**TITLE PAGE**

**INTERNAL REVENUE GENERATION: PROBLEMS AND PROSPECTS (STUDY OF EZEAGU LOCAL GOVERNMENT AREA)**

**BY**

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**GOU/12/1744**

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**DECLARATION**

I, OZOCHI CHIJIOKE ANTHONY with the registration number GOU/12/1744 is a bonafide student in the Department of Accounting and Finance under the Faculty of Management and Social Sciences in Godfrey Okoye University. I would like to declare that the research work entitled “Internal Revenue Generation: Problems and Prospects (Study of Ezeagu Local Government Area)” submitted by me in partial fulfillment of the requirements for the award of Bachelor of Science (B.Sc.) in Accounting is my original work and has not been submitted either in part or full for any other degree or diploma either in this or any other tertiary institution.

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_**

**STUDENT DATE**

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**CERTIFICATION**

This is to certify that this research work entitled “Internal Revenue Generation: Problems and Prospects (study of Ezeagu Local Government Area) written by Ozochi, Chijioke A. with registration number GOU/12/1744 presented to the department of Accounting and Finance of Godfrey Okoye University, Enugu has been assessed and approved for oral examination/defense by the Department of Accounting/Finance, Godfrey Okoye University, Enugu.

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**EXTERNAL EXAMINER Date**

**DEDICATION**

This project is dedicated to the Almighty God for His relentless love, mercies, grace and faithfulness in my life.

**ACKNOWLEDGEMENTS**

I sincerely appreciate the effort, constructive criticism and necessary corrections of my capable and intellectual supervisor in the person of Mr. John Odoh, who took his time and strength to ensure compliance and orderliness in my work and I also wish to thank my Dean, Sr. Prof. Gloria Njoku, my H.O.D Dr. Udeh S.N. and my other lecturers, Prof. Nwadialor, Mr. James Ugwu, Dr. Onwuka, Mr. Obiekwe, and Dr. Ukenna Steven for their immense contribution from beginning to the end and from the knowledge I got through their teachings.

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I acknowledge my dear cousin Ozochi Anayo and siblings for the help and support they rendered to me morally. Indeed, I acknowledge my parents Mr. and Mrs. Ozochi, C.A. for their unfailing support and prayers. Also, I appreciate my beloved brothers, sister and friends like Uchenna Madu and Ozor Chinedu for their understanding and support. I will forever remain grateful.

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***Abstract***

*The study is concerned with the Internal Revenue Generation: problems and prospects, with focus on Ezeagu local government area of Enugu state. Finance is the bedrock of any organization, including the local government system. It is generally agreed that functionality of local government, the level at which services are rendered, and the quality of services are strongly tied to the financial resources available to it. Local governments in Nigeria are faced with many difficulties in sourcing adequate revenue; such problems are crucial to the smooth running of the local government system. With the local government reform of 1976, local governments in Nigeria became recognized as the third tier of government, vested with the statutory powers to discharge the duties and responsibilities of government. To achieve this, no doubt, efficient and effective revenue generation and management becomes germane. The revenue issues, particularly the problem of generation are well documented. In pursuit of the objectives, a survey research was carried out in the area and the population used for the study was obtained from Michelle Laboratory. Sample size of 150 was determined using Taro Yamane’s statistical formula. Data were collected using questionnaire and interview and thereafter tables and statistical tools were used for presentation and analysis respectively. Findings of the study revealed that Local governments are not given all the political powers to enable them formulate and implement programmes of socioeconomic and political development as desired by the local populace whom they owe their service to. The study concludes that having thoroughly examined the problems and prospects of revenue generation in Nigerian local government system, with focus on Ezeagu local government area of Enugu state, the study conclude that local governments in Nigeria are faced with daunting challenges in their revenue drive. Some of the challenges are externally imposed. Recommendation from the study states that the financial autonomy of local government should be guaranteed by the provisions of the constitution.*

**CHAPTER ONE**

**INTRODUCTION**

**1.1 Background of the Study**

The increasing cost of running government coupled with dwindling revenue has led various State governments in Nigeria with formulating strategies to improve the revenue base Onyishi, (2012). More so, the near collapse of the National Economy has created serious financial stress for all tiers of government. Despite the numerous sources of revenue available to the various tiers of government as specified in the Nigeria 1999 constitution, since the 1970s till now, over 80% of the annual revenue of the three tiers of government come from petroleum Agbu, (2004). However, the serious decline in the price of oil in recent years has led to a decrease in the funds available for distribution to the states. The need for state and local government to generate adequate revenue from internal sources has therefore become a matter of extreme urgency and importance. This need underscores the eagerness on the part of state and local governments and even the federal government to look for new sources of revenue or to become aggressive and innovative in the mode of collecting revenue from existing sources Edosa, (2003).

Development is a sine qua non for modern civilization. In order to carryout development at all nooks and crannies of the society, it is the responsibility of the Government to provide direct development to people to a certain level. Development is associated with funds and much revenue is needed to plan, execute and maintain infrastructures (Ekpo, and Ndebbio 2008). The needed revenue generated for such developmental projects, like construction of accessible roads, building of public schools, health care centres, construction of bridges are generated from taxes, royalties, haulages ,fines, and grants from the states, national and international governments. These funds could either be obtained internally or externally. Thus, the Government cannot embark, execute and possibly carryout the maintenance of these projects without adequate revenue generation Nwankwo, (2004).

Revenue generation in Nigeria’s local government is principally derived from TAX. Therefore, taxation is an internal source of government revenue within the domestic economy. Its collection and service to the government depends largely on the government itself. Taxation has been described in many ways and for the purpose of this study it will be seen as compulsory levy imposed on a subject or upon his property by the government having authority over his property through its agencies with the aim of providing, maintaining and improving social facilities in the communities at large and for which the tax payer has no quid pro que. This study will examine the effects of revenue generation on infrastructural development Madi et al. (2010).

Nigeria as a sovereign state operates a federal system of government, that is, the federal government, state government and the local government councils. Onwo (2012) Observed that each level of the three tiers of government derive its powers not from the magnanimity of the central government but from the constitution; each level of government has defined responsibilities assigned to it by the constitution. The implication of this is that the three segments of governments are mutually interrelated in a unified effort to make life worth – while for the masses.

Local governments operate at the grassroots and are expected to provide services to their stakeholders. In a federal system like Nigeria, local governments are close to the people and hence could effectively alter socioeconomic and political conditions within their jurisdictions. Apart from providing and maintaining basic infrastructures, local governments can complement the economic activities of other levels of government. This of course depends on the availability and proper utilization of funds.

Revenue generation is therefore an important issue for Local Government Councils. It is through this activity that the Councils source the finance for funding their operations, thus to a large extent, determining the quantity and quality of services provided to the generality of people within their domain. These reasons, coupled with the fact that Local Governments are engines of growth and development, make imperative the need for Local Governments to map out strategies for improved revenue generation, emphasising especially the internal sources which are more flexible, and could be in the total control of the Local Governments.

Local governments in Nigeria are created to bring governance closer to the people at the grass-root level and promote political participation. It is the closest tier of government to the people in Nigeria, yet the resident population in it is denied the benefits of its existence. This is evident in the environmental state, deteriorating public school buildings, poor market facilities and lack of health centers as well as access roads and drainages. According to Olusola (2011), the failure of the Local governments in the area of service delivery has made the citizens to lose trust in government as an institution. In some areas, council officials are better known for the harassment of citizens than service delivery (Shar, 2007). This is basically due to the difficult in generating revenue for its operations, as well as fulfilling its constitutional responsibilities. As a result of this development, many Nigerians crave for change in the local government system as presently constituted in order not only to bring it in conformity with present day realities but also to make it live up to the expectations of the people who have been yearning for development and a sense of belonging.

In order to fulfill these important constitutional responsibilities, local governments require huge sums of money, which is usually difficult to generate. The primary source of local government sustenance is from Federal Allocation. It is the livewire of a local government. Sections 7 and 8 of the 1999 Constitution of the Federal Republic of Nigeria provide for the existence of an autonomous and democratic local government. It also outlined the sources of local government revenue to include rates, statutory allocations, fines, earnings and profits, fees and charges, grants, loans and other miscellaneous sources. The extent to which a local government can go in accomplishing its goal largely depends on its revenue strength. The capacity of local government to generate revenue internally is one very crucial consideration for the creation of a local council. Despite these considerations, the local governments still encounter mirage of difficulties in generating revenue.

Local government administrations in the country experienced fundamental changes in 1976. The 1976 local government reform created for the first time, a single-tier structure of local government in place of the different structure in the various states. The 1976 reform is of great importance because it hinges on restructuring of the financial system of local governments in Nigeria. The reforms instituted statutory allocation of revenue from the federation accounts with the intention of giving local government fixed proportions of both the federation account and states revenue. This allocation to local government became mandatory and was entrenched in the recommendations of the Aboyade Revenue Commissions of 1977. The 1979 constitution empowered the National Assembly to determine what proportion of the federation account and revenue from a state to allocate its local governments.

1. **Statement of the Problem**

The essence of reforming local government system in Nigeria is to bring about stable increases in income, productivity, diversification of its economy and general quality of lives in the rural areas. But the ability of the local governments in Nigeria to accomplish these tasks depends on their financial endowments. Therefore, finance is the bedrock of any organization, including the local government system. It is generally agreed that functionality of local government, the level at which services are rendered, and the quality of services are strongly tied to the financial resources available to it.

