges in the assessment and collection of Personal Income Tax collection as follows:

There has been a lack of coordination between the various Government departments when it comes to information dissemination. Sometimes, when information is demanded of other Government departments about taxpayers to have a proper assessment, such demands are misunderstood and often time turns down. Another difficulty is the provision of wrong information about taxpayer residential addresses. Due to the poor rate of voluntary compliance, and the very low degree of honesty, most taxable persons hide from tax authorities and would give a fake address to conceal their true identity. The Challenges noticed or observed limiting effective tax assessment and collection of Personal Income Tax in Uyo are group into five (5) broad categories, which include;

a. Environmental
b. Educational
c. Structural
d. Political
e. Social

A. Environmental Challenges

i. Corruption at the lower echelon surfaces and this hydra-headed phenomenon blights the tax system as both the taxpayers and tax collectors are entangled. Many taxpayers do not want to pay the correct tax even in the face of clear information available to the tax authorities about their true earnings or incomes. The officials prefer to collude with the taxpayers to deliberately reduce their tax and pay far less than they should. At other times, tax officials demand bribes to reduce the tax liabilities of citizens. The incidence of corruption results in huge losses of revenue to the Government.
ii. There is gross ignorance on the part of the populace about the taxes payable by them to either the Local Government or the State Government. Even the few who know are not certain about which and how much tax they should pay or what the tax law says about their rights of objection or appeal against tax assessments. Consequently, a lot of citizens do not pay their due taxes either to the State or to the Local Government resulting in low revenue collection.
iii. E-Trade and Commerce which now characterizes our modem globalized world has led to serious tax evasion. This is because most transactions carried out in living houses or bedrooms that are not physically assessable by tax authorities resulting in huge revenue loss to Government.
iv. Violence and threats to the lives of tax officials is a disincentive to effective tax collection.
v. Some members of the public are hostile to tax collectors and resist accepting demand notices which in most cases results to physically assault on tax officials.

B. Educational Challenges

i. Lack of Training for Revenue Officials is a major conundrum adversely affecting revenue generation. This makes it possible for qualified Chartered Accountants to effectively use tax avoidance schemes to the detriment of revenue when they confront ill-trained revenue officials.
ii. A lot of tax staff do not qualify as tax professionals as they have no requisite qualifications even as Associate of the Chartered Institute of Taxation in Nigeria (CITN) to enable them effectively practice taxation to enhance revenue collection.
iii. Lack of a database of all taxable adults in the state has aided tax evasion leading to loss of revenue on the part of the government as many taxable adults are yet to be included in the tax-paying bracket by giving them a Tax Identification Number (TIN).

iv. Unavailability of accurate Data and proper records keeping is a major constraint to revenue collections as many businessmen and self-employed persons do not keep proper books of account in all their transactions to aid Revenue Authorities to have an accurate assessment of income to tax.

C. Structural Or Functional Challenges

i. Lack of a refund scheme for overpaid taxes makes many employees especially bank employees not to disclose their correct emoluments.

ii. Lack of good internal control mechanism still poses a problem since the processes and procedures are not fully automated.

iii. Inability to prosecute tax defaulters promptly and regularly encourages tax defaulting and this leads to incessant loss of revenue.

iv. Under assessment of taxpayers by revenue collecting MDAs (Ministries Department and Agencies) due largely to lack of information about the appropriate application of correct tax rates which had not been reviewed for many years is a serious challenge. This is a structural default.

D. Political Challenges

i. Bad Governance brings agitations in the minds of the taxpayers when the basic infrastructure in form of street lights, good dualized roads, potable water, hospitals etc. which their money could have provided are lacking, discouragement steps in to impede voluntary tax compliance.

ii. Lack of Legislative and Updated Amendments also have an adverse effect in the collection of Personal Income Taxes which calls for further amendment in Personal Income Tax Amendment Bills.

iii. Lack of Political Will creates fear in the minds tax officials inadequately taxing the affluent that belongs to the ruling political class. Political appointees are not requested to produce tax certificates as required by law before being appointed.

iv. Premature retirements and unwarranted deployments of revenue staff discourage revenue officials from putting up their optimum best performance.

E. Social Challenges

i. Lack of Tax Policy has adversely affected revenue generation as there is yet no code of conduct and code of ethics for the practice of tax administration.

ii. Negative Public Attitude to Income Tax Payment has led to low tax collections as many people do not come up to pay their taxes voluntarily unless they require tax clearance certificates to obtain Government services.

iii. Poor Work Environment on the part of tax officials had a discouraging influence on the staff of the Revenue Service in the past and remains a disincentive to hard work.

xiv. *Unique Taxpayer Identification Number (UTIN) Project*

With the issues and challenges bedevilling effective tax administration which adversely hampers the optimum collection of personal income tax and revenue generation, the Joint Tax Board, a body comprising of 36 states Board of Internal Revenue, Federal Road Safety Commission, Federal Capital Territory Authority, Revenue Mobilization, Allocation and Fiscal Commission should come up with urgent solution to solve these problems.

The Joint Tax Board, being the statutory body saddled with the responsibility of ensuring effective tax system and administration in Nigeria Section 86(d) of PITA Cap p.8 LFN, came up with the Unique Taxpayer Identification (UTIN) project. The UTIN is an electronic system of tax identification and registration, which will be unique to an individual taxpayer for life.

