International Journal of Business, Economics and Management
2020 Vol. 7, No. 6, pp. 401-410.
ISSN(e): 2312-0916
ISSN(p): 2312-5772
DOI: 10.18488/journal.62.2020.76.401.410

EFFECT OF TAX ADMINISTRATION ON TAX REVENUE OF STATES IN AFRICAN COUNTRIES: EVIDENCE FROM NIGERIA

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Article History
Received: 2 July 2020
Revised: 6 August 2020
Accepted: 8 September 2020
Published: 25 September 2020

Keywords
Tax
Taxation
Tax administration
Pay-as-you-earn
Direct assessment
Road taxes
Miscellaneous taxes.

JEL Classification:
H27.

ABSTRACT

This study assessed the effect of tax administration on tax revenue of states in African countries with specific reference to Nigeria. The extent of improvement in tax revenue generated by states in Nigeria due to the change in tax administration motivated this study. Data were obtained from the Nigerian National Bureau of Statistics (NBS) and analyzed using the descriptive statistics and paired samples t-test statistics. Findings revealed a significant mean difference in pay-as-you-earn (PAYE) and road taxes (RT) before and during the tax administration of 2015 by Nigerian states. Findings also revealed an insignificant mean difference in direct assessment (DA) and miscellaneous taxes (MT) before and during the tax administration of 2015 by Nigerian states. The study concluded that the change in tax administration only witnessed selective improvement on tax revenue generated by the states and recommended that the state boards of internal revenue should consistently carry out tax awareness programs in their various states so as to enlighten the self-employed persons and informal business owners on the need and benefits of tax payment.

Contribution/Originality: This study contributes to the existing literature by uniquely comparing and assessing tax revenue in different periods of tax administration propelled by a change in government. It focuses on the direct effect of tax administration on tax revenue of states in Nigeria.

1. INTRODUCTION

Africa is undoubtedly endowed with numerous natural income generating resources. Most prominent are gold, iron, cobalt, uranium, copper, silver, petroleum, cocoa beans, diamond, sugar and salt. Majority of the African countries are gifted with one or more of these notable resources. These resources are mainly tailored towards generating income, vital for development of the countries' economy. However, despite the availability of these resources, the state of economy of many countries on the African continent still remains deplorable. GPF (2020) submits that Africa as a continent endowed with immense natural and human resources alongside great cultural, ecological and economic diversity, remains underdeveloped. It is believed that military dictatorship, corruption, terrorism, poverty, among other things are liable for the current state of Africa's economy. However, one major reason ignored by many is the unavailability of the needed funds to spearhead economic developmental projects in the countries.

Income generated from the abundant resources owned by African countries is controlled by the influences of demand and supply. Therefore, prices may increase to favor the countries or may decline to their detriment. Moreover, many African countries do not have the capacity to explore and process these resources; therefore they depend on other developed nations. Nigeria for instance is endowed with oil and gas-related commodities, and with about decades of exploration, the oil and gas sector still contributes significantly to the total revenue of the government (EITI, 2020). Yet, there are no functional refineries to refine the explored crude oil, so the country rather exports crude oil and imports the finished products.

Since the revenue generated from the endowment of natural resources may not be sufficient enough for the needed economic development, other internal sources of revenue such as taxation has been greatly relied upon. Taxation, an obligatory levy on the income, consumption and production of goods and services in agreement with an appropriate law, stands to be a major internal source of revenue available to the government of any nation (Arnold & Mclntyre, 2002). The revenue accruing from taxes are used by the government to fuel economic development projects which are not limited to provision of social amenities, infrastructures, roads, among others. One unique phenomenon about this is that, government uses taxes to provide these developmental projects, which in turn attracts more tax revenue. Adequate social amenities and infrastructure lead to more business ventures, which yield more revenue to the government.