Local governments in Nigeria are faced with many difficulties in sourcing adequate revenue; such problems are cogwheel to the smooth running of the local government system. With the local government reform of 1976, local governments in Nigeria became recognized as the third tier of government, vested with the statutory powers to discharge the duties and responsibilities of government. To achieve this, no doubt, efficient and effective revenue generation and management becomes germane. The revenue issues, particularly the problem of generation are well documented.

However, there have been a tendency, conscious or unconsciously, to over generalize the problems of local governments. Though the empirical fact from extant literature revealed the problems of some local governments in the country, the experience of Ezeagu local government seems to have been ignored in that respect. This, therefore, necessitates a study of this nature to investigate if Ezeagu local government is faced with enormous abnormalities occasioned by revenue collectors, issues of financial autonomy, poor governance and unwillingness by higher levels of government to release resources to the local government in revenue generation. Based on the above recognized problems in the extant literature, the study raised the following questions to fill the gap in the literature: Has the absence of well-trained revenue collectors constitute revenue generation problem in Ezeagu LGA? Does lack of transparency by revenue collectors impede revenue making in Ezeagu local government? Has poor governance and lack of financial autonomy contributed to the problems of revenue generation in Ezeagu LGA?

1. **Objectives of the Study**

The broad objective of the study is to determine Internal Revenue Generation: problems and prospects, with focus on Ezeagu local government area of Enugu state. However, the specific objectives are:

* 1. To determine the absence of lack of well-trained revenue collectors on revenue generation in Ezeagu LGA;
	2. To ascertain if lack of transparency by revenue collectors impede revenue generation in Ezeagu local government;
	3. To examine how poor governance and lack of financial autonomy contributes to the problems of revenue generation in Ezeagu LGA.

**1.4 Research Question**

1. What is the effect of the absence of lack of well-trained revenue collectors on revenue generation in Ezeagu LGA?
2. Does lack of transparency by revenue collectors impede revenue making in Ezeagu local government
3. Has poor governance and lack of financial autonomy contributed to the problems of revenue generation in Ezeagu LGA
	1. **Research Hypothesis**

H0 the absence of lack of well-trained revenue collectors does not affect revenue generation in Ezeagu LGA?

Hi the absence of lack of well-trained revenue collectors affect revenue generation in Ezeagu LGA

H0 Lack of transparency by revenue collectors does not impede revenue making in Ezeagu local government

Hi Lack of transparency by revenue collectors impede revenue making in Ezeagu local government

H0 Poor governance and lack of financial autonomy does not contribute to the problems of revenue generation in Ezeagu LGA?

Hi Poor governance and lack of financial autonomy contribute to the problems of revenue generation in Ezeagu LGA

**1.6 Significance of the Study**

The study has theoretical and practical significance. Theoretically, it will determine the problems and prospects of revenue generation in Nigerian local government system, particularly in Ezeagu local government.

This is more so considering the debate the issue of local government revenue has generated since the return of democracy to Nigeria in 1999. It will also contribute to the noble goal of making local governments in Nigeria more effective. More so, this study is expected to add to the body of literature on local government and stipulate further research in this direction. The constant need to improve governance in Nigeria, particularly the local governments, makes the contributions of this work invaluable as reference for further research in local governments in Nigeria.

Practically, the findings of this research will assist policy makers and local government administrators in making local governments in Nigeria more financially viable and efficient in service delivery. It will also go a long way in making local governments in the country more viable, efficient, effective and self-reliant as the finding will bring to the fore issues that have undermined the revenue generation mechanisms of the local government system. It will therefore serve as a guide to local government administrators.

**1.7 Scope of the Study**

This study only covers Internal Revenue Generation: problems and prospects, in Ezeagu local government area of Enugu state

**1.8 Limitation of the Study**

The success of this research was affected by:

1. **Time Constraints:** The researcher faced the robin’s choice of time management to enable him meet with the target time. If there were to be more time, this work would have been made more simplified for a lay man to comprehend.
2. **Finance:** The researcher lacked funds to holistically embark on this study. However some funds were raised from friends and well-wishers who helped significantly to a reasonable extent.
3. **Attitude of Respondents:**  This researcher like any other researcher encountered respondents were difficult in giving away information for fear that it would be aired thereby exposing their institution to negative impression. Nevertheless, the researcher was able to apply wisdom by explaining to them that the the study is purely for student project research purposes.

**1.9 Definition of Terms**

**1. Federal Inland Revenue Sevice (Firs):-** This is the body set up by section 5.1 of ITA (1979) and charged with the overall administration of companies income tax act.

2. **Income**:- There is no statement that defines the word `` income`` in taxation status. However, for the purpose of this study reference is made to section 5.4 (2) (6) of income tax management act (ITMA)1961, which recognizes income as including any amount deemed to be income under the act.

3. **Tax Arrears**: - These are assessment of tax during the preceding period whose payment are received at the current assessment period.

4. **Tax Avoidance**: - This is the arrangement of the affairs of the tax payer in such a way as to reduce tax payable. Tax avoidance is not a criminal or crime punishable under the law. This was clearly stated in Lord Tumbling declared as follows in his judgment

Every man is entitled to order his affair so that the tax attached under the appropriate tax act is less than is otherwise would be.

According to Longman Dictionary of contemporary English, tax avoidance are Legal ways of paying less tax.

5. **Tax Base**: - This is simply that object on which tax should be imposed or applies.

6. **Tax Evasion:-** Is a fraudulent, dishonest intentional distortions or concealment of fingers by the tax payer in order to reduce the tax payable. It is a criminal and deceitful was of not paying tax or reducing ones tax liability. These offences are punishable under law.

According to Longman Dictionary of contemporary English Tax evasion are the illegal ways of paying less tax.

**CHAPTER TWO**

**LITERATURE REVIEW**

Successful research depends on a well-planned and thorough review of the relevant literature available and such a review usually entails obtaining useful references or sources. Literature is reviewed for the following reasons: to obtain perspective on the most recent research findings related to the topic of the search; to obtain an indication of the best methods, instruments for measurement, and static, which can be used; to improve the interpretation of one’s own research results; and to help determine the actuality of research on a particular topic.

**2.1 Conceptual Review**

**2.1.1 Local government**

The concept of local government as observed by Dumadu (2008) involves a philosophical commitment to democratic participation in the governing process at the grassroots level. This implies legal and administrative decentralization of authority, power and personnel by a higher level of government to a community with a will of its own, performing specific functions as within the wider national framework. There are various definitions of local government by scholars and practitioner or administrators alike observed (Ezeani 2006). A local government according to Agagu (2007) is a government at the grassroots level of administration meant for meeting peculiar grassroots need of the people. Appadorai (2005) defined it as a government y the popular elected bodies charged with administrative and executive duties in matters concerning the inhabitants of a particular district or place. Lawal (2000) also defined local government as that tier of government closest to the people, which is vested with certain powers to exercise control over the affairs of the people in its domain. Olisa et al (2000) defined local government as a unit of government below the central, regional or state government established by law to exercise political authority through a representative council within a defined area. The United Nations Office for Public Administration (2006) defines local government as a political sub-division of a nation or (in a federal system) state, which is constituted by law and has substantial control of local affairs, including the powers to impose taxes or to exert labour for prescribed purpose. The governing body of such an entity is elected or otherwise locally selected.

The guidelines for a reform of local government in Nigeria define local government as: Government at the local level exercised through representative council established by law to exercise specific powers within defined areas. These powers should give the council substantial control over local affairs, as well as the staff and institutional and financial powers to initiate and direct the provision of services and to determine and implement projects, so as to complement the activities of he sat and federal government in their areas, and to ensure, through active participation of the people and their traditional institutions, that local initiatives and response to local needs are maximized.

Historically, Nwabueze (2002) upheld that regardless of nomenclature, local government is a creation of British colonial rule in Nigeria. it has overtime experienced change in name, structure and composition. Between 1930s and 1940s, for instance, local government was known as chief-in-council and chief-and-council, where traditional rulers were given pride of place in the scheme of things. In the 1950s, election was introduced according to the British model in the western and eastern parts of the country with some measure of autonomy in personnel, finance and general administration. It was on this premise that the rising tide of progress, growth and development experienced in the local governments in these areas was based.

The pace of this development was more noticeable in the south than in the north. During this period, heterogeneity was the hallmark of local government as there was no uniformity in the system and the level of development was also remarkably different. The introduction of 1976 reforms by the military administration of General Obasanjo, brought about uniformity in the administrative structure of the system. The reforms introduced a multi-purpose single-tier local government system. The 1976 guidelines added that the reforms also introduced population criterion under which a local government could be created. Consequently, a population of within 150,000 was considered feasible for a local government.

This was done to avoid the creation of non-viable local council and for easy accessibility. There was also provision for elective positions having the chairman as the executive head of local Government with supervisory councilors constituting the cabinet. This was complemented by the bureaucrats and professionals, such as doctors, Engineers, etc, who were charged with the responsibility of implementing policies. Ajayi (2000) further upheld that in 1991, a major landmark reform was introduced as the system had legislative arm. In addition, the Babangida administration increased the number of local government from 301 in 1976 to 453 in 1989 and 589 in 1991. The Abacha regime also increased the number to 774 local councils that we have today and the administrative structure also underwent some changes.

Since the 1976 Local Government Reforms that were undertaken to strengthen the local system in Nigeria, several challenges have cropped up, over the years, to impede the performance of local government councils in the discharge of their constitutionally assigned responsibilities. One of such challenges is the dwindling revenue base of local government councils.