The legal basis for the project derives its authority from Section 86 of the Personal Income Tax Act 2004, and Section 8(1) (q) of the FIRS Establishment Act, 2007. The project is aimed at addressing the lingering issues that have been a clog in the wheels of progress in the Nigerian Tax System and administration.

These issues include:

i. Lack of standardization of infrastructure and system for effective identification and registration of taxpayers.

ii. Lack of sustainable platform for revenue generation among the three tiers of Government.

iii. No national platform for the registration and identification of taxpayers with priority based on persons' nature of the transaction.

iv. Lack of effective information sharing mechanism between tax administrations in the country.

The UTIN project aims to curtail the above challenges through the following ways:

i. The UTIN entails full automation of all Tax Authorities thereby adopting common registration processes, infrastructure and systems. The registration application will be uniform nationwide and as such will greatly aid in the elimination of multiple taxations and tax registration.

ii. The UTIN being an electronic system would replace the manual registration system currently operated by most Tax Authorities in Nigeria thereby bringing the country’s tax administration in line with the global best practices.

iii. The system would engender greater confidence in the tax system and ultimately create a competitive and conducive environment for investors. It is expected that if the personal income tax is properly administered, the UTIN will be a tool for creating a competitive edge for the country in attracting investors.

iv. The UTIN would lead to greater information sharing between tax authorities in Nigeria which should facilitate effective exchange of information between tax authorities and taxpayers.

v. The system would also enable tax authorities to collate access, analyse, and retrieve data with ease thereby facilitating a more efficient system of tax assessment and collection.

xv. *Contentious Issues about the Amended 2011 Act*

i. The Amendment Act was dated 14 June 2011 but only communicated to the public during the Budget presentation by the President on 13th December 2011. As at the time of this publication the amendment is yet to be gazetted. Technically the amendment should become effective from the date it was signed into law and gazetted unless a specific commencement date is indicated in the Act.

ii. It is not clear if existing Tax-Free Allowance will continue to apply along with the consolidated allowances given that the section on theses allowance was not in the amendment. However schedule 6 contained in the amendment States specifically that the remainder of income after deducting the consolidated Allowance, Personal relief and specified exempts deduction is taxable.

iii. Expatriates who meet all the conditions for tax exemption including being liable to tax in another country may now be exposed to tax in Nigeria if such other country does not have a double tax agreement with Nigeria.

iv. The subsection of the old PITA which provides that non-Nigerian employment be taxed to the extent that the duties of employment are performed in Nigeria has been deleted. This could mean that such individuals will be liable to tax on their worldwide income notwithstanding that the duties of their employment were only partly performed in Nigeria.

v. Also, the 183-day rule which has been modified to include the period of temporary absence or leave will pose some challenges regarding temporary absences from Nigeria to perform employment duties abroad.

vi. Interest on Withholding Tax default is Monetary Policy Rate. It is not clear whether this will be the rate at the time of assessment following an audit or the Monetary Policy Rate prevailing for the period of default. Our view is that it should be the latter given that interest is generally designed to compensate for the time value of money applicable to the default period. Also, it is not clear whether the interest charged on an annual basis will be prorated for part of a year and whether it will apply to default for periods before the amendment.

vii. Potential conflict and confusion may arise as a result of the introduction of Monetary Policy Fund to replace commercial rate while the section on Bank base lending rate as the basis for interest determination for tax default was not replaced.

viii. The provision to refund excess Withholding Tax is welcome but there is no clarity as to whether this covers other taxes payable under the PITA other than Withholding tax.

ix. Place of residence rule modified to include the location of a branch office or similar presence with a minimum of 50 staff. This means that an individual (other than an itinerant worker) may become liable to tax in more than one state for a given year of assessment.

x. It may be difficult to track the movement of employees between different states for tax purposes to implement the modifications to the place of residency rule and redefinition of an itinerant worker.

xi. It is not clear whether the benefit in kind to be included in Gross emolument should be limited to the taxable portion only or the actual value of such benefits.

b) Empirical Literature

The Problems or Challenges of Assessment, Collection and Accountability of Personal Income Tax are diverse. Ola (2009) stated thus:

> *"Revenue realized from income tax is low because of the level of literacy, poor relationship between taxpayers and income tax authorities; absence of trained and qualified accountants, the unqualified staff does not know how to get information or the technical method of how best to use the information made available to them".*

There had been apathy in the assessment and collection of Personal Income Tax from individuals (both the educated and the uneducated) in Uyo Local Government Area of Akwa Ibom State. The illiterates refused to pay personal income tax because they are unaware of the purpose of pay tax and see a tax collector official as an oppressor, while the rich people are relenting to pay tax because they are not encouraged by the excesses of Government in terms of white elephant projects as drain pipes. The self-employed is difficult to track down and is cunning, evading tax all the time pin down, while the skilful businessmen and women arrange their financial papers with falsified documents in getting tax rebates to avoid or reduce the appropriate tax payable by them.

Some empirical studies had been carried but not much in the area of Personal income tax. Romer, (1990; Mankiw, Romer, and Weil, (1992); Judson, (1996) suggested that measures of taxation have statistically and economically important effects on economic growth, although some other like Barro and Lee, (1992) estimated that the effect is quite small. However, the effect of taxes on the economy is quite uncertain and ambiguous, since simulation analysis can lead to a variety of conclusions.