Generally, taxes are levied by government on income, consumption and production of goods and services in its country. However to effectively achieve the goal of taxation, these taxes ought to be properly administered. Tax administration revolves around processes that include the management, conduct, direction, and regulation of the execution and application of the necessary tax revenue statutes, laws and conventions (Ganyam, Ivungu, & Anongo, 2019). Tax administration plays an important role in tax revenue of any country. It is capable of improving the entire tax system by increasing tax revenue and mitigating against tax evasion and tax avoidance.

In Nigeria, tax administration encompassing reforms and mechanisms of tax collection goes along with the government desire for more revenue. Therefore each government that comes to power seeks to revamps the tax system to strengthen its operation. They bring reforms and modifications to the tax system in order to obtain improved tax revenue in the country at both federal, state and local levels. It could be witnessed that during the change of government in Benue state in 2015, the new tax administration made some reforms such as widening of tax bracket, lessening of one-time tax payment, e-tax payment, among other things, geared towards improving the tax revenue in the state (Ganyam et al., 2019). This is also notable in other states in the country such as Gombe, Nassarawa, Ogun, among others (Animasaun, 2016; Soetan, 2017; Stephen, 2018).

Despite the varieties of taxes at the jurisdiction of states in Nigeria, development in most states is deplorable. The state government collect taxes such as pay-as-you-earn (PAYE), direct assessment, road taxes and other forms of taxes which may be sufficient enough to boost its needed revenue for development (National Bureau of Statistics, 2019). However the state of economy in most states today suggests that government at the state levels are not generating enough revenue to spearhead economic development projects. Therefore, taxes which constitute a greater proportion of internally generated revenue to states may be poorly administered.

Consequently, there are several studies that have examined tax administration and revenue generation in Nigeria. However, most of the works made used of primary sources of data and predominantly questionnaires. Those that employed secondary sources of data used only taxes at the jurisdiction of the federal government. There has been limited evidences from secondary sources of data as regards tax administration and taxes collected at state levels such as pay-as-you-earn (PAYE), direct tax assessment, road taxes and miscellaneous taxes. This study therefore attempts to contribute to existing works by examining the effect of tax administration on tax revenue in states of Nigeria, taking a cue from the change in tax administration in the year 2015 (effective year for a nationwide change in government). This study will be of benefit to tax authorities and governments in Nigeria and beyond, as it provides logical conclusions and recommendations that will improve the level of tax administration at the various levels of government. This study covers a period spanning from 2012 to 2018 and heavily relies on data obtained from the Nigerian National Bureau of Statistics (NBS).

1.1. Objectives

i. To examine whether there is a significant mean difference in PAYE before and during the tax administration of 2015 by states in Nigeria.
ii. To ascertain whether there is a significant mean difference in direct tax assessment before and during the tax administration of 2015 by states in Nigeria.
iii. To determine whether there is a significant mean difference in road taxes before and during the tax administration of 2015 by states in Nigeria.
iv. To examine whether there is a significant mean difference in miscellaneous taxes before and during the tax administration of 2015 by states in Nigeria.

1.2. Hypotheses

The following null hypotheses are formulated to guide the study:

Ho1: There is no significant mean difference in PAYE before and during the tax administration of 2015 by states in Nigeria.

Ho2: There is no significant mean difference in direct tax assessment before and during the tax administration of 2015 by states in Nigeria.

Ho3: There is no significant mean difference in road taxes before and during the tax administration of 2015 by states in Nigeria.

Ho4: There is no significant mean difference in miscellaneous taxes before and during the tax administration of 2015 by states in Nigeria.

2. REVIEW OF RELATED LITERATURE

2.1. Theoretical Foundation

This study is fastened on the benefit theory of Lindahl (1919). According to the benefit theory, the share of an individual's taxes paid for goods and services provided by the government should be equal to the share of benefits received. Lindahl (1919) argued that such a tax payment arrangement will not only be just and fair, but that it will also lead to increased levels of government provisions (Encyclopædia Britannica, 1960). The benefit theory is of the view that taxes should be levied by the states on individuals according to the benefits they receive. Hence, the more the benefit a person receives from the activities of the state, the more such a person should pay to the government.