This academic discourse has become imperative in view of the fact that in recent time, since 1976, the role of the local governments as a veritable instrument for rapid development of rural, and even the urban areas have taken a central stage albeit without a corresponding access to prerequisite financial resources to meet this expectation. Interestingly, the sources of funds for this tier of administrative authority have continued to dwindle over the years with the ascendancy of both the central and state as the key actors in the Nigerian political economy. The local government is relegated to the backstage.

Adedokun (2012), clearly made this situation explicit by observing that: “The federal structure of Nigeria constraints local government’s ability to mobilize and use revenue to meet their obligation in a sustainable manner”. Adedokun notes further that one of the recurrent problems of the three-tier system in the country is the dwindling revenue generation as characterized by annual deficits and insufficient funds for meaningful growth and viable project development. Local governments are the nearest government to the people at the grassroots in Nigeria; they are strategically located to play a pivotal role in national development (Adedokun, 2012).

Therefore, it behooves the students, scholars and other stakeholders of public administration to tarry, and ponder on how this meager financial resource could be properly and effectively harnessed in order to enable local governments implement their constitutionally assigned functions and responsibilities.

Local governments in Nigeria are created to bring governance closer to the people at the grass-root level and promote political participation. It is the closest institution of government to the people in Nigeria, yet the resident population in it is denied the benefits of its existence. This is evident in the environmental state, deteriorating public school buildings, poor market facilities and lack of health centers as well as access roads and poor drainages.

According to Ojo (2009) local governments have performed below expectations as a result of poor management. Undoubtedly, Finance and its prudent management are the bedrock of effective functioning of local government. It is against this backdrop that Tonwe (2005, cited in Ojo 2009) argues that local governments require finance to perform their statutory functions. The ability of the local government to do this is largely dependent on availability of fund, coupled with efficient management which constitutes the required catalyst necessary for timely execution and completion of their development projects. Tonwe (2005), however expresses some reservations. For instance, he notes: in recent time, lack of funds has often been attributed as the major problem which had hindered effective and successful execution and completion of many projects at the local government level. However, experience has shown the contrary that poor finance management, rather inadequate finance is the bane of local governments’ inability to achieve substantial development in their domain (Ojo, 2009).

Local government is a government at the grassroots level. According to Ojofeitimi, (2010) the word “local” connotes that councils are meant for small communities and the word “government” means that they have certain attributes of government. Thus, local government can therefore be defined as a political sub-division of a nation (or in a federal system, a state) which is constituted by law and has substantial control of local affairs including the power to impose taxes or to demand labour for prescribed purposes (Ojofeitimi, 2010).

Local government is a sub-governmental organ or body created by the central government or Act of Parliament to be in charge of political administration of a locality or a local unit in a state. The United Nations Department of Public

Administration (2001) defines local government as a political subdivision of a nation (in a federal system, a state which is constituted by law and has substantial control of local affairs, including the powers to impose taxes or to exact labour for prescribed purposes. The governing body of such an entity is elected or otherwise locally selected.

Local administration in Nigeria can be traced to the colonial period. Available record shows that the first local administration ordinance was the Native Administration Ordinance No. 4 of 1916 which was designed to evolve from Nigeria’s old institutions the best suited form of rule based on the people’s habits of thought, prestige and custom (Bello-Imam 2000). These local administrations were used by the colonial authorities to administer the north, east and western regions. The system of indirect was however, successful in the north which very centralized government and partly successful in the west. However, due to the absence of a centralized system of administration in the eastern region, indirect rule was unsuccessful. Since then, local governments in Nigeria have been reformed on many occasions in order to boost its revenue base and make it more efficient in service delivery.

**2.1.2 Revenue:** revenue is the income that a [business](https://en.wikipedia.org/wiki/Corporation) has from its normal business activities, usually from the sale of [goods and services](https://en.wikipedia.org/wiki/Product_%28business%29) to customers. Revenue is also referred to as sales or turnover. Some companies receive revenue from interest, royalties, or other fees. Revenue may refer to business income in general, or it may refer to the amount, in a [monetary unit](https://en.wikipedia.org/wiki/Monetary_unit), received during a period of time, as in "Last year, Company X had revenue of $42 million". [Profits](https://en.wikipedia.org/wiki/Profit_%28accounting%29) or [net income](https://en.wikipedia.org/wiki/Net_income) generally imply total revenue minus total expenses in a given period. In [accounting](https://en.wikipedia.org/wiki/Accountancy), revenue is often referred to as the "top line" due to its position on the [income statement](https://en.wikipedia.org/wiki/Income_statement) at the very top. This is to be contrasted with the "bottom line" which denotes net income (gross revenues minus total expenses).

**2.2 EMPIRICAL LITERATURE**

Book (2003) study suggests that low literacy, with different taxes and languages, is used by the deviant taxpayers to hide their tax evasion. By consequence, an increase of literacy tends to eliminate this kind of evasion. Furthermore, Kenny and Winer (2006) in their research explored about 100 democratic and nondemocratic countries for three distinct periods of time (1975-1980, 1981-1985, and 1986-1992) and used the average years of educational attainment in the adult population as a measure for literacy. Their results are very similar to those of Riezman and Slemrod (2007). According to their study, the rise of the educational attainment is accompanied by a higher importance of taxes that require widespread literacy (i.e. individual income taxes, and domestic goods and sales taxes). At the same time, there are taxes that have less demanding literacy requirements, such as payroll and trade taxes.

Computerization of the tax collection process enables easy detection of defaulters, and also helps to reduce corruption by reducing personal interaction between tax officials and taxpayers that is necessitated by inefficient manual systems (Kayaga, 2007). Tax content repository system stores data from the tax content service, which would be used for reference in other components for easy management of the system. The faster returns can be processed then faster tax payments can be put to work managing cash flow, investing excess for a return (Hopkinton, 2010).

Tax determination services system is used to look at the different tax services and how best they can be applied. Every tax within a tax regime has its own regulations that determine when the tax is applicable, that is, when the tax needs to be charged or paid. The tax determination contains two components including tax determination management and the tax rule management which manages the requirements and processes around automatic tax calculation based on transaction details and tax setup information (Stacey, 2010).

Tax record repository system contains the components used to record all the tax documentations and transactions, which makes reference easy incase the need arises (Stacey, 2010). Properties are conveyed free and clear of the tax and municipal claims, and charges of whatsoever kind, depending on how it is designed separately for tax issues.

Tax administration services looks at the operations of the outstations to provide a convenient option for persons to pay their taxes, without having to visit a tax office or pay online. This one manages the accounting for all tax transactions. It would include; Value Added Tax (VAT), Income Tax (IT) filings and property tax many more.

Point of sale (POS) systems enable retailers to consult more detailed management information compared to traditional cash registers and Electronic Cash Registers (ECRs). As this management information is based on sales figures, retailers can improve their business by maintaining a better product strategy and pursuing a more efficient replenishment process matching customer demand, alleviating what is often referred to as the ‘bullwhip effect’ (Lee, Padmanabhan and Whang, 2007). This enables inventory optimization, minimizing storage space and ‘sold-out’ situations. Moreover, cash slips can be stored electronically and the results can be brought up in the POS system immediately, both reducing time spent on administrative tasks.

Professionalizing through ICT may particularly help the small, independent retailers to improve their competitive position against larger retailers and internet based vendors. Despite their potential benefits and their wide availability on the Dutch market, POS systems are not (yet) widely used by smaller retail organizations. Statistics from the Dutch central industry board for retail trades (HBD, 2009) show that in 2008, 30% of retail organizations actually used a POS system. This adoption level differs per branch, ranging from 57% for supermarkets to 10% for shops for household products. The most recent Sectorial e-Business Watch (European Commission, 2008) confirms that smaller retail companies tend to be less automated than larger ones.

Tax literacy is a rather new and still developing concept which is highly related to financial literacy. Financial literacy presents a very broad concept which is usually defined as basic financial knowledge and financial skills needed to make informed financial choices. Financial literacy reflects individuals’ ability to understand financial concepts, financial products and services and enables them to control their personal financial resources (Bahovec et al, 2014).

Worthington (2006) argues that although policy makers and researchers have attempted to define financial literacy, it can mean different things to different people. It might be a broad concept involving an understanding of economics, or alternatively a narrower concept focused mainly on basic money management. International Adult Literacy Survey (IALS) defines literacy as “the ability to understand and employ printed information in daily activities, at home, at work and in the community - to achieve one’s goals, and to develop one’s knowledge and potential.”

Similarly, UNESCO (2012) considers that “literacy is the ability to identify, understand, interpret, create, communicate and compute, using printed and written materials associated with varying contexts.”

Discussions on tax literacy are not widespread and the concept is also not discussed widely nor is it generally defined or accepted. Basic literacy without any doubt presents a first prerequisite for acquisition of tax literacy. In other words, the capacity to read and to write is crucial for understand the tax laws, tax procedures, and tax burden. Teachers of tax law and legal tax are usually measuring basic tax knowledge in the sense of calculating tax liabilities on income and wealth for different taxpayers in different situations. Tax knowledge combines information about tax rules and tax policies with financial skills needed in calculation of economic consequences for taxpayers (Fallan, 2009).

According to Waris and Murangwa (2012), tax literacy is intended to firstly, help provide information about taxes, secondly, not to support any particular type or amount of taxes, but to simply explain taxes within a domestic system as well as a regional and international system, and how it impacts on those being informed. Furthermore, tax literacy can be defined as the ability to fill in the tax form and calculate tax liabilities independently (Bardai, 2002; Razman and Ariffin, 2010).