Trostel (1993) simulates substantial long-term elasticities of the economy concerning taxation and suggests a long-term increase in GDP of 0.97 percent per one percentage point decrease in the marginal tax rate. The hypothetical five percentage point reduction in the marginal tax rate was predicted to have cause increase in the stock of human capital by 4.8 percent. In equilibrium, he asserts that maintaining a higher level of human capital requires an extra 4.8 percent additional net investment in human capital; supposing that *mi* was about three percent annually. The new level of equilibrium growth in human capital would rise to 3.14 percent annually; and further assuming that the factor share coefficient to be 0.75, while the net effect on growth would be 0.10 percentages.

Chirinko, (1993; Hassett and Hubbard, (1996), did a simple examination of the time series over the little relationship to have found a positive correlation between investment and capital income tax rates. However, this type of analysis was too simplistic.

Alternatively, comparing capital income taxes with investment rates, taken from Mendoza, Milesi-Ferretti, and Asea (1996), revealed a moderate negative correlation between tax rates and investment rates; but a more detailed regression analysis carried out by King and Fullerton, (1984; Fullerton and Karayannis, (1993) suggests that a 10 percentage point change in tax rates on profits could affect investment rates by at most two percentage points. It should be noted, however, that one shortcoming of these capital tax measures is that they use weighted statutory rather than effective rates, and thus they cannot account for the dramatic increase in effective marginal tax rates on capital during periods of inflation.

Anderson; 1983; Cummins, Hassett, and Hubbard, (1994, 1996); Chirinko, Fazzari, and Meyer, (1996) have all found significant effects of tax policy on investment, suggesting a plausible range for the investment elasticity for changes in the user cost of capital in the range of 0.25 to 1. This finding is potentially important because, although Levine and Renelt (1992) findings have it that, almost all results are fragile in cross-country growth regressions, with a positive, robust correlation between growth and investment. A change like investment decisions will affect output growth. Supposing an investment elasticity of 0.5 is adopted, five percentage points drop in marginal tax rates will occur which should boost investment by 2.5 percent, or by about 0.4 percent of GDP. Also, if the net marginal product of capital is increased by ten percent, output growth rates might be expected to grow by another 0.04 percentage points; there is going to be a boost in growth rate which is expected to be permanent, although, in the Solow-style model, the growth effects will diminish over time. One key factor that could stifle tax-induced investment expansions is lack of new saving, especially from tax (personal income tax) revenue to finance the increased investment.

Chibu and Njoku (2015) investigated the impact of taxation on the Nigerian economy for the period 1994 -2012. The variables used in the model were subjected to Augmented Dickey-Fuller Unit Root test, which revealed that all the variables were stationary. The co-integration test also revealed that the variables are co-integrated and that long-run relationship existed between the variables. The results of the statistical analysis revealed that positive relationship also existed between the explanatory variables (Custom and Excise Duties, Company Income Tax, and Petroleum Profit Tax) and the dependent Variables (Gross Domestic Product, and Unemployment). The study, therefore, recommended a total restructuring of the tax system in the country and the provision of basic amenities (good roads, steady power supply, internal security, etc.) which will encourage individuals and corporate organizations to honour their tax obligations in Nigeria.

The impact of tax revenue on economic growth has been examined severally by different researchers. The empirical studies of Anyanwu (1997), Engen and Skinner, (1996), Tosun and Abizadeh, (2005) and Arnold (2011), were used as the basis for different explanations of taxes on economic growth.

The analyses so far have revealed that taxation (especially Company and Personal Income tax) has significantly impacted on Nigeria's economic growth. Although some studies do not find a positive linkage between economic growth and taxation but were quick to point out that some of the flaws inherent in their study were as a result of an error in their statistical methodology and that of the data used in their analysis. This research is therefore poised to carry out an appraisal of the procedures and methods of assessment, collection and accountability of Personal Income Tax in Akwa Ibom using Uyo Local Government as a case study.

III. Method of Study

a) Research Design

Method of study is concerned with providing information on the way the study was conducted and to explain in detail, the procedures and methods followed in the conduct of this research. This is a framework that is used as a guide in collecting and analysing the data

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for the study. The study allows the researcher to draw inferences concerning casual relationships among the variables under investigation. Since this study is descriptive and investigative as it concerns the assessment, collection and accountability of Personal Income Tax in Uyo Local Government area, both descriptive and surveys research design were adopted; which provides a systematic description of facts and figures about the administration of Personal Income Tax in Akwa Ibom State.

b) Population and Sample Size

According to Chinaka (2005: P34-35), a population is the entire subject of the forces of the research study with similar characteristics within the defined variables and dimensions. The population for this research work included the general public, management staff, the administrative staff, and the tax collectors of the tax office in Uyo Local Government Area. The sample size refers to the size or mass of the selected number of subjects, elements, variables, quantities, etc. from an accessible population for which the selected elements are expected to be a representation of the whole. The sample size for the population was statistically determined using "Yaro Yamane" formula for a finite population. The formula provides a good medium of sampling a manageable size of the population to be studied within the time constraint.

$$n = N$$

$$1+N\ (e)2$$

Where;

n = sample size
N = the finite population
e = level of significance (or unit of tolerable error)
1 = unity (a constant)

c) Sampling Techniques

The technique used involved splitting the population into groups which were expected to be homogeneous and uniform than the entire population. This stratification was based on various groups of staff in Uyo tax office. To effect the selection in the strata, a simple random sampling method was used. The apportioning of the samples to various strata was as follows;

Top-level Management staff	- 40
Middle-level Staff	- 40
Tax Collectors	- 40
General Public	- 40
Total	= 160

A sample size of 160 staff was selected by random sampling techniques out of the total population.

d) Method of Data Collection

Primary sources of data include personal interviews, Work experience and observations and questionnaire. This form of data collection was done through direct interviews with the appropriate officers in the tax offices. Among those interviewed were the revenue collectors, tax inspectors and the director of various Units or Departments in the tax offices. The personal observation techniques involved watching people, events and especially towards tax payment to obtain first-hand information for this research.