This theory has also faced criticisms by several scholars. Generally, it is argued that if this theory is upheld, the principle of tax as a compulsory contribution made by individuals to meet the expenses of the government and provision of general benefit will be violated. Scholars also perceive that most of government spending are usually for the benefit of all its citizens and therefore, it may be difficult to determine the benefit enjoyed by a particular individual at any given point in time. Another strong argument is that applying this principle will mean that the poor will pay more taxes since they stand to benefit more services from the state, and this may subsequently violate the principle of justice (Economics Concepts, 2020).

Notwithstanding, the essence of taxation is to generate revenue and as such, allowing individual to be taxed based on what the state provide will lead to more revenue. Government will spend less to prevent tax avoidance, evasion and other tax malpractices. One predominant factor about this theory is that it encourages the government to carry out economic developmental projects. When the populace believe they are benefiting from the government, they are more willing to comply with taxes. Government provide general services for its populace such as security, roads, health, education, electricity, among other things. It is unarguable especially in developing economies that majority of the services provided by government are enjoyed by virtually all its citizens and not just the poor.

This study is fastened on the benefit theory because every tax system is designed to encourage tax payment by individuals of the state. Therefore, a tax administration that design and reforms the tax system such that individuals are taxed based on benefit they receive from the government will no doubt motivate tax payers to pay their taxes and by implication more tax revenue for the government.

2.2. Conceptual Framework

Tax administration involves the implementation and execution of tax laws, statutes, principles and conventions in any given nation. Tax administration may encompass the identification and registration of taxpayers, processing of tax returns and third-party information, examination of the completeness and correctness of tax returns, assessment of tax obligations, tax collection and provision of services to taxpayers (Animasaun, 2016). In the words of Afuberoh and Okoye (2014) tax administration involves the process of assessing and collecting taxes from taxable individuals and companies by authorities in such a way that correct amount is collected efficiently and effectively with minimum tax avoidance or tax evasion. The essence of tax administration is to ensure that government generate more revenue from taxes therefore, all principles, strategies and methods adopted by any government to plan, collect, account, control and co-ordinate the collection of taxes is what constitute tax administration.

The tax authorities are saddled with the responsibility of managing the entire tax systems at all levels of the country. In Nigeria, the Federal Inland Revenue Service (FIRS) manages the tax system at the federal government level, while the State Board of Internal Revenue Service manages the tax systems in the various states, whereas the Local Government Revenue Committees (LGRC) focuses on tax management at the various local governments in the states (Kiabel & Nwokah, 2009; Okauru, 2012). The FIRS in Nigeria has the jurisdiction to collect company income tax, withholding tax on companies, petroleum profit tax, value added tax, education tax, and capital gains tax, stamp duties for corporate entities, and personal income tax for armed forces personnel. The state Boards of internal revenue on the other hand have jurisdiction to collect personal income tax including PAYE and direct assessment; Withholding tax, capital gains tax, and stamp duties for individual; Road taxes; Pools betting, lotteries, gaming and casino taxes; Business premises registration and renewal levy; Right of occupancy fees in state capitals; and Development levy on all taxable individuals. Whereas, the LGRC have the jurisdiction to collect taxes on shops and kiosks rates; tenement rates; on and off liquor license; slaughter slab fees; marriage, birth and death registration fees; naming of street registration fee (excluding state capitals); right of occupancy fees (excluding state capitals); and market/motor park fees, excluding market that are built by the state (Dike, 2014; Nchege, Aduku, Idika, & Nwonsu, 2019).

The major taxes collected by states in Nigeria are categorized into pay-as-you-earn (PAYE), direct assessment, road taxes and others. PAYE is a form of personal income tax in which taxes are directly deducted from the wages and salaries of employees operating within the formal sector of the state. The deduction of PAYE is the responsibility of employers in Nigeria. They are to deduct appropriately PAYE from their employees' earnings and remit to the respective state board of internal revenue service. Direct assessment on the other hand relates to a form of personal income tax employed for the assessment of tax for self-employed individuals. In the form of tax, a new-tax payer can assess him/herself, and pay the calculated amount. Informal businesses operating within the state are also liable for direct assessment as imposed by the state authorities. This is however depending on the size of their activities. Road taxes include daily levies paid by commercial road transporters operating within the states. While miscellaneous or other taxes (MT), are various taxes such as levies on market traders, land registration and other land related fees, development levies on individuals, pool betting/lottery/gaming fees, and stamp duties on individuals, among others levied and managed by the states boards of internal revenue (National Bureau of Statistics, 2019).