Tax literacy may be defined as the knowledge which an individual should possess in order to manage the issues concerning personal taxation effectively (Bhushan, Medury, 2013). According to study made by Madi et al. (2010) a person can be considered functionally literate if he/she can read, write and calculate for his/her own self. By analogy tax literacy may be defined as follows: a person is considered functionally tax literate if he/she can independently read and understand tax reports, can engage independently in various tax calculations and is aware of possible tax risks in its financial environment.

Nevertheless, tax ignorance and illiteracy are dangerous not only for the economy but also for individuals and their personal budgets. In other words, if taxation issues are not regarded with special attention, there might occur certain financial problems which represent significant risks for endangering household financial stability (for ex. it can cause taxpayers to pay too much tax by preventing them from taking advantage of tax benefits to which they are entitled). In order to ensure household financial stability, it is very important to make sure that taxpayers have an adequate level of tax literacy.

Tax management plays a very important role in personal financial planning. An individual should have thorough knowledge of various aspects of taxes and tax policies, which should help him to better understand how much he can save even after paying taxes. The ability to meet tax liabilities on time, prepare returns accurately and claim all the possible entitlements for sure impacts one's overall financial situation (Brackin, 2007). The findings of the financial literacy researches are suggesting that a financially capable person is more likely to take an active and responsible role in their financial life. Therefore, a more tax literate person should be more likely to take an active and responsible role in the taxation arena (Brackin, 2007).

On the other hand, people who have not received any formal type of education on taxation found it very difficult to understand and comprehend the issues related to determination of tax liability, tax filling and tax saving (Bhushan, Medury, 2013).

Riezman and Slemrod (2007) investigated the role of the tax collection costs on fiscal decisions. They found that a low literacy imposes countries to rely more on import and export taxes, while on the other hand, an increase in literacy is linked to a decline in the percentage of revenue accounted for by the trade taxes. Ghura (2008) investigated the effect of literacy rate on the tax revenues and concluded that there is a positive relationship between them. Author stressed out that when the corruption is included in the same regression, the magnitude and statistical significance of their impact decreases.

Using a modified version of the models employed by Heller (2005), Leuthold (2001) and Ghura (2008), Mahdavi (2008) in his study found that a higher level of basic education is one of the key factors that affects positively the sales and excise taxes. Therefore, he concluded that improving the literacy rate should lead to the increase in the level of taxation. Kirchler et al. (2008) developed an explanatory framework (“slippery slope”) to emphasize the necessary actions of the state in order to improve the taxpayers’ tax compliance. They suggested that developing tax educational programmes would be a good direction to improve tax compliance for those taxpayers with a motivational commitment. In the case of taxpayers with motivational capitulation or resistance to the educational programmes, they suggested actions that profile the state power in respect to tax compliance.

Chaudry and Munir (2010) analyzed the determinants of low tax revenues in Pakistan and concluded that an increase of literacy rate results in a decrease of collected tax revenues. The main results of the study made by Mutascu and Danuletiu (2013) also showed that a very low literacy is associated with reduced tax revenues. Moreover, Lewis (1982) studied the impact of tax knowledge and attitudes of an individual on completing the tax returns. His aim was to study the impact of increase in tax knowledge on tax compliance behavior. He found that there is insufficient knowledge about tax regulations amongst the population which negatively effects tax compliance behaviour.

Eriksen and Fallan (2009) in their study found that fiscal knowledge is significantly correlated with attitudes towards taxation. They suggested that tax behavior could be improved by a better understanding of tax laws. In their opinion, taxpayers must be given better tax knowledge in order to improve their tax ethics and compliance behavior. Singh (2003) in his research concluded that general tax knowledge of an individual is correlated with taxpayers' ability to understand the rules and regulations of taxation, and their ability to comply with them.

Christie and Holzner (2006) in their study found a positive relationship between chosen measure of tax complexity and tax compliance for personal income tax. Moreover, Marti et al. (2010) showed that misunderstanding of the fiscal law (such as tax rates, tax base and paying dates) is one of most important factors that affect tax compliance in Kenya. Their results showed that an improvement in the tax collection was caused mainly by an increase of the taxpayers’ ability to understand the tax laws. Furthermore, research done by Bhushan and Medury (2013) showed that salaried individuals in India have low level of tax literacy and are not well versed with the basic concepts of personal taxation which at the end caused them difficulties in computing their tax liabilities and file their tax returns. After reviewing the relevant literature, it becomes clear that developing tax knowledge among taxpayers is an important element of creating and maintaining a successful tax system. In other words, it can be concluded that higher tax literacy should decrease the possibility of individual or household indebtedness by decreasing their exposure to the tax risk, increase their tax morale and respectively decrease informal economy and increase tax revenues.

Auditing is an independent examination and expression of opinion on the financial statement of an enterprise by an appointed auditor in accordance with his terms of engagement and compliance with statutory regulation and professional requirements (Daniel, 2009). It is important to note that any individual or organization that falls within the scope of the above income groups, is obliged to pay tax, this can be voluntarily or otherwise. It is within this process that the issues of returns and assessment arose. Every individual or organization liable to income tax for a year of assessment is required to submit returns of his income and other relevant matters to the tax authority having power to assess him to tax. And this is subject to satisfaction of the returns by the Tax Authority (Oyebanji, 2006).

Slemrod (2010) is of the view that Tax audit is one of the most effective policies to prevent tax evasion behaviour. The level of tax audit can be determined by two elements: one is how many tax payers are selected for audit and the other is how much intensive the audit is. The first element is easily measured by the number of audited tax payers divided by the total number of tax payers. However, the latter is so difficult to measure due to non-published information about tax audit progress. It is commonly measured by the first element to indicate the level of tax audit for practical comparison.

Tax audit can be defined as “an examination of an individual or organization’s tax report by the relevant tax authorities in order to ascertain compliance with applicable tax laws and regulations of state”. He further said that tax audit is a process where the internal revenue service tries to confirm the numbers that you have put on your tax return (Kircher, 2008). Tax compliance can be defined as “the ability of a tax liable body to submit accurate, complete and satisfactory returns in conformity with tax laws and regulations of the state to the authority for the purpose of tax assessment” (Kircher, 2008).

Frank (2010) concludes that the designed tax authorities audit policy can have important effects on production decision by firms. The nature of such effects depends on whether firms compete or collude. Accordingly, an appropriate designed audit policy may not only achieve greater compliance and higher net revenue for given output and resources spend on audit but may also have other effects that would be normally considered desirable in a wider economic context. By a smart design of audit policy, the authorities can create information externalities that partially offset the informational advantages of industry insider. Since decision in the product market is in the light of the eventual outcome of net after tax expected profits, the audit policy can create a linkage to Output decisions. Specifically, it may be possible to nudge firms in the direction of greater efficiency.

Kwon (2004) concluded that Korea needs more rigorous analysis to evaluate the determinant of tax culture for the study of tax compliance tax audit. Luigi (2009) concluded that better integration of the research on tax evasion the “law and economics” analysis of legal rule, is definitely desirable. As theoretical analysis proceeds, additional empirical work will be needed together with more extensive study of comparative tax enforcement law and procedure.

Erard (2004) mentioned some reasons for tax audit which include, among others: To assist the government in collecting appropriate tax revenue necessary for budget, maintaining economic and financial order and stability, to ensure that satisfactory returns are submitted by the tax payers, to minimize the degree of tax avoidance and tax evasion, to ensure strict compliance with tax laws by tax payers, to improve the degree of voluntary compliance by tax payers and to ensure that the amount due is collected and remitted to government.

James (2003) identified a priority list of tax audit mission as follows: To establish a viable and effective tax administration in order to deal with constantly changing economy, to put strategies in place in order to resolve tax dispute between the tax authority and the liable tax payers, to maintain a strong mechanism to deal with tax avoidance techniques which are available to various organizations, but are susceptible to tax abuse, to bring defaulting tax payers to the net of tax authorities, to prove the completeness, accuracy and timely filing of tax returns submitted by the tax payers.

Cremer (2010) concluded that “International tax laws have their domicile in their domestic tax laws of respective states (countries)”. Countries enact laws in order to enable their tax authorities to collect tax funds for public welfare and stimulation of domestic investment and business. From the explanation, it can be seen that the international taxation system has taken an important role in many countries of the world. An international tax audit is the examination of MNCs tax reports to ascertain compliance with applicable tax laws and regulations, domestic and foreign.

It is often said that the customer is always right, this is however not the case in the relationship between the tax authority and the taxpayer. This is so because the major aim of tax audit and investigation is not to manage the taxpayer but a focus on generating revenue (Ojo, 1996).

**2.3 Theoretical Review**

**2.3.1 The benefit theory of taxation**

According to this theory of taxation by Cooper (‎1994), citizens should be asked to pay taxes in proportion to the benefits they receive from the services rendered by the Government. This theory is based upon the assumption that there is an exchange relationship or quid pro quo between the tax payer and Government (Feinstein, 2008).

The assumption state that if SS is the supply curve of state services it is assumed that production of social goods is linear and homogenous. DDa is the demand curve of taxpayer A, and DDb is the demand curve of taxpayer B. The vertical summation of the two demand curves results in the community’s total demand schedule for state services. A and B pay different proportions of the cost of the services. When ON is the amount of state services produced, A contributes NE and B contributes NF; the cost of supply is NG. Since the state is non-profit, it increases its supply to OM. At this level, A contributes MJ and B contributes MR (the total cost of supply). Equilibrium is reached at point P on a voluntary-exchange basis.

