

Socio-Economic Effects of Tax Administration and Revenue Generation in Kwara State: An Assessment of Kwara Internal Revenue Service (KW-IRS)

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Abstract

The decline in price of oil in recent years has led to a decrease in the funds available for distribution to the Federal, State and Local Governments in Nigeria. Consequently, the need for state and local governments to generate adequate revenue from internal sources. This need underlines the eagerness on the part of state and local governments and even the federal government to reform tax policy and harness new sources of revenue. This has been the trend of tax administration in virtually all state across Nigeria including Kwara State. Against this backdrop, this study examined the socio-economic effects of tax administration and revenue generation of KW-IRS in the state. The study adopted questionnaire and interview as means of data collection. The study relied on a total sample of 167 respondents selected using multiple sampling techniques from government ministries, public health centres, public schools and public shop owners in Ilorin metropolis. From the findings, the study revealed that a sizable number of the respondents viewed the present KW-IRS tax administration very effective in revenue generation. Also, the study finds that there is a significant relationship between effective tax administration and socio-economic development of the state in the areas of improved health care system ($X^2=9.345$, $P<0.05$); education facility ($X^2=14.324$, $P<0.05$) and employment generation ($X^2=12.480$, $P<0.05$). However, majority of the respondents hold the perception that KW-IRS and the government are not doing enough to enlighten the public about their activities and developmental programmes.

Keywords: Development, Government, Revenue Generation, Socio-economic and Tax administration

Introduction

Socio-economic development in the areas of social security, access to adequate health, and other social and basic needs of the people has solely been the responsibility of government the word over. Access to education, improved healthcare delivery, employment opportunities, clean air, safe drinking water and security of life and property determine the people's quality of life or standard of living (The World Bank Group, 2004). In lieu of this, many countries of the world depend mainly on revenue generation to meet its socio-economic needs (Kusi, 1998). This is because, effective and efficient tax system can assist the government in the area of revenue generation to cater for its estimated expenditure, meet the needs of the people, and effectively participate in the world economy (Bird & Zolt, 2003). Taxation and adequate revenue generation remains the most important tool for national development and growth in most societies. It is a vehicle for a long-term development of infrastructures of the state. However, happenings in Nigeria suggest otherwise. With the discovery of oil in the country decades ago, the government has relied solely on revenue generated from oil for its socio-economic development programmes making

governments across board to ignore effective tax administration and revenue generation and often times enact policies that discourage tax payers (Ola, 1999). Presently, the drastic fall in the price of crude oil has adversely affected the Nigeria economy (Anyaehe & Areji, 2015; Uzonwanne, 2015).

The continuous and persistence decline in the price of oil in recent years has led to a decrease in the funds available for distribution to the Federal, State and Local Governments in Nigeria. This decline in the price of oil has significantly hinder governments across the level to provide basic goods and services such as good road network, hospitals, employment generation, and modern schools among others. Hence, the need for state and local governments to look inward to generate adequate revenue to achieve its socio-economic development programmes. 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 generating revenue from existing sources. Thus, this is evident in how majority of the states in Nigeria such as Kwara State have focused attention on internally generated revenue (IGR).

In other to diversify and increase its revenue base, Kwara State, located in the North-Central Nigeria embarked on administration of tax and revenue generation reform by enacting the Kwara State Revenue Generation Law in 2015 to repeal the old corruption enriched and ineffective Kwara Board of Internal Revenue. This new revenue generation law birthed Kwara Internal Revenue Service (KW-IRS) in 2015 during the administration of Governor Abdulfatai Ahmed. KW-IRS is the sole agency saddled with the responsibility of effective and effective tax administration and revenue generation in the state. The reform in tax administration contributes to the increase in state revenue generation from N7.2billion in 2015 to N30.07billion in 2019 (NBS, 2020). This moved Kwara State from 19th position on IGR collection in 2015 to 10th position in IGR ranking out of 36 states of the federation. This suggests that KW-IRS is effective in tax administration and revenue generation in the state. This notwithstanding, there is need to examine the socio-economic effects of tax administration and revenue generation of KW-IRS. It is worthy to state that numerous studies have been conducted to examine the effect of tax administration on revenue generation in Nigeria (Abiola & Asiweh, 2012; Soetan, 2017; Oriakhi & Ahuru, 2014; Asaolu, Dopemu, & Monday, 2015). However, most of these studies are conducted outside Kwara State. It is against this backdrop that this study attempts to fill the gap in literature by examining the socio-economic effects of tax administration and revenue generation considering the level of success recorded by Kwara Internal Revenue Service (KW-IRS) in the recent years.