A secondary source of data involves the use of textbooks and journals.

i. *Research Instrument*

The main instrument for this research was a questionnaire designed by the researcher making it as simple as possible. These questionnaires were majorly structured in a way to providing for alternative options. The questions were divided into two sections. Section one was designed to provide personal data of respondents, while section two was concerned with issues on Personal Income Tax administration in Uyo Local Government area of Akwa Ibom State.

ii. *Administration of research instrument*

The questionnaires were administered directly to the respondents (staff) in their various departments and collected the ready ones on the spot; this yielded optimum result in the retrieval of a good number of questionnaires excluding those staff not on the seat as at the time of administration as well as the general public.

e) Test Of Validity And Reliability Of Research Instrument

The instruments used in this research were developed after an extensive review of questions on the matter. The validation of the questionnaire was done through pretesting. The pre-testing was administered on the different staff of Uyo Tax Office and necessary corrections by the Research Supervisor were done. This was the method adopted to ascertain the appropriateness of the content of the questionnaire, through which the validity of the instrument was established. The hypotheses to which the statistical analysis was validated are:

Ho: Tax laws and policies do not significantly affect the tax assessment, collection and accountability in Akwa Ibom State.

Ho: There is no significant relationship between taxpayers' attitude and behaviour and the administration of Personal Income Tax in Akwa Ibom State.

f) Data Analysis Techniques

The analysis of data includes the process or methods used by the researcher to extract from the data collected that was not there before, (Eshiet, 2006: 50). As a result of the nature of the study and of course the nature of the questionnaire sent to the staff of these two tax authorities, the two samples chi-square ($\chi 2$) test were used as adequate to test the hypothesis, while simple percentages were adopted in the presentation of research questions.

i. *Statistical Method of Data Analysis*

The tool for validation of the research hypotheses formulated was the preference to use chi-square, which enabled the researcher, got the "test of goodness of fit". The Chi-Square formula was used.

$$\chi 2 = \Sigma(f0\text{-}fe)\ fe$$

Where:
$\chi 2$ = chi-square
F0 = actual frequency
Fe = expected frequency
Σ = summation

ii. *Decision Rule*

We will reject the null hypotheses at a significant level of independent at $\chi 2 = 0.05$, if the computed value of the test statistics ($\chi 2$) exceeds the critical (tabulated) value of $\chi 2$ for (n-1) degree of freedom, and accept the null hypotheses of independence at $\chi 2 = 0.05$. If the computed value of the test statistics ($\chi 2$) is less than the critical (tabulated) value of $\chi 2$ for (n-1) degree of freedom, then we accept the null hypotheses.

IV. Data Presentation, Analysis and Interpretation

a) *Data Presentation and Analysis*

We collected primary data through the use of questionnaires, interviews as well as personal observation and analysis specific responses to the questionnaires. Our respondents were selected from the staff of Uyo tax office and a set of one hundred and sixty (160) questionnaires were administered to the staff. All the questionnaires were completed and returned and the responses provided the basis for the presentation and analysis of data. We use Tables in presenting the respondents' data, thereafter analysis and interpretation of the data was made, which enabled the researcher to conclude to either accept or reject the null hypotheses. As stated previously, the chi-square will be used in testing the hypotheses.

Table 4.1: Number of Administration and Returned Questionnaires from Uyo Tax Office and the general public

Departments	Number Administered	(%) Percentage	Number Returned	(%)Percentage
Audit	15	16.0	15	16.0
Budget	10	9.6	9	9.6
Revenue/Planning	50	30	47	30
Finance	29	13.8	20	13.8
Statistics	16	10.6	10	10.6
General Public	40	20	30	20
Total	160	100	140	100

Source: Field Survey, 2019.

Table 4.1 shows that out of one hundred and sixty (160) questionnaires distributed, one hundred and forty (140) were completed and returned accordingly and taken as representing 100% of the returned questionnaire as our working number; and no questionnaire was discarded or filled wrongly. The number of questionnaires returned showed a significant response by respondents. Analysis showed that fifteen representing (16%) questionnaires were issued to and returned by staff in Audit Department, Budget Department received and returned ten questionnaires being (9.6%), while Revenue/Planning Department returned fifty questionnaires representing (30%), Finance Department returned twenty-nine being (13.8%), Statistics Department returned sixteen representing (10.6%) and the general public returned thirty representing (20%) of the questionnaires.

b) *Analysis of Research Questions*

Responses to Research Question One (Does the ignorance of most taxpayers hinder the effective administration of Personal Income Tax in this Local Government Area?) are presented in Table 4.2 below.