Under the benefit theory, tax levels are automatically determined, because taxpayers pay proportionately for the government benefits they receive. In other words, the individuals who benefit the most from public services pay the most taxes. Income tax, property tax and sales tax all reduce how much money consumers have to save or spend. Business taxes place some of the burden on commercial enterprises (Lewis, 2012). According to this theory, the state should levy taxes on individuals according to the benefit conferred on them. The more benefits a person derives from the activities of the state, the more he should pay to the government.

This principle has been subjected to severe criticism on the following grounds The world over, taxes is one major source of government revenue, however, not every national government have been able to effectively exploit this great opportunity of revenue generation. This can be attributed to a number reasons including the system of taxation; tax legislation; tax administration and policy issues; over reliance on other sources of revenue (such as foreign aid and grants); corrupt practices in the system – especially as it relates to the system of tax collection and behavior of citizens towards tax payment; and ease of tax payment (Thornhill, 2007).

**2.3.2 Equal Sacrifice Theory of taxation**

The theory Equal in taxation by Young (‎1987) is important for both principled and practical reasons. Citizens have, in general, the right to expect “fairness” in public policy, including taxation. As well, since tax systems perceived to be “unfair” tend to be resisted with special intensity, such tax systems tend to generate less revenue, and have higher administrative costs, than tax systems that are perceived to be “fair.” However, it is not immediately obvious what a “fair” tax system would look like. Section of this paper, therefore, begins with four real-world tax examples rationalized by differing concepts of “equity (Alm, 2011).

The concept of tax equity states that people with different amounts of wealth and different amounts of income should pay taxes at different rates (Milliron, 2006). Ability to pay, the dominant theory of taxation, is usually interpreted in terms of sacrifice. It is held to justify progressive taxation under any one of three possible interpretations of sacrifice: the equal, equal-proportional, and least-sacrifice theories. These theories rest in turn on three assumptions: the declining marginal utility of money with an increase in its supply, the existence of sacrifice. Analysis discloses each of these supports to be defective and thereby breaks down the theory of ability to pay.

Equal absolute sacrifice (where e each taxpayer surrenders the same absolute degree of utility that he obtains from his income).Equal proportional sacrifice (where each sacrifices the same proportion of utility he receives from his income).Equal marginal sacrifice (where each gives up the same utility from the last unit of income): It is often used to justify progressive taxation (Torgler, 2001).

This researcher explores how to think about fairness in relation to taxation. It seeks to make a paradigm shift, moving away from assuming the rationality and neutrality of the disciplines involved in creating the theory and practice of tax. Instead it argues for investigating tax practices and associated discourse as a social organization. I use feminist method and scholarship to problem realizes rationality and neutrality and argues that we need to seek fairness in relation to the everyday realities of people’s lives (Somasundram, 2003).

According to Harris (2009)’s theory, equity or fairness in taxation demands that an individual should be asked to pay a tax in proportion to the benefits he receives from the services rendered by the Government. However, there are some difficulties in application of this theory. The most crucial problem faced by benefits received approach is that it is difficult to measure the benefits received by an individual from the services rendered by the Government.

Ahmed (2011) argues that the tax system department of revenue in Somaliland fills its role in equitable taxation in two broad ways: 1) by equalizing the value- action of property under the law and 2) by ensuring proper compliance with state taxes. The Department determines the classification of property and assesses its value directly. In this regard, the quality of the Department’s classification and valuation practices largely determines the degree of equity in property taxes. In contrast, state taxes are generally self-assessed by taxpayers, with the Department checking compliance and correcting instances of non-filing or underreporting after the fact. For state taxes, the initial quality of taxpayer filing combined with the effectiveness of the Department’s compliance activities determines the degree of equity achieved (Mohamed, 2013).

It is difficult to determine how the Fair Tax will affect the economy of Somaliland. If the Fair Tax act is ever passed, implementation would need to be slow and consistently evaluated. Perhaps the best approach is a gradual shift from income tax to the Fair Tax. Alternatively, perhaps a small region could be used as a test market to iron out the problems. The scale of the change alone would probably make this plan unworkable unless a great deal more research is done(inland revenue department of Somaliland) (Samatar, 2012).

Taxes must not only be fair they must also be seen to be fair if the taxpaying public is to find them acceptable. There is also a greater tendency for tax evasion when the tax system is perceived to be inequitable; it is often said that if there is widespread tax evasion, then it is the system of taxation that is at fault, and not the taxpayer (Wartick, 2004). There are two types of equity to be considered. Vertical equity would require the rich to pay more than the poor, which advocates a progressive system of taxation. Horizontal equity is easier to achieve through the tax system than vertical equity, as there are different attitudes as to what is a necessary degree of inequality. Equity is concerned with the distribution of the tax burden. Equity means a tax system should be fair among individuals and taxes should be levied based on taxpayers’ capacity. Horizontal equity means that taxpayers with the same income or wealth should pay the same amount of tax (tax burden) while vertical equity means that taxpayers with high income (capacity) should pay higher tax burden (Lymer, 2009).

**2.3.3 Ability Theory**

The ability-to-pay theory is one of the main theories of taxation. According to the theory, taxes should be based upon the amount of money people earn. For example, it is therefore assumed that Ability-to-pay taxation requires higher-earning individuals to pay a greater percentage of their income towards taxes, compared to individuals with lower incomes. The [tax rate](http://www.investopedia.com/terms/t/taxrate.asp) increases as a percentage along with income. For example, as of 2016, in the United States, taxable [income](http://www.investopedia.com/terms/i/income.asp) up to N9,275 incurs a 10% income tax, while earnings over N415,050 face a 39.6% income tax rate. Earnings between those amounts face tax rates as set by income brackets. Remember, governments impose taxes to pay for services, like public schools, roads, police, and governance (Richardson, 2008).

Governments impose taxes to pay for their operations and state services. But how do governments decide how to use a system of taxation to charge taxpayers for those services? One of the most common theories of how people should pay taxes is the ability-to-pay theory of taxation (Milliron, 2006).

Torgler (2007) argues that the ability- to-pay theory of taxation does not take into consideration the amount of these services that taxpayers actually use. For instance, all taxpayers contribute to public schools, even if they do not have any kids in a school system. The ability to pay is another criterion of equity or fairness in taxation. This theory requires that individuals should be asked to pay taxes according to their ability to pay.

The rich have greater ability to pay; therefore they should pay more tax to the Government than the poor (Lowes, 2012). Essentially, the ability to pay approach to fairness in taxation requires that burden of tax falling on the various persons should be the same. In the discussion of various characteristics of a good tax system, we mentioned about the two concepts of equity, namely horizontal equity and vertical equity based on the principle of ability to pay. According to the concept of horizontal equity, equals should be treated equally, that is, persons with the same ability to pay should be made to bear the same amount of tax burden. According to the vertical equity, the unequals should be treated unequally, that is, how the tax burden among people with different abilities to pay (Terkper, 2007).

In both these concepts of equity, what exactly do we mean by ability to pay and what are the objective measures of ability to pay are crucial. Some have explained the ability to pay treating it as a subjective concept. Others have treated the ability to pay in terms of some objective bases such as income, wealth, consumption expenditure etc. We shall explain below both these approaches to the measurement of ability to pay (Wenzel, 2004).

The ability-to-pay principle in taxation maintains that taxes should be levied according a taxpayer's ability to pay. This progressive taxation approach places an increased tax burden on individuals, partnerships, companies, corporations, trusts and certain estates with higher incomes. The theory is that individuals who earn more money can afford to pay more in taxes. Ability-to-pay taxation requires that higher earning individuals pay a higher percentage of income towards taxes. The tax rate increases as a percentage along with income (Torgler, 2007).

Hence, this study is anchored on Ability Theory which supports pay as you earn.

1. **Gaps in Literature**

Existing literature on local government administration, revenue mobilization and utilization have tended to generalize the problems and challenges of local governments in Nigeria. While it is true that local governments in Nigeria experience similar fate, there is however a need to undertake empirical study to understand the peculiarities of each local government. This study therefore seeks to contribute in this regard by analyzing the revenue challenges of Ezeagu local government area of Enugu state.

**CHAPTER THREE**

**RESEARCH METHODOLOGY**

**3.1 Research Design**

The survey research design method was used in this study. It involves using a self-designed questionnaire in collecting data from the respondents. This method was chosen in order to make reference to phenomena as they exist in real life and it is relatively economically in terms of time and resources.

**3.2 Area of the Study**

The area or location of the study Ezeagu LGA, Enugu State. It is located at Amaeke Ngwo near 9th Mile Corner in Enugu State.

**3.3 Source of Data**

Data for this study were collected through primary sources.

**3.3.1 Primary sources:** The researcher employed oral interview and structured questionnaire using the research hypotheses as the main focus.

**3.4 Population of the Study**

Oyesiku (2005) described the population of any work as the entire group of people, events or things of interest that the researcher wishes to investigate. It therefore follows that unless the total population is explicitly defined before the actual work, it is difficult, if not impossible, to evaluate the adequacy of the selected sample.

Consequently, the population of this study comprised of the following department in Ezeagu LGA. They are 350 staff as recorded by the organization

This is tabulated below

|  |  |
| --- | --- |
| **DEPARTMENTS** | **NUMBER** |
| Support and Development | 40 |
| Finance  | 50 |
| Logistics  | 20 |
| Health | 50 |
| Agriculture | 45 |
| Works | 45 |
| Security | 50 |
| Transport | 50 |
| **Total** | **350** |

**3.5 Determination of Sample Size**

A sample was determined to obtain a broad view on the economic Roles of Sovereign Wealth Funds to Developing Countries.