Conceptual Clarifications

The Concept of Tax Administration

Tax administration can be defined as the body or agency responsible for tax collection and other related revenue as may be legislated upon by the government. According to Adams (2001), the term tax administration means the administration, management, conduct, direction, and supervision of the execution and application of the internal revenue laws or related statutes of a state. It is the implementation and enforcement of tax legislation and regulations such as identification and registration of taxpayers, processing tax returns and third-party information, assessment of tax obligations, tax collection and provision of services to taxpayers (Animasaun, 2016).

In a rapidly changing world, the need to fulfil the increasing demands and growing expectations of stakeholders and taxpayers for socio-economic needs require effective and efficient tax

administration. Simply put, tax administration is the whole organizational set-up for the management of the tax system. It is 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 (Afubero & Okoye, 2014). Thus, it involves all the principles and strategies adopted by any government in order to plan, impose, collect, account, control and co-ordinate personnel charged with the responsibility of taxation (Amos, John & Eric, 2019). It also includes the effective use of revenue generation for efficient provision of necessary social amenities and other facilities for the tax payers. Odusola (2006) maintained that, there is always the need for tax administration to be effective and efficient in order to ensure better compliance by taxpayers. This explains the need for governments to provide strong technical capacity to aid a well-designed tax collection process.

In Kwara State, the administrative agency that is saddled with the responsibility administering tax is the KW-IRS. This body was established in 2015 during the administration of Governor Fatai Ahmed to replace the former administration known as Kwara Internal Revenue Board. According to report, KW-IRS was put in place to be able to identify and evaluate the effects of both current tax policies and tax policies under consideration, be able to simplify the current tax system if needed, within the socio-cultural and economic cum political configuration of the state. Adams (2001) posited that some of the major functions of tax administration are numerous which include but not limited to the followings; revenue generation, resources allocation, a fiscal tool for stimulating economic growth and development and social functions in form of cooperate social responsibility.

The Concept of Revenue Generation

Revenue is a source of income for government needed to provide services to the people. On a very comprehensive note, Rabi (2004) sees revenue generation as a combination of all tools of income to government such as taxes, rates, fees, fines, duties, penalties, rents, dues, proceeds and other receipt of government to which has been legislated upon. Revenue generation is the annual or periodical yield of taxes, as well as other sources of income that a nation, state or public sector collect or receives into their treasury for public use (Amos, John & Eric, 2019). Fayemi (2001), sees revenue as all tolls, taxes, impress, rates, fees, duties, fines, penalties, fortunes and all other receipts of government periodically collected by authorized agency on annual or quarterly basis. To Enahoro and Olabisi, (2012), revenue generation are ways through which government raise revenue for the purposes of meeting its capital and recurrent expenditure. Therefore, in this study, revenue generation is seen as the funds generated by the government to finance its activities. In other words, revenue is the total fund generated by government through the newly established Kwara State Internal Revenue Service (KW-IRS).

Socio-Economic Development, Tax Administration and Revenue Generation

Socio-economic variables capture main areas of human development namely: access to safe and healthy life, access to education, and a decent living standard (UNDP, 2014) enlarging people's choices (UNDP, 1990). The United Nations developed Human Development Index (HDI) as a measuring tool that ranks countries' levels of social and economic development based on three criteria: Health Index, Education Index, and Standard of Living Index. The health index represents life expectancy (i.e. the numbers of years) of a particular region or country under study. It correctly describes the extent to which life expectancy of the people in the area or country under study is greater than the minimum life expectancy. According to the United Nations (UN), the minimum

and maximum life expectancy in the world is set at 25 years and 85 years respectively (UNDP, 2014). The education index represents the literacy rate and enrolment rate of people, in a particular region or country under study. The Literacy rate means the percentage of people of 16 years of age and above who are literates (UNDP, 2014). These people must be able to write, read and understand a simple statement regarding their day-to-day life. While enrolment rate is the percentage of children of school-going age (primary, secondary and tertiary), who go to school. The standard of living index represents the per capita income of a region or country expressed in US\$ at purchasing power parity (PPP) rate (UNDP, 2014).