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Table 4.2: Responses on Taxpayer's Ignorance

Responses	Respondents	Percentage (%)
Yes	41	33.0
No	50	42.5
Not sure	49	24.5
Total	140	100

Source: Responses from Questionnaire

From table 4.2 the analysis revealed that 41 respondents representing 33% of the total respondents agree that taxpayer's ignorance hinders effective administration of Personal Income Tax in Uyo Local Government Area. However, 50 responses representing 42.5% of the respondents did not agree that taxpayer's ignorance hinders effective tax administration. The percentage of respondents who were not sure of taxpayer's ignorance is a hindrance to effective tax administration was 49 respondents representing 24.5% respectively.

Responses to Research Question Two (Do you think most taxpayers in this town submit proper and accurate records of their incomes for tax assessment?) are as presented in Table 4.3

Table 4.3: Responses on Taxpayers submitting proper and accurate Records for tax assessment

Responses	Respondents	Percentage (%)
Yes	54	40
No	60	40
Not sure	26	20
Total	140	100

Source: Responses from Questionnaire

It can be observed from table 4.3 that 40% representing 60 respondents said taxpayers do not submit proper and accurate records of their incomes for tax assessment, 40% representing 50 respondents consented to taxpayers submitting proper and accurate records while 20% representing 26 of the respondents said they are not sure.

Responses to Research Question Three (How can the facilities needed for operations in Uyo LGA revenue unit be termed?) are as presented in Table 4.4.

Table 4.4: Responses on Facilities needed for operations

Responses	Respondents	Percentage (%)
Adequate	30	20.5
Inadequate	70	50
Grossly adequate	40	29.5
Total	140	100

Source: Responses from Questionnaire.

It is vividly revealed in table 4.4 that the facilities needed for operations in the Revenue Units of Uyo Local Government Area are inadequate as confirmed by the assertion of 50% representing 70 of the respondents, 20.5% representing 30 of the respondents who asserted that the facilities are adequate, while 29.5% representing 40 respondents agreed that the facilities are grossly inadequate.

Responses to Research Question four: (what do you think are the problems militating against effective assessment and collection of Personal Income Tax in Uyo Local Government Area?) are as presented in Table 4.5.

Table 4.5: Responses to the problems militating against effective assessment and collections of Personal Income Tax

Variables	Frequency	Percentage (%)
Poor review of tax laws	12	12.8
Inadequate tax education	10	6.4
Poor facilities to enhance proper and adequate tax assessment and collection	20	19.1
Non-enforcement of laws against defaulters.	14	14.9
Poor attitude of taxpayers	7	7.4
Mismanagement of funds	17	14.9
Corruptions of tax officials	20	3.2
All of the above	40	21.2
Total	140	100

Source: Responses from Questionnaire

From table 4.5 revealed that 12 respondents representing 12.8% said that Poor Review of Tax Laws was responsible for ineffective tax assessment and collection of Personal Income Tax in Uyo Local Government, 10 respondents representing 6.4% believed that poor facilities were responsible, 20 respondents representing 19.1 % stated that inadequate tax education is responsible, while 14 respondents representing 14.9 % claimed that it was non-enforcement of laws in punishing defaulters was the militating factor against effectiveness of assessment and collection of Personal Income Tax. However, 7.4% representing 7 out of the respondents said it was the attitude of the taxpayers, 17 respondents representing 14.9% claimed it was Mismanagement of funds, while 20 respondents representing 3.2% are of the view that it was the Corruption of tax officials. Finally, 40 respondents representing 21.2% of the respondents declared all of the variables to be responsible for the ineffectiveness of assessment and collection of Personal Income Tax in Uyo Local Government Area.

Responses to Research Question Five (what is the extent of performance of tax assessment and collection of Personal Income Tax in Uyo LGA?) are as in Table 4.6.

Table 4.6: Responses to the Extent of Performance of Tax Assessment and collection of Personal Income Tax

Responses	Frequency	Percentage (%)
High	30	13.9
Moderate	40	25.5
Low	70	60.6
Total	140	100

Source: Responses from Questionnaire

From table 4.6, the analysis revealed that 70 of the respondents representing 60.6% asserted that the extent of performance of tax assessment and collection in Uyo was low, 40 respondents representing 25.5% agreed that the extent of the tax assessment performance was moderate, while 30 respondents representing 13.9% said that the extent performance of tax assessment and collection was high.

Responses to Research Question Six (Are there adequate tax laws and policies to enhance effective administration of Personal Income Tax in Uyo Local Government Area?) is as per Table 4.7.

Table 4.7: Responses to Tax Laws and Policies enhancing Effective Tax Administration

Responses	Frequency	Percentage (%)
Yes	69	73.4
No	40	10.6
Not sure	31	16.0
Total	140	100.00

Source: Responses from Questionnaire.

The analysis shows from table 4.7 that 73.4% were 69 respondents said "Yes" to Tax Laws and Policies being adequate to enhance effective administration of Personal Income tax. 10.6% representing 40 of the respondents resented to the adequacy of Tax Laws and Policies, while 35 respondents representing 16.0% were not sure of the adequacy of Tax Laws and Policies to enhance effective administration of Personal Income Tax.

Responses to Research Question Seven (Are the methods and procedures adopted for assessment Unit sufficient to enhance effective tax administration?) are as presented in Table 4.8 below.