Thus, from the target population the sample size was determined using Taro Yamane formula below:

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

Where n = sample size

N = the target population (350)

e = margin of error (5%)

Therefore:

$$n= \frac{350 }{1+350 \left(0.05\right)2}$$

$$n= \frac{350 }{1+0.875}$$

$$n= \frac{350 }{1.875}$$

$$n= 187$$

n = 187

**3.6 Sampling Technique**

A simple random sampling was used to select 187 staff. The simple random technique was used to ensure equal opportunity participation of members in the population and to prevent unnecessary bias in the selection process. The total sample size is 187 staff. This cuts across gender, marital status, educational qualification, income level, length of service, management level etc.

**3.8 Instrument for of Data Collection**

The researcher employed the use of structured questionnaire and oral interview which she administered on the selected respondents. The questionnaire was designed in such a way to obtain relevant information from the respondents. The questions in the questionnaire were framed and revolve around the three research questions and research hypotheses that were formulated for this study. More importantly, the questionnaires are prepared cautiously to ensure that respondents are not misunderstood. Section ‘A' looked at personal data of respondents ranging from gender, age, marital status, educational qualification etc, while section `B' took care of respondents perception on determining Internal Revenue Generation: problems and prospects, with focus on Ezeagu local government area of Enugu state. Thus information was gotten using five ratings ranging from strongly agree, agree, strongly disagree, disagree and undecided.

**3.9 Methods of Data Collection**

Questionnaire items were used to source data from the respondents. The items sought to which the respondents understood the effect of reward management on organizational performance with specific reference to Nigerian Breweries Plc as they were conceptualized in the literature review. The questionnaire was pilot tested and rated highly by scholars with extensive experience in the use of the instrument for research purposes. The ease of access to the respondents by the researcher, allowed for a personal administration of the instrument which ensured eighty nine percent return rates thereby eliminating non-return bias.

* 1. **Validity of Research Instrument**

Validity ensures that the instrument measures what it has intended or designed to measure. The instrument used in this research work is specifically structured questionnaire. To ensure validity, the draft of the research instrument was presented to experts in the field of research who made amendments and necessary corrections pertinent to the research work. The instrument was then presented to the supervisor for final correction and vetting.

* 1. **Reliability of Research Instrument**

To test the reliability of the data collection instrument, a pilot study which entails administration of instrument executed among small portion was conducted to pretext study schedule. The essence of this was to realize or get the same result practiced over and over under the same condition which may be validated in the course of the study. The research instrument was pre-tested on 8 staff to determine Internal Revenue Generation: problems and prospects, with focus on Ezeagu local government area of Enugu state. Choosing one from each departments.

**3.12 Method of Data Analysis**

In the course of this study, the entire questionnaire was collected and analyzed based on simple percentages. After all these, the hypotheses formulated were tested with the aid of chi-square non-parametric techniques which is an estimation of hypothesis testing normally used when comparing the observed distribution of data with the expected distribution. The chi-square is preferred as it shows how the hypotheses conform to the result of the questionnaire. Also, the chi-square is a representation of the finding of the research. Also, the chi-square test of goodness of fit test.

**CHAPTER FOUR**

**DATA PRESENTATION AND ANALYSIS**

**4.1 Presentation of Data from Respondent Questionnaires and Questionnaires Items**

**Table4.1: Presentation of Base Data**

|  |  |
| --- | --- |
| **Questionnaire**  | **Questionnaire Returned** |
| **187** | **150** |

**Source: Field survey, 2017**

In this chapter, the results of the field work (survey) are analyzed and interpreted using simple percentages for descriptive purposes. In table 4.1 187 copies of the questionnaire distributed, 150 copies were returned by the respondents. There are two sections of the questionnaire: The demographic section comprised of sex, age, marital status, educational qualification and occupation of the respondents and the general questions section containing relevant questions for the study.

**Question 1:** What is your age bracket?

**Table 4.2:** Age Bracket of the Respondents

|  |  |  |
| --- | --- | --- |
| **RESPONSE** | **FREQUENCY** | **PERCENTAGE (%)** |
| 18-20 | 15 | 10 |
| 21-25 | 35 | 23.7 |
| 26-30 | 50 | 33.3 |
| 31–35 | 40 | 27 |
| 36–40 | 10 | 7 |
| **TOTAL** | **150** | **100%** |

**Source: Field Survey, 2017**

Table 4.2 shows that out of one hundred and fifty (150) respondents, 10% of them were at the age range of 18-20 while 23.7% is 21-25, the age between 26-30 is 33.3%, then the age between 31-35 is 27% and that of 36-40 is 7%.

**Question 2**: What is your marital status?

**Table 4.3:** Marital Status of the Respondents

|  |  |  |
| --- | --- | --- |
| **RESPONSE** | **FREQUENCY** | **PERCENTAGE (%)** |
| Single | 45 | 30 |
| Married | 30 | 20 |
| Widow | 40 | 26.4 |
| Widower | 10 | 7 |
| Divorced | 25 | 16.6 |
| **TOTAL** | **150** | **100%** |

**Source: Field Survey, 2017**

 Considering One hundred and Fifty (150) questionnaires distributed the table 4.3 shows that 30% respondents were single, 20% were married, 26.4% were widower, 7% were divorced and finally 17% were divorced.

Table 4.3 shows that it is quite outstanding that the numbers of those who are single are more than that of the other.

**QUESTION 4**: What is your educational qualification?

**Table 4.4:** Educational Qualification of Respondents

|  |  |  |
| --- | --- | --- |
| **RESPONSE** | **FREQUENCY** | **PERCENTAGE (%)** |
| Degree | 25 | 17 |
| Undergraduate | 30 | 20 |
| Ph.D | 10 | 7 |
| M.Sc|MA | 40 | 26 |
| OND,HND/NCE | 45 | 30 |
| **TOTAL** | **150** | **100%** |

**Source: Field Survey, 2017**

Table 4.4 shows that out of one hundred and fifty (150) respondents 17% of them have degree, 20% are undergraduate, 7% have Ph.D, 26% have M.Sc|MA while 30% have OND, HND/NCE.

**Section B**

**Table 4.5:** there is effect of the absence of lack of well-trained revenue collectors on revenue generation in Ezeagu LGA

|  |  |  |
| --- | --- | --- |
| Variables | Frequency | Percentage% |
| Strongly Agree | 45 | 30 |
| Agree | 30 | 20 |
| Disagree | 50 | 33 |
| Strongly disagree  | 25 | 17 |
| **Total** | **150** | **100%** |

**Source: Field Survey, 2017**

Table 4.5 shows that 45 respondents representing 30% strongly agree that there is effect of the absence of lack of well-trained revenue collectors on revenue generation in Ezeagu LGA. 30 respondents representing 20% agree that there is effect of the absence of lack of well-trained revenue collectors on revenue generation in Ezeagu LGA. 50 respondents representing 33% disagree. While 50 respondents representing 17% strongly disagrees that there is effect of the absence of lack of well-trained revenue collectors on revenue generation in Ezeagu LGA.

Therefore, with 50 respondents representing 33%, it is clear that there is effect of the absence of lack of well-trained revenue collectors on revenue generation in Ezeagu LGA.

**Table 4.6:** Lack of transparency by revenue collectors help revenue making in Ezeagu local government.

|  |  |  |
| --- | --- | --- |
| Variables | Frequency | Percentage |
| Strongly Agree | 65 | 43 |
| Agree | 35 | 23 |
| Disagree | 40 | 27 |
| Strongly disagree  | 10 | 7 |
| **Total** | **150** | **100%** |

**Source: Field Survey, 2017**

Table 4.6 shows that 65 respondents representing 43% strongly agree that lack of transparency by revenue collectors help revenue making in Ezeagu local government. 35 respondents representing 23% agree that lack of transparency by revenue collectors help revenue making in Ezeagu local government. 40 respondents representing 27% agree that lack of transparency by revenue collectors help revenue making in Ezeagu local government, while 10 respondents representing 7% agree that lack of transparency by revenue collectors help revenue making in Ezeagu local government.

Therefore, with 65 respondents representing 43%, it is clear that lack of transparency by revenue collectors help revenue making in Ezeagu local government.

**Table 4.7:** Poor governance and lack of financial autonomy contributed to the problems of revenue generation in Ezeagu LGA

|  |  |  |
| --- | --- | --- |
| Variables | Frequency | Percentage |
| Strongly Agree | 35 | 24 |
| Agree | 30 | 20 |
| Disagree | 40 | 26 |
| Strongly disagree  | 45 | 30 |
| **Total** | **150** | **100%** |

**Source: Field Survey, 2017**

Table 4.7 shows that 35 respondents representing 24% strongly agree that Poor governance and lack of financial autonomy contributed to the problems of revenue generation in Ezeagu LGA. 30 respondents representing 20% agrees that Poor governance and lack of financial autonomy contributed to the problems of revenue generation in Ezeagu LGA.40 respondents representing 26% disagrees that Poor governance and lack of financial autonomy contributed to the problems of revenue generation in Ezeagu LGA. 45 respondents representing 30% strongly disagree that Poor governance and lack of financial autonomy contributed to the problems of revenue generation in Ezeagu LGA.

Therefore, with 45 respondents representing 30%, Poor governance and lack of financial autonomy contributed to the problems of revenue generation in Ezeagu LGA.