2.3. Review of Empirical Works

The relationship between tax administration and tax revenue has attracted several scholars. While some of the scholars found a significant relationship between tax administration and tax revenue, some found no significant relationship existing between them. Ganyam et al. (2019) focused on the effect of tax administration on revenue generation in Nigeria. They however based their study in Benue state and obtained data from questionnaires. Data were analyzed using frequency, percentages and mean responses, while the test of hypotheses was done using the t-test statistics. They found that electronic tax payment, widened tax bracket and lessening of one-time payment, which were all strategies of a new tax administration, will significantly improve the revenue generation in Benue state. Ogbonna and Appah (2016) investigated the effect of tax administration and revenue on economic growth of Nigeria. The researchers obtained data from questionnaires and analyzed the data using regression analysis. They found that there is a significant relationship between Personal income tax revenue (PITR) and per capita income, and tax administration and Gross domestic product of Nigeria. In the same vein, Enahoro and Olabisi (2012) ascertained the overall effectiveness of tax administration in relation to assessment, collection and remittance of tax in Lagos State, Nigeria. To carry out the study, data were obtained through questionnaires and analyzed using frequencies and simple percentages. Results from the study revealed that the tax administration in Lagos state is not totally efficient and there is a significant relationship between tax administration, tax policies and tax laws. Similarly, Abiola and Asiweh (2012) examined how the Nigeria tax administration can reduce tax evasion and generate revenue. Questionnaires were employed by the researchers for data collection and analyzed using descriptive statistics. The study found that increase in revenue is a core responsibility of tax administration capable of improving revenue generation.

In contrast, Stephen (2018) ascertained the effect of tax administration on revenue generation in Gombe state. Data were obtained through questionnaires and analyzed using frequencies and percentages. Hypotheses were tested using the Spearman's rank correlation, Person correlation and linear regression. The researcher found that tax administration in the state is not efficient and effective, and that revenue generated in the state during the period of the study is low due to low level of enlightenment of tax payers, incidents of tax evasion and tax avoidance. Soetan (2017) also analyzed the effect of tax administration on tax revenue generation in Nigeria. The researcher obtained data using questionnaires, and analyzed the data using descriptive statistics and regression statistical techniques. Findings from the study revealed that tax administration does not have significant effect on tax revenue generation in Nigeria. Similarly, Animasaun (2016) analyzed the relationship between tax administration and revenue generation in Ogun State. The researcher employed questionnaire to collect data for the study, while descriptive statistics and inferential statistics were used to analyze the results. Findings revealed that tax administration has no significant relationship with revenue generation.

From the forgone, it is predominantly noticed that majority of the researchers who examined the effect of tax administration on revenue generation in Nigeria made use of questionnaires as their major source of data. Since questionnaires are based on the perception of individuals, it may be the reason for the inconsistency of findings witnessed by the researchers. Also, some of the researchers focused on individual states in the country and generalized their findings. This may however be inappropriate since each state has its own tax administration system that may differ from the other. It is against this setting that this study intends to examine the effect of tax administration on tax revenue of states in Nigeria, using secondary data as its major source of data.

3. METHODOLOGY

The descriptive ex-post facto research design is adopted for the study and this is because it has gained credence in studies that examine the effect of past factors on present happenings (Akpa, 2011). Data relating to the study were obtained from the Nigerian Bureau of Statistics (NBS) Annual Reports from 2012 to 2014 (before change in tax administration by the states), and from 2016 to 2018 (during the new tax administration by the states). 2015, which was when virtually all government administrations changed in the states served as the base year. Data were collected on PAYE, direct assessment (DA), road taxes (RT) and miscellaneous taxes (MT) for the said periods from all 36 states in Nigeria. Descriptive statistics was employed to provide a statistical summary of the study variables while paired samples t-test statistics was used to test the study's hypotheses at 5% level of significance.