Table 4.8: Responses to the methods and procedures for Assessing and collecting of Personal Income Tax

Responses	Frequency	Percentage (%)
Yes	50	25.7
No	66	60
Not sure	24	14.3
Total	**140**	**100**

Source: Responses from Questionnaire

From table 4.8, the analysis reveals that larger proportion of the respondents said that, methods and procedures adopted by the tax offices for assessment and collection of Personal Income Tax is not sufficient to enhance effective tax administration as evidenced by the 66 respondents representing 60%. While 25.7% being 50 of the respondents agreed that the methods and procedures adopted were sufficient to enhance effective tax administration, 24 respondents representing 14.3% said they were not sure.

c) *Testing of hypotheses/ interpretation*

In this Section, the hypotheses were tested using the two-way chi-square $(\chi2)$ statistical method. The decision rule as stated in respect of Null Hypotheses was: Reject Null hypotheses if $(\chi2)$ computed is greater than the table value of $\chi2$ and Accept if computed $(\chi2)$ is less than the table value of $\chi2$ with some Degree of Freedom (V) = C -1

Where

C = categories of responses ("Yes", "No" and Not sure" answers).

Degree of freedom (V) = 3-1 =2

Given $\chi2 = \frac{\Sigma(Fo-Fe)2}{Fe}$

Where

Σ = Summation

Fo = Observed Frequency

Fe = Expected Frequency

Given that

Fo = 140,

C = 3

$Fe = \frac{Fo}{C} = \frac{140}{3} = 46.6 \approx 47$

Based on the determination made above, the table value of ($\chi2$) at 0.05 level of significance of 2 Degree of freedom is 5.991.

i. *Testing of hypothesis 1*

H0: Tax laws and policies do not significantly affect the tax assessment, collection and accountability in Akwa Ibom State.

Table 4.9: Relationship between the Tax Laws and Policies, tax assessment, collection and accountability in Akwa Ibom State

Responses	F_0	F_e	F_0-F_e	$(F_0-F_e)^2$	$(F_0-F_e)^2/F_e$
Yes	70	47	23	529	11.25
No	40	47	- 7	49	1.04
Undecided	30	47	-17	289	6.14
Total	**140**				**$\sum = 18.43$**

Source: Response from Question 17

$\chi2 = 18.43$
Degree of freedom = n-1 =3-1 =2
Level of significance = 0.05
Critical value = 5.991

Decision

Since the computed value of $\chi2 = 18.43$ which is greater than the critical or tabulated value of $\chi2 = 5.991$ at 0.05 Significance level of 2 degrees of freedom, we reject the Null hypotheses and accept the Alternative Hypotheses i.e. Tax Laws and Policies significantly affects the tax assessment, collection and accountability in Akwa Ibom State.

ii. *Testing of hypothesis 2*

H0: There is no significant relationship between a taxpayers' attitude and behaviour, and the administration of Personal Income Tax in the State.

Table 4.10: Relationship between Taxpayers' attitudes and behaviour, and administration of Personal Income Tax in the State

Responses	F_o	F_e	F_o-F_e	$(F_o-F_e)^2$	$(F_o-F_e)^2/F_e$
Yes	120	47	73	5329	113.3
No	20	47	-27	729	15.5
Undecided	0	47	-47	2209	47
Total	140				$\sum = 175.8$

Source: Responses from Questionnaire

$\chi2 = 175.8$
Degree of freedom = n-1 = 3-1 =2
Level of significance = 0.05
Critical value = 5.991
Decision

Since the calculated value of $\chi2 = 175.8$ is greater than the critical or tabulated value of $\chi2 = 5.991$ at 0.05 level of Significance with a degree of freedom of 2, the Null Hypothesis is rejected, while the Alternative Hypothesis is accepted which states that-there is significant relationship between taxpayers' attitude and behaviour and effective administration of Personal Income Tax in Akwa Ibom State.

d) Discussion of Findings

The findings of the study among other things showed that:

i. A significant number of taxpayers do not submit proper and accurate records of their incomes for tax assessments and this is one of the major problems affecting tax assessment and collection of Personal Income Tax in the area.
ii. A good number of respondents asserted that ignorance of most taxpayers will surely affect the effective administration of Personal Income Tax in Akwa Ibom State and by extension, the nation of Nigeria leading to low payment compliance; and hence, low tax revenue returns.
iii. Most respondents affirmed that the facilities needed for operations in the Revenue Unit are inadequate leading to poor administration performance of the tax administrators and collectors; resulting in the inability of meeting revenue targets.
iv. Poor review of tax laws, inadequate tax education, and poor office facilities contributed also to inadequate tax assessment and collection.
v. Non-enforcement of laws to punish tax defaulters, mismanagement of funds and corruption of tax officials amongst other factors, are some of the

problems negatively affecting effective assessment and collection of Personal Income Tax.

vi. The hypotheses tested revealed that tax laws and policies significantly affected the economic development of the State, and that taxpayer's attitude and behaviour affects the administration of Personal Income Tax.

vii. Statistical test also revealed that the method and procedures adopted by the tax officials in the assessment and collection of Personal Income Tax brings a low level of tax revenue.

viii. Result of the hypotheses further confirmed that the identified problems of assessment, collection and accountability of Personal Income Tax affect the level of tax returns.