**Table 4.8:** There is difficulty in generating revenue for local government operations, as well as fulfilling its constitutional responsibilities

|  |  |  |
| --- | --- | --- |
| Variables  | Frequency | Percentage |
| Very large  | 50 | 33 |
| Large  | 45 | 30 |
| Very small | 15 | 10 |
| Small | 45 | 27 |
| **Total**  | **150** | **100%** |

**Source: Field Survey, 2017**

Table 4.8 shows the various responses which states that 50 respondents representing 33% says that there is difficulty in generating revenue for local government operations, as well as fulfilling its constitutional responsibilities. 45 respondents representing 30% says that there is difficulty in generating revenue for local government operations, as well as fulfilling its constitutional responsibilities. 15 respondents representing 10% says that there is difficulty in generating revenue for local government operations, as well as fulfilling its constitutional responsibilities. And 40 respondents representing 27% says that there is difficulty in generating revenue for local government operations, as well as fulfilling its constitutional responsibilities.

Therefore, with 50 respondents representing 30% it is clear that there is difficulty in generating revenue for local government operations, as well as fulfilling its constitutional responsibilities.

**Table 4.9:** The extent to which a local government can go in accomplishing its goal largely depends on its revenue strength

|  |  |  |
| --- | --- | --- |
| Variables  | Frequency | Percentage |
| Regularly | 35 | 23 |
| partially  | 40 | 27 |
| Undecided | 45 | 30 |
| No idea  | 30 | 20 |
| **Total**  | **150** | **100%** |

**Source: Field Survey, 2017**

Table 4.9 shows that 35 respondents representing 23% says regularly that the extent to which a local government can go in accomplishing its goal largely depends on its revenue strength. 40 respondents representing 27% says partially that the extent to which a local government can go in accomplishing its goal largely depends on its revenue strength. 45 respondents representing 30% says undecided that the extent to which a local government can go in accomplishing its goal largely depends on its revenue strength. 30 respondents representing 20% have no idea if the extent to which a local government can go in accomplishing its goal largely depends on its revenue strength or not.

Therefore, with 45 respondents representing 30%, it is clear that the extent to which a local government can go in accomplishing its goal largely depends on its revenue strength.

**Table 4.10:** The capacity of local government to generate revenue internally is one very crucial consideration for the creation of a local council

|  |  |  |
| --- | --- | --- |
| Variables  | Frequency | Percentage |
| High | 70 | 47 |
| Medium | 50 | 33 |
| Low | 30 | 20 |
| **Total**  | **150** | **100%** |

**Source: Field Survey, 2017**

Table 4.10 shows that 70 respondents represent 47% say High, the capacity of local government to generate revenue internally is one very crucial consideration for the creation of a local council. 50 respondents represent 33% says medium the capacity of local government to generate revenue internally is one very crucial consideration for the creation of a local council, While 30 respondents representing 20% say low the capacity of local government to generate revenue internally is one very crucial consideration for the creation of a local council.

Therefore, with 70 respondents representing 47%, it is clear that the capacity of local government to generate revenue internally is one very crucial consideration for the creation of a local council.

**Table 4.11:** The local governments still encounter mirage of difficulties in generating revenue

|  |  |  |
| --- | --- | --- |
| Variables  | Frequency | Percentage |
| Strongly Agree  | 15 | 10 |
| Agree | 60 | 40 |
| Disagree  | 40 | 27 |
| Strongly disagree | 35 | 23 |
| **Total**  | **150** | **100%** |

**Source: Field Survey, 2017**

Table 4.11 shows that 15 respondents representing 10% strongly agree that the local governments still encounter mirage of difficulties in generating revenue. 40 respondents representing 27% disagree that the local governments still encounter mirage of difficulties in generating revenue**.** 35 respondents representing 23% strongly disagree that the local governments still encounter mirage of difficulties in generating revenue.

Therefore, with 60 respondents representing 40%, it is clear that the local governments still encounter mirage of difficulties in generating revenue.

**Table 4.12:** The sources of local government revenue include rates, statutory allocations, fines, earnings and profits, fees and charges, grants, loans and other miscellaneous sources.

|  |  |  |
| --- | --- | --- |
| Variables | Frequency | Percentage |
| Strongly Agree | 40 | 27 |
| Agree | 35 | 23 |
| Disagree | 30 | 20 |
| Strongly disagree | 45 | 30 |
| **Total** | **150** | **100%** |

**Source: Field Survey, 2017**

Table 4.12 shows that 40 respondents representing 27% strongly agree that the sources of local government revenue include rates, statutory allocations, fines, earnings and profits, fees and charges, grants, loans and other miscellaneous sources. 35 respondents representing 23% agree that the sources of local government revenue include rates, statutory allocations, fines, earnings and profits, fees and charges, grants, loans and other miscellaneous sources. 30 respondents representing 20% disagree that the sources of local government revenue include rates, statutory allocations, fines, earnings and profits, fees and charges, grants, loans and other miscellaneous sources. While 45 respondents representing 30% strongly disagree that the sources of local government revenue include rates, statutory allocations, fines, earnings and profits, fees and charges, grants, loans and other miscellaneous sources.

Therefore, with 45 respondents representing 30%, it is clear that the sources of local government revenue include rates, statutory allocations, fines, earnings and profits, fees and charges, grants, loans and other miscellaneous sources.

**4.2: TEST OF HYPOTHESES**

Hypotheses testing is the partitioning of the sample space into two parts called the rejection region (or critical region) and acceptance region, and that is done to eliminate a lot of possible errors likely to arise in the cause of testing. Obasi, (2008:B16).

STEP 1 STATEMENT OF HYPOTEHSIS (NULL AND ALTERNATIVE)

H0There are no absence of well-trained revenue collectors constitute revenue generation problem in Ezeagu LGA?

HiThere are absence of well-trained revenue collectors constitute revenue generation problem in Ezeagu LGA

STEP II TEST TECHNIQUES

USING CHI-SQUARE METHOD

X2 =∑ $\frac{\left(0-E\right)^{2}}{E}$

Where x2 = chi square

 E = Summation of sign

 O = Observed frequency

 E = Expected frequency

STEP 1 STATEMENT OF HYPOTEHSIS (NULL AND ALTERNATIVE)

**Statement of the Hypothesis**

**Table 4.2.1** Do you agree that there are absence of well-trained revenue collectors constituting revenue generation problem in Ezeagu LGA?

|  |  |  |
| --- | --- | --- |
| **RESPONSE**  | **FREQUENCY** | **PERCENTAGE** |
| Agreed  | 50 | 33% |
| Strongly agreed | 55 | 37% |
| Disagreed  | 25 | 16% |
| Strongly disagreed | 20 | 13% |
| **Total** | **150** | **100%** |

Determination of the value of x2

X2 =∑ $\frac{\left(0-E\right)^{2}}{E}$

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Option** | **Observed Frequency****(0)** | **Expected Frequency****(E)** | **0-E** | **(0-E)2** | **(0-E)2** **E** |
| Agreed  | 50 | 37.5 | 12.5 | 156.25 | 4.2 |
| Strongly agreed | 55 | 37.5 | 17.5 | 306.25 | 8.2 |
| Disagreed  | 25 | 37.5 | -12.5 | 156.25 | 4.2 |
| Strongly disagreed | 20 | 37.5 | -17.5 | 306.25 | 8.2 |
| Total  | **150** |  |  |  | **24.8** |

 **X2 = 7.377**

Calculated

X2 =∑ $\frac{\left(0-E\right)^{2}}{E}$

=(50-37.5)2+ (55-37.5)2+ (156.25)2 + (20-37.5)2

 22.5 22.5 22.5 22.5

 = (156.25)2 + (306.25)2  +(-30.2.5)2 +(306.25)2

 37.5 37.5 37.5 37.5

 = 4.2+ 8.2+4.2+8.2= 24.8

step III: Determine the degree of freedom.

DF = (R-I) (C-1)

Ie = (3-1) (3-1) = 4

Step IV: Level of significance is 0.05

X2 critical = 7.399

Compare the two value

X2 critical = 7.399

x‑2 calculated = 24.8

x2 calculated > x2 critical

step V: DECISION

Reject Ho: Since the calculated x2 is greater than the critical value, which implies thatthere are absence of well-trained revenue collectors constituting revenue generation problem in Ezeagu LGA

.

**Hypothesis Two**

STEP 1 STATEMENT OF HYPOTEHSIS (NULL AND ALTERNATIVE)

H0 Lack of transparency by revenue collectors does not impede revenue making in Ezeagu local government

Hi Lack of transparency by revenue collectors impede revenue making in Ezeagu local government

STEP II TEST TECHNIQUES

USING CHI-SQUARE METHOD

X2 =∑ $\frac{\left(0-E\right)^{2}}{E}$

Where x2 = chi square

 E = Summation of sign

 O = Observed frequency

 E = Expected frequency

**Statement of the hypothesis**

**Table 4.2.2** Do you think that lack of transparency by revenue collectors impede revenue making in Ezeagu local government?

|  |  |  |
| --- | --- | --- |
|  **Response**  | **Frequency** | **Percentage** |
| No | 60 | 40% |
| Yes | 90 | 60% |
| **Total** | 150 | **100%** |

**Source: Field survey 2016**

Determination of the value of x2

X2 =∑ $\frac{\left(0-E\right)^{2}}{E}$

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Option** | **0** | **E** | **0-E** | **(0-E)2** | **(0-E)2** **E** |
| No  | 60 | 75 | -15 | 225 | 3 |
| Yes | 90 | 75 | 15 | 225 | 3 |
| **Total**  | **150** |  |  |  | 6 |

 **X2 =** 0.831

Calculated

X2 =∑ $\frac{\left(0-E\right)^{2}}{E}$

=(60-75)2 + (90-75)2

 75 75

= (-15)2 + (15)2

 75 75

=225 + 225

75 75

= 3 + 3 = 6

Step III: Determine the degree of freedom.