Worlu and Emeka (2012) examined the impact of Tax Revenue on the economic growth of Nigeria between 1980 and 2007 using its effect on infrastructural development. They reported that tax revenue has direct and indirect relationships with the infrastructural development and the gross domestic product respectively (GDP). The authors argue that the channels through which tax revenue affects economic growth in Nigeria are infrastructural development, foreign direct investment, and GDP. They stressed further that; availability of infrastructure stirs up an investment that in turn brings about economic growth. Bukie and Adejumo (2013) examined the effect of tax revenue on economic growth of Nigeria for the period 1970 to 2011, regressing indicators of economic growth (domestic investment, labour force and foreign direct investment) on tax revenue. The result shows that the indicators all have a positive and significant relationship between economic growth and tax revenue.

Owolabi and Okwu (2011) examined the contribution of only Value Added Tax (VAT) to Development of Lagos State Economy from 2001 to 2005. The study regressed each development indicator (infrastructural, environmental management, education sector, youth and social welfare, agricultural, healthcare, and transportation) on VAT revenue proceeds generated by Lagos State during the study period. Their finding was that revenue generated from VAT positively contributed to the development of the respective sectors of Lagos State economy during the period studied. Adereti *et al* (2011), carried out a study on the impact of VAT revenue on economic growth of Nigeria during the period 1994 to 2008 using time series data on the GDP, VAT Revenue, Total Tax Revenue and the total revenue of the federal government. The result of the study was in line with that of Owolabi and Okwu (2011) showing an existence of a positive and significant correlation between VAT Revenue and Gross Domestic Product of Nigeria.

Success *et al* (2012), investigated the impact of Petroleum Profit Tax on the economic development of Nigeria between the periods 2000 to 2010. Their findings reveal that petroleum profit tax positively impacts on gross domestic product (GDP) of Nigeria, and the impact is statistically significant. They failed to report on the economic development that was the topic of consideration. However, the authors were worried that the enormous amount of money generated from Petroleum Profit Tax, and Oil Revenue do not translate into the economic development of Nigeria. They argued that, the increase in the economic growth rate does not reflect in Nigeria's general economic development. Okafor (2012) examined the relationship between federally generated revenue and economic development in Nigeria using Gross Domestic Product (GDP) for the period 1981 to 2007. The result of the study showed a positive and significant relationship between Income Tax Revenue and Economic Development of Nigeria. Adegbe and Fakile (2011) concentrated on the relationship between Company Income Tax alone and Nigeria Economic Development. Their conclusion based on finding was that there is a significant association between company income tax and economic development of Nigeria.

Methodology

This study adopts a survey research design. The design is found most helpful to use because of its better ways of collecting specific and useful data. To achieve the purpose of this study, two data collection tools were used to collect data from the respondents. These include a well-structured questionnaire and interview. The combination of these two tools helped the researchers to obtain primary and some independent confirmation of data, as well as a range of opinions that further substantiated the data for the study. The study's population consist of 167 respondents selected from public schools, government ministries and shop owners in the city of Ilorin. The total number of respondents were selected with the aid of multiple sampling techniques. A number of 50 respondents were sampled from the purposively selected Ministry of Education, Ministry of Health, Ministry of Works and Ministry of Finance. Similarly, 50 respondents were sampled from randomly selected public schools in the city. This sample is distributed among the 5 schools as follows; 12 staff of Government Secondary School (G.S.S); 8 staff of Government Day Secondary School, Tanke (GDSS); 10 staff of Ita-Alamu Junior Secondary School; 10 staff of Government High School, Adeta; 10 staff of Government Girls Day Secondary School, Oke-Suna. While convenience sampling was used to select 25 staff health workers in Kwara State General Hospital (15) and Kwara State Civil Service Clinic (10). Lastly, 22 shop owners were randomly selected along Lagos line Post Office, Ilorin.