4. RESULTS AND DISCUSSION

Table-1. Summary statistics of the study variables.

Variable	Obs	Mean	Std. Dev.	Min	Max
$PAYE_a$	108	7.56	23.7	0	172
$PAYE_b$	108	13.6	35.4	0	239
DA_a	108	2.21	7.71	0	68.3
DA_b	108	0.861	2.23	0	16.1
RT_a	108	0.307	0.738	0	4.58
RT_b	108	0.552	1.44	0	9.54
MT_a	108	3.75	11.4	0	109
MT_b	108	3.52	9.28	0	62.2

Note:
a: Old tax administration.
b: New tax administration.

Table 1 presents the descriptive statistics of the study variable in relation to mean, standard deviation, minimum and maximum values. The number of observation consistently stood at 108, indicating that data were obtain for 3 years each from the 36 states in Nigeria. Pay-as-you-earn (PAYE) during the period before the change in tax administration as presented in Table 1 revealed a mean, standard deviation, minimum and maximum values of 7.56, 23.7, 0 and 172 respectively. This indicates that during the period, the average value of PAYE collected by the states is estimated at ₦7.56 Billion with variation across the states amounting to ₦23.7 Billion. While some of the states did not report PAYE collection, the maximum value of PAYE collected during the period before change in tax administration stood at ₦172 Billion. However, during the change in tax administration the average value of PAYE collected stood at about ₦13.6 Billion with variations across states valued at about ₦35.4 Billion. Some of the states did not report PAYE during the period, whereas the highest value of PAYE recorded stood at about ₦239 Billion. Before the 2015 change in tax administration, the average value of direct assessment (DA) collected by the states during the period under review stood at ₦2.21 Billion with fluctuations across states amounting to ₦7.71 Billion.

This is higher, compared to the period of change in tax administration, where DA recorded an average value of ₦861 Million with fluctuations to the tune of ₦2.23 Billion. Similar, in both periods, some of the states did not report the value of direct assessment tax collected. However, the maximum value of DA received before change in tax administration stood at ₦68.3 Billion while during the change in tax administration, the maximum DA recorded stood at ₦16.1 Billion. Road taxes (RT) recorded an average value of ₦307 Million with variations across the states to the tune of ₦708 Million during the period before change in tax administration. This is lower than what was reported during the change in tax administration. During the said period, the average value of RT collected by the states stood at ₦552 Million with variations amounting to ₦1.44 Billion. During both periods, some of the states did not disclose the total road taxes collected. However, the maximum value of RT collected before the change in tax administration stood at ₦4.58 Billion, while the maximum value of RT during the new administration stood at ₦9.54 Billion. Miscellaneous taxes (MT) remarkably witnessed a higher value before the change in tax administration than during the period of change. The average value of MT before change in tax administration stood at ₦3.75 Billion with fluctuations amounting to ₦11.4 Billion, while during the period of change, the average value of MT stood at ₦3.52 Billion with fluctuations to the tune of N 9.28 Billion. During both periods some of the states did not report the total value of miscellaneous taxes collected. Nevertheless, the maximum values of MT during the periods stood at ₦109 Billion and ₦62.2 Billion respectively.

4.1. Test of Hypothesis One

From Table 2, the mean difference of PAYE before and during the change in tax administration stood at (₦ 6 Billion) with a standard error of ₦2.37 Billion and a standard deviation of ₦24.6 Billion. This indicates an increase in the value of PAYE during the change in tax administration. The t-statistics stood at 2.5314 with a P-value of 0.0128, which indicates that there is a significant difference in PAYE before and during the tax administration of 2015. Therefore the null hypothesis is rejected and the study concludes that there is a significant mean difference in PAYE before and during the tax administration of 2015 by states in Nigeria.

Table-2. Mean difference of PAYE before and during the tax administration of 2015 by states in Nigeria.