DF = (R-I) (C-1)

Ie = (2-1) (2-1) = 2

Step IV: Level of significance is 0.05

X2 critical = 0.831

Compare the two values

X2 critical = 0.831

x‑2 calculated = 6

x2 calculated > x2 critical

step V: DECISION

Reject Ho: Since the calculated x2 is greater than the critical value, which implies that lack of transparency by revenue collectors impede revenue making in Ezeagu local government.

**Hypothesis Three**

STEP 1 STATEMENT OF HYPOTEHSIS (NULL AND ALTERNATIVE)

H0 Poor governance and lack of financial autonomy does not contribute to the problems of revenue generation in Ezeagu LGA?

HiPoor governance and lack of financial autonomy contribute to the problems of revenue generation in Ezeagu LGA

STEP II TEST TECHNIQUES

USING CHI-SQUARE METHOD

X2 =∑ $\frac{\left(0-E\right)^{2}}{E}$

Where x2 = chi square

 E = Summation of sign

 O = Observed frequency

 E = Expected frequency

**Statement of the hypothesis**

**Table 4.2.3** Do you think that poor governance and lack of financial autonomy contribute to the problems of revenue generation in Ezeagu LGA?

|  |  |  |
| --- | --- | --- |
| Variables  | Frequency | Percentage |
| High | 80 | 53.3 |
| Medium | 70 | 46.7 |
| **Total**  | **150** | **100%** |

**Source: Field survey, 2016**

Determination of the value of x2

X2 =∑ $\frac{\left(0-E\right)^{2}}{E}$

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Option** | **0** | **E** | **0-E** | **(0-E)2** | **(0-E)2** **E** |
| No  | 80 | 75 | 5 | 25 | 0.3 |
| Yes | 70 | 75 | -5 | 25 | 0.3 |
| **Total**  | **150** |  |  |  | **1.6** |

 **X2 =** 0.831

Calculated

X2 =∑ $\frac{\left(0-E\right)^{2}}{E}$

=(80-45)2 + (70-45)2

 75 75

= (10)2 + (5)2

 75 75

= 100 + -50

75 75

= 0.3+ 0.3= 1.6

Step III: Determine the degree of freedom.

DF = (R-I) (C-1)

Ie = (2-1) (2-1) = 2

Step IV: Level of significance is 0.05

X2 critical = 0.831

Compare the two value

X2 critical = 0.831

x‑2 calculated = 1.6

x2 calculated > x2 critical

step V: DECISION

Reject Ho: Since the calculated x2 is greater than the critical value, which implies that Poor governance and lack of financial autonomy contribute to the problems of revenue generation in Ezeagu LGA.

**CHAPTER FIVE**

**SUMMARY, CONCLUSION AND RECOMMENDATIONS**

* 1. **Introduction**

This chapter covers the findings from this study, again the conclusion drawn from the study and the recommendations

* 1. **Summary of research findings**
1. Local governments are not given all the political powers to enable them formulate and implement programmes of socioeconomic and political development as desired by the local populace whom they owe their service to.
2. Qualified accounting personnel are not appointed into local government councils. The politics of God father are not discouraged. Staff are not appointed on the basis of knowledge and experience (merit). Also, hard work and achievements in taking the local government to higher level of performance are not adequately compensated.
3. Audit alarm are not given its proper place in the local government settings. Any acts or commissions of fraud are not exposed immediately a whistle is blown in that direction. Anticorruption and other related offences agencies are not kept abreast of such development. Periodic internal and external audit programmes are not carried out in order to ascertain the state of finances in the local government through a budget year.
4. Accounts books are not well secured and properly kept. Any attempt to print and issue fake receipts are not nipped in the bud. Any local government official in any attempt to short-change the council by declaring incomplete account are not arrested and summarily dealt with in accordance to the law.
5. All sources of internally generated revenue are not properly identified, and sound methods of revenue collection, guided by financial regulation and General Orders are not handled by local government pensionable staff. A situation where ‘touts’ are recruited by political “god-fathers” to man their “Cash Points” and where these tout remit very inconsequential revenues to the local authorities are not stopped. The local government council we are aware have honest and well trained and pensionable revenue personnel. Such staff are not used productively, as they have something at stake in the sustainability of the councils.
	1. **Conclusion**

Having thoroughly examined the problems and prospects of revenue generation in Nigerian local government system, with focus on Ezeagu local government area of Enugu state, the study conclude that local governments in Nigeria are faced with daunting challenges in their revenue drive. Some of the challenges are externally imposed.

These include erosion of autonomy, the practice of joint accounts, interference of state governments in local government affairs as well as the imbalances in Nigerian fiscal federalism. More so, local governments in Nigeria, particularly Ezeagu local government, are equally affected by the problems of the absence of qualified revenue collectors, corruption, and poor governance, inadequacies of transport, communication and security logistics as well lack of transparency by revenue collectors.

These have severely undermined the efficiency of service delivery in Ezeagu local government as it is constantly faced with the reality of insufficient finances for its activities, thereby denying the people the benefits of the local government system.

It therefore becomes imperative for officials of Ezeagu local government to adopt measures such as good governance, transparency, public enlightenment, meritocracy, efficient personnel management and visionary leadership to shore up its revenue generation.

In addition, the need for the Ezeagu to reduce its over-reliance on external sources of revenue cannot be overemphasized as it will go along way in restoring its autonomy to champion quality service delivery while improving the welfare and living condition of the people. There is therefore an urgent need for Ezeagu local government to tap into the economic potentials of the area to enhance the prospect of adequate revenue generation.

* 1. **Recommendations**

First and foremost appropriate actions should be taken to fix the above- mentioned predicaments:

1. Search for honest and credible leadership. Without honest and transparent leaders being put in place at the local government level, embezzlement of public fund is likely to continue to thrive unabated.
2. The financial autonomy of local government should be guaranteed by the provisions of the constitution.
3. Joint state-local government accounts must be discouraged immediately in line with the present thinking of the members of the House of Representatives, the Senate should, as matter of priority, consider and pass the bill to enable the President give assent to it.
	1. **Area for further studies**

The crucial area for a [potential study are:

1. The usefulness of internally generated revenue in Nigeria
2. The Effect of the defaulters on the economic growth of Nigeria

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**APPENDIX I**

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**Department of Accounting**

**Enugu State**

**July, 2017.**

**Ezeagu Local Government Area**

**Enugu State**

**Dear Respondent,**

**QUESTIONNAIRE ON THE DETERMINATION OF INTERNAL REVENUE GENERATION: PROBLEMS AND PROSPECTS, WITH FOCUS ON EZEAGU LOCAL GOVERNMENT AREA OF ENUGU STATE**

This questionnaire is designed to collect data on the above subject matter for academic purpose. Kindly complete the questionnaire to enable us complete the study. All answers provided will be treated with strict confidence and used purely for no other thing but educational purpose.

Thank you for your co –operation.

**Yours faithfully,**

**OzochiChijioke**

**Appendix II**

**Section A**

1. Your Age: …………………………………………………….
2. Your Profession……………………………………………..
3. Your highest educational qualification…………
4. Your professional qualification(s) ………………………
5. Your position in the organization.............................

**Section B**

**Indicate Your Preferred Answer by Ticking ( )**

1. The presence of well-trained revenue collectors has constituted revenue generation fairness in Ezeagu LGA.
2. Strongly agree ( )
3. Agree ( )
4. Strongly disagree ( )
5. Disagree ( )
6. Undecided ( )
7. Lack of transparency by revenue collectors help revenue making in Ezeagu local government.
8. Strongly agree ( )
9. Agree ( )
10. Strongly disagree ( )
11. Disagree ( )
12. Undecided ( )
13. Poor governance and lack of financial autonomy contributed to the problems of revenue generation in Ezeagu LGA.
14. Strongly agree ( )
15. Agree ( )
16. Strongly disagree ( )
17. Disagree ( )
18. Undecided ( )
19. There is difficulty in generating revenue for local government operations, as well as fulfilling its constitutional responsibilities.
20. Strongly agree ( )
21. Agree ( )
22. Strongly disagree ( )

(d)Disagree ( )

(e) Undecided ( )

1. The extent to which a local government can go in accomplishing its goal largely depends on its revenue strength.
2. Strongly agree ( )
3. Agree ( )
4. Strongly disagree ( )

(d)Disagree ( )

(e) Undecided ( )

6. The capacity of local government to generate revenue internally is one very crucial consideration for the creation of a local council.

1. Strongly agree ( )
2. Agree ( )
3. Strongly disagree ( )
4. Disagree ( )
5. Undecided ( )

7. The local governments still encounter mirage of difficulties in generating revenue.

1. Strongly agree ( )
2. Agree ( )
3. Strongly disagree ( )

(d) Disagree ( )

(e) Undecided ( )

8. The primary source of local government sustenance is from Federal Allocation

1. Strongly agree ( )
2. Agree ( )
3. Strongly disagree ( )
4. Disagree ( )
5. Undecided ( )

9. Local governments require huge sums of money, which is usually difficult to generate.

1. Regularly ( )
2. Often ( )
3. Partially ( )
4. Undecided ( )
5. No Idea ( )

10. The sources of local government revenue include rates, statutory allocations, fines, earnings and profits, fees and charges, grants, loans and other miscellaneous sources.

1. Very high ( )

(b)High ( )

(c)Medium ( )

(d)Low ( )

(e) Very low ( )