Meanwhile a total of five respondents were interviewed which are part of the targeted population of the study. Data gathered from the respondents through the use of the questionnaire were analysed statistically. Descriptive statistics of simple percentages and frequency counts were utilized for descriptive data; while chi-square was used to test the hypotheses formulated in the study. The interview was transcribed and analysed through content analysis to corroborate the quantitative data. The study was conducted in Ilorin, Kwara State Nigeria. The city of Ilorin is considered the economic centre and as well as the political headquarters of Kwara State. Therefore, as a typical urban centre, the modern Ilorin city plays host to different business activities ranging from petty trading to manufacturing. Thus, tax activity is very visible in the capital city. Geographically, Ilorin is strategically located and shares borders with more than four states in Nigeria and internationally with The Republic of Benin. The city lies 360km northeast of Lagos and 500km southwest of Abuja.

Result of the Findings

Effect of Tax Administration on Revenue Generation in Kwara State

This section reveals and summarizes the respondents view about the effect of the new tax administration in Kwara State. Tax administration has always been part of government plans. This is because Kwara State is not known for depending on any natural resources. Therefore, taxation is seen as a good source of having more funds for governance.

Table 1: Perception of Tax Administration on Revenue Generation

Question/Response	Frequency	Valid Percentage
Do you think the new system of tax administration of KW-IRS is effective?		
Yes	100	59.9
No	67	40.1
Total	167	100.0
Do you think tax evasion and avoidance is a result of poor administration in the past?		
Yes	106	63.5
No	61	35.5
Total	167	100.0
To what extent do you think KW-IRS is generating adequate revenue?		
To a large extent	69	41.3
Minimal extent	73	43.7
Not adequate enough	25	15.0
Total	167	100.0
Do you think KW-IRS is understaffed?		
Yes	94	56.3
No	73	43.7
Total	167	100.0
Do you think new tax administration has improved revenue generation in the state?		
Yes	92	55.1
Yes	69	41.3
No	6	3.6
Indifferent	167	100.0
Total		
Do you think KW-IRS is doing enough enlightenment for tax payers?		
Yes	59	35.3
No	104	62.3
I don't know	4	2.4
Total	167	100.0

Source: Researcher's Survey, 2019.

From Table 1, it is revealed that the new system of tax collection in Kwara State is quite impressive. A total of 100 respondents, representing 59.9% of the total respondents believed that the new system is effective. Meanwhile, 67 of the respondents (40.1%) said it is not effective. According to a respondent during an interview session;

“the new system of collecting tax by KW-IRS is aggressive and effective.... but the economic situation is making most people to be hostile to them...tax is important for government plan and the tax collectors too should be gentle too”.
(IDI/Male/40years/Quality Assurance, Ministry of Education)

On whether tax evasion and avoidance are as a result of poor administration in the past, findings from the table shows that majority (63.5%) agree with the assertion. However, 36.5% of the respondents felt otherwise. This shows in the response of some of the interviewed respondents. From an interview session, a respondent reveal thus:

“...in the past, companies, small firms and market women have ways of evading tax and not paying the necessary dues to government..... what we have now is making everybody to comply and pay their tax as at when due” (IDI/Female/37years/Ministry of Finance).

Another respondent argued that:

“the system of taxing in Kwara State in the past is not encouraging, the people don't take the government serious and the government is not always doing anything about that...but establishment of KW-IRS has changed so many things” (IDI/Male/32years/Shop Owner).

The Table also reveals the view of the respondents on whether the extent at which KW-IRS is generating revenue is encouraging. The Table shows that respondents differ on this matter sharply. While some (about 41.3%) believe that it is to a high extent, others (43.7%) believe that it is just to a minimal level. 15% of the respondents said revenue generated