Variable	Obs	Mean	Std. Err.	Std. Dev.
$PAYE_a$	108	7.56	2.28	23.70
$PAYE_b$	108	13.60	3.41	35.40
Diff	108	-6.00	2.37	24.60
t=-2.5314				
df=107				
p-value=0.0128				

Note:
a: Old tax administration.
b: New tax administration.

4.2. Test of Hypothesis Two

Table-3. Mean difference of DA before and during the tax administration of 2015 by states in Nigeria.

Variable	Obs	Mean	Std. Err.	Std. Dev.
DA_a	108	2.21	0.74	7.71
DA_b	108	0.86	0.22	2.23
Diff	108	1.35	0.76	7.89
t=1.7792				
df=107				
p-value=0.0780				

Note:
a: old tax administration.
b: new tax administration.

Results from Table 3 Reveal a mean difference of DA before and during the change in tax administration of ₦1.35 Billion, with a standard error of ₦76 Million and a standard deviation of ₦7.89 Billion. This indicates a decrease in the value of direct assessment during the change in tax administration. The t-statistics stood at 1.7792 with a P-value of 0.0780, which indicates that there is no significant difference in DA before and during the tax administration of 2015. Therefore the null hypothesis is accepted and the study concludes that there is no significant mean difference in DA before and during the tax administration of 2015 by states in Nigeria.

4.3. Test of Hypothesis Three

Table-4. Mean difference of RT before and during the tax administration of 2015 by states in Nigeria.

Variable	Obs	Mean	Std. Err.	Std. Dev.
RT_a	108	0.31	0.07	0.74
RT_b	108	0.55	0.14	1.44
Diff	108	-0.25	0.11	1.10
t=-2.3159				
Df=107				
p-value=0.0225				

Note:
a: old tax administration.
b: new tax administration.

From Table 4, the mean difference of RT before and during the change in tax administration stood at (₦25 Million), with a standard error of ₦11 Million and a standard deviation of ₦1.1 Billion. This indicates an increase in the value of RT during the change in tax administration. The t-statistics stood at 2.3159 with a P-value of 0.0225, which indicates that there is a significant difference in RT before and during the tax administration of 2015. Therefore the null hypothesis is rejected and the study concludes that there is a significant mean difference in RT before and during the tax administration of 2015 by states in Nigeria.

4.4. Test of Hypothesis Four

From Table 5, the mean difference of MT before and during the change in tax administration stood at ₦23 Million, with a standard error of ₦84 Million and a standard deviation of ₦8.71Billion. This indicates a decrease in the value of MT during the change in tax administration. The t-statistics stood at 0.2787 with a P-value of 0.07810, which indicates that there is an insignificant difference in MT before and during the tax administration of 2015. Therefore the null hypothesis is accepted and the study concludes that there is no significant mean difference in MT before and during the tax administration of 2015 by states in Nigeria.

Table-5. Mean difference of MT before and during the tax administration of 2015 by states in Nigeria.

Variable	Obs	Mean	Std. Err.	Std. Dev.
MT_a	108	3.75	1.09	11.40
MT_b	108	3.52	0.89	9.28
diff	108	0.23	0.84	8.71
t=0.2787				
Df=107				
p-value=0.07810				

Note:
a: old tax administration.
b: new tax administration.

4.5. Discussion

Findings from the study revealed that there is a significant mean difference in PAYE before and during the tax administration of 2015 by states in Nigeria. Both public and private formal sector employer is required to deduct PAYE and remit to the tax authorities. Therefore, an increase the number of workforce (formal sector) of every state will lead to an increase in PAYE. This coincides with the benefit theory because as government provides an enabling environment for the populace to work and do business, more taxes will be generated for the government. The change in tax administration may have witnessed an increase in PAYE because of a more vigorous tax administration that carry out routine tax audit to ensure that employers deduct and remit PAYE correctly. This conforms to the findings of Ganyam et al. (2019); Abiola and Asiweh (2012) and Enahoro and Olabisi (2012) who found significant relationships between tax administration and revenue generation.