V. Summary, Conclusion and Recommendations

a) Summary of the Study

Examination of the assessment, collection and accountability of Personal Income Tax in urban and rural areas of Akwa Ibom State is the main focus of this study. An indepth assessment of the strength and weaknesses of assessing and collecting of Personal Income Tax in Uyo Local Government Area is our concern and the assessment of the exact extent of tax revenue performance is necessary. The argument of this study is based on the premise that Personal Income Tax is an essential ingredient that makes for economic growth and development; and to identify how Local Government Tax Administration will increase revenue generation. The Local Governments are seen as operating at the level where the first-order issues about the people's wellbeing manifested themselves in their elementary forms.

VI. Conclusion

A large proportion of self- employed and paid - employed in both the urban and rural areas are not complying with the payment of Personal Income Tax. Some claimed that they are not aware of Personal Income Tax, others claimed that government has enough resources at her disposal to carry out its developmental functions and there is no need for them to pay tax, more so the government can mint enough money to take care of her financial needs.

In the face of dwindling Federal Government allocations, the Government of Akwa Ibom State has to rise to her challenges by ensuring that tax payments by citizens are imperative for sustainable development of Akwa Ibom State. Taxes paid by citizens remain a veritable tool for infrastructural development and should be so seen by individuals and corporate citizens.

To attain this, every adult taxpayer in Akwa Ibom State has to obtain a Taxpayer Identification Number (TIN) in compliance with the on-going tax reforms nationwide. All employers of labour have to be held liable and accountable for taxes deducted from all employees in Akwa Ibom State. Oil companies operating in Akwa Ibom State has to see tax payment as an imperative and ensure that PAYE and Withholding taxes including Environmental and Carbon taxes are paid up as at when due.

Good governance is necessities to make the people motivated to pay their taxes voluntarily; which will make the Government provide more infrastructures for the common good of the citizenry of Awa Ibom State, and by extension all States of the Federation of Nigeria. Enlightenment campaigns by the Government to sensitize the citizenry of the State to cheerfully pay their assessment taxes to generate revenue for sustainable development of the State should be pursued vigorously.

VII. Recommendations

The following recommendations are postulated based on our findings in this study:

i. The government should tackle the issue of tax evasion by ensuring that every adult detail is captured in a computerised database and proper record keeping be maintained. Having a taxpayer's database of all taxable adults in Akwa Ibom State and all other states should be a welcome backpack. To make this possible, the Tax Authorities should ensure that all taxable adults in the State should be enumerated as to be known and their due taxes determined by the authority as a comprehensive data in the computerized database which is currently lacking.

ii. Adequate funding of the local tax offices is necessary to equip tax officials to acquire necessary tools for their effectiveness in their discharge of legitimate functions.

iii. Training and re-train of tax officials to detect tax evaders' and avoidances' through detective schemes in the bid to block all such loopholes to increase revenue collections.

iv. Full automation of all revenue collecting processes and procedures is recommended to contain the problem of fraud. It's better to prevent fraud than allowing it and later prosecute offenders. This calls for immediate automation of all process and procedure in the Tax Offices.

v. The problems of poor remuneration of staff should be seriously looked into and better remuneration and incentives including benefits in kind should be approved for the staff of the local tax offices to fully motivate them and put them to a thorough check.

vi. The Board of Inland Revenue should be directed to capture all taxable staff of all Government Ministries, Departments, and Agencies in their database to work out by the system the correct taxable assessment rate and figure monthly and yearly as a means of checking tax evasion and avoidance to capture the true and correct tax rate and amount collectable and for accurate accountability.

vii. The Board of Inland Revenue should promptly and diligently prosecute all tax defaulters (individuals and corporate bodies) who have defaulted in tax payments for over one year or more.

viii. Details of the new Personal Income Tax Act, 2011 should be widely circulated to members of the public who up till now are ignorant of for possible compliance.

ix. Our tax system and laws should be simple, clear and unambiguous and the assessment and collection procedures are straight forward, transparent and friendly.

x. Taxation must be simple, cost-effective in administration to enable compliance easy and possible. For a tax system to be embraced willingly by the public, it must be simple and balanced with its objectives. The government should ensure that the tax system designed to deal with a complex or complicated situation be ease of understanding of all tax details and simplicity of administration which will of a truth help in reducing the cost of administration. Compliance cost must not be too high otherwise there will be a high incidence of tax evasion and avoidance.

xi. Tax laws must remain for a good time and not change incessantly.

xii. Government must put in place serious infrastructural development, which should be visible to the taxpaying public to encourage voluntary tax payments by carrying out massive constructions roads and bridges, provision of constant power supply, provision of potable water, good and well equipped modern hospitals and schools, well-connected sewage disposal systems, good public transportation etc. All of these will enable the public taxpayers to appreciate the government and pay their taxes without resistance.

xiii. The Government should put in place an efficient, effective, equitable and just tax system.

xiv. Government has to establish special progressive tax assessment of persons and corporate bodies of affluent in the society, such as owners of housing estates, big hotels, petrol stations, large scale importers and exporters and big contractors to boost internally generated revenue for the government.

xv. There should be continuous reviewing of tax-related laws, tax issues are resolved within two days at most and tax laws be made as simple as possible to the understanding of the citizenry.

xvi. Lastly, the government should consider taxpayers and other key stakeholder's interest in fiscal policy formulation and implementation to achieve improved tax compliance rate in the country.

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Appendix 1

Questionnaire
Section One
Personal Data:

Instruction: Please tick ( ) or write where appropriate.