Contrary to the increase witnessed in PAYE, findings from the study revealed that there is no significant mean difference in direct assessment before and during the tax administration of 2015 by states in Nigeria. Tax collection from the informal sector has always been a major problem for tax administrators.

This may be attributed to the fact that a private businessman for instance would not declare his state of business freely for the tax authorities to assess and tax accordingly. This is still attributed to the benefit theory because, most of the persons that fall within this tax brackets are not moved to pay tax because they are not benefiting to their expected necessities from the government. Therefore, they try as much as possible to avoid and evade taxes.

The tax authorities also in this case may have failed to play their part in tracking and identifying those within this tax bracket so as to offer professional counselling and guidance for tax assessment. This is similar to the findings of Stephen (2018) who found that revenue generated in the state is low and fails to meet its specified objectives due to low level of enlightenment of tax payers and high incidents of tax evasion and tax avoidance.

Findings from the study however reveled a significant mean difference in road taxes before and during the tax administration of 2015 by states in Nigeria.

Due to the economic forces of demand and supply within the country, suppliers will always transport their goods to a point where it is demanded. It is therefore the duty of tax administrators to find a more efficient manner to collect more revenue from this form of tax. Applying the benefit theory to this will imply that, when the government provide good roads, more transporters will play those destinations and this will amount to more revenue. This also supports the findings of Ganyam et al. (2019); Abiola and Asiweh (2012) and Enahoro and Olabisi (2012).

Finally, the study found that there is no significant mean difference in miscellaneous taxes before and during the tax administration of 2015 by states in Nigeria.

This indicates that the current tax administration has not performed optimally in managing taxes from levies on market traders, land registration and other land related fees, development levies on individuals, pool betting/lottery/gaming fees, and stamp duties on individuals, among others. This has resulted to a decline in miscellaneous taxes reported before their era. Poor tax administration begets poor revenue, and that the case of Nigerian states under this tax jurisdiction. This however supports the findings of Soetan (2017) who found that tax administration does not have significant effect on tax revenue generation in Nigeria.

5. CONCLUSION AND RECOMMENDATIONS

Taxes are the alternative major sources of revenue for all countries of the world. It is a system, where individuals of a country contribute to the government for economic improvement. The importance of tax administration to the actualization of the goal of taxation in any country cannot be over emphasized. This study attempts to examine the effect of tax administration on tax revenue of states in African countries with specific reference to Nigeria.

In line with the findings of the study, the study concludes that pay-as-you-earn and road taxes has significantly improved during the change in tax administration in Nigeria in 2015, whereas direct assessment and miscellaneous taxes witnessed no significant improvement. Therefore, the change in tax administration in Nigeria only witnessed selective improvement on tax revenue generated by the states.

In line with the findings of the study, we recommend that tax administrators in all states should perform periodic tax audits on employers in formal public and private sector, so as to ensure that PAYE are remitted correctly and appropriately. This is because some private employers may be either calculating PAYE wrongly, not complying with the statute guiding PAYE or not deducting and remitting at all. It is the duty of tax administrators to check if tax payers are complying and also proffer assistance and clarity on knotty issues that relates to taxes.

In addition, the state boards of internal revenue need to consistently carry out tax awareness programs in their various states so as to enlighten the self-employed persons and informal business owners on the need and benefits of tax payment. This will go a long way to curb incidences of tax avoidance, as the category of persons that avoid taxes mostly come from this tax bracket. Government on its own part should utilize its revenue to improve the state of its commercial roads. This is because bad road reduces the patronage of transporters, which further results to low revenue from the road taxes. Government should also employ and train more tax workers so as to effectively manage the several forms of taxes in the state. Taxes administered at the state levels in Nigeria are numerous and if not carefully and properly managed, a lot of revenue would be lost. The employment and training of skillful tax practitioners will therefore go a long way to account for these taxes effectively.

Funding: This study received no specific financial support.
Competing Interests: The authors declare that they have no competing interests.
Acknowledgement: Both authors contributed equally to the conception and design of the study.

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