1. Sex: (a) Male [ ] (b) Female [ ].
2. Age: (a) 21-30yrs [ ] (b) 31-40yrs [ ] (c) 41-50yrs [ ] (d) 57 and above [ ].
3. Highest Educational Qualification: (a) SSCE [ ] (b) OND [ ] (c) HND [ ] (d) B.sc [ ] (e) M.sc [ ] (f) others please specify:…………
4. Department: (a) Statistics [ ] (b) Finance [ ] (c) Revenue/Planning [ ] (d) Budget [ ] (e) Audit [ ].
5. Rank: (a) Top management staff [ ] (b) Middle Management Staff [ ] (c) Low management staff [ ].
6. Work Experience: (a) I-10yrs [ ] (b) 1 I-20yrs [ ] (c) 21-30yrs [ ] (d) 31 and above [ ].

Section Two
Issues on Personal Income Tax Administration in Urban and Rural areas of Uyo

7. How can the facilities needed for operations in this Revenue unit be termed (a) Adequate [ ] (b) Inadequate [ ] (c) Grossly inadequate [ ].
8. Does the ignorance of most taxpayers hinder the effective administration of Personal Income Tax in this local Government Area? (a) Yes [ ] (b) No [ ] (c) Undecided [ ].
9. Do you think most tax payers in this town submit proper and accurate records of their incomes for tax assessment? (a) Yes [ ] (b) No [ ] (c) Undecided [ ].
10. What do you think is the problem militating against effective Collection of Personal Income Tax in this Local Government Area? (a) Poor review of tax laws[ ] (b) Traditional tax education [ ]Poor facilities to enhance proper and adequate tax assessment and collection [ ] (d) No enforcement to laws punishment to defaulters [ ] (c)Poor attitude of tax payers [ ], (f) Mismanagement of fund [ ], (g) Corruption of tax official [ ], (h) All of the above [ ].
11. Are there any tax reforms in the state since its inception? (a) Yes [ ] (b) No [ ] (c) Undecided [ ].
12. What is the extent of performance of tax assessment and collection of Personal Income Tax in this area? (a) High [ ] (b) Moderate [ ] (c) Low[ ].
13. Are tax offenders punished as stipulated by law? (a) Yes [ ] (b) No [ ] (c) Undecided [ ].
14. Are adequate tax laws and policies to enhance effective administration of Personal Income Tax in this Local Government Area? (a) Yes [ ] (b) No [ ] (c) Undecided [ ].
15. Has taxation played any role in the development of the state? (a) Yes [ ] (b) No [ ] (c) Undecided [ ].
16. Do you think the above identified problems of assessments and collections of Personal Income Tax affect the level of tax returns? (a) Yes [ ] (b) No [ ] (c) Undecided [ ].
17. Has tax revenue improved tremendously in the State Internally generated revenue? (a) Yes [ ] (b) No [ ] (c) Undecided [ ].
18. Do you think the tax reforms affect the performance of tax Revenue of Akwa Ibom State from 1988-2013?(a) Yes [ ] (b) No [ ] (c)Undecided [ ].
19. Are the methods and procedures adopted for assessment and collection of personal Income tax in the revenue unit sufficient to enhance effective tax administration? (a) Yes [ ] (b) No [ ] (c) Undecided [ ].
20. Does a taxpayer's attitude and compliance behaviour affect the administration of Personal Income Tax? (a) Yes [ ] (b) No [ ] (c) Undecided [ ].
21. What are the main causes of tax evasion? (a) High tax rate [ ] (b) Ignorance [ ] (c) Lack of confidence on the Government [ ] (d) All of the above [ ].
22. Does the tax assessment and collection procedures used by the state board reduce tax evasion? (a) Yes [ ] (b) No [ ] (c) Undecided [ ].
23. How would you rate revenue generation from taxes of the state? (a) High [ ] (b) Low [ ] (c) Growing [ ] (d) Not certain [ ].
24. Do the tax collection procedures in the state tax board encourage voluntary compliance? (a) Yes [ ] (b) No [ ] (c) Undecided [ ].
25. Tax administration in this state is it, (a) efficient [ ] (b) Effective [ ] (c) both efficient and effective [ ] (d) Neither efficient nor effective [ ] (e) Not certain [ ].
26. What are the problems affecting tax collection procedures and administration? (a) Non-compliance b tax payers [ ] (b) Economic constraint [ ] (c) Poor enlightenment and communication [ ] (d) Insufficient facts about tax payers [ ] (e) All of the above [ ].

27. Which of the following do you recommend as possible solution towards improving tax administration and compliance in the state? (a) Improvement of public expenditure [ ] (b) Constant review of tax to favour economic situation [ ] (c) Dismissal of fraudulent tax officials [ ] (d) Employment of adequate and efficient staffs [ ] (e) Provision of modem equipment and office space [ ] (f) Improvement of tax benefit to encourage increase in tax morality [ ] (g) Others, please specify………..
28. When does the statute of limitations begin expiring on income taxes owed? (a) Beginning of the year [ ] (b) middle of the year [ ] (c) End of the year [ ].
29. If an individual has not filed income tax for several years can the Individual refile those income tax returns now? (a) Yes [ ] (b) No [ ] (c) Undecided [ ].
30. Has there been any empowerment in the performance of tax officials? Yes [ ] (b) No [ ] (c) Not sure [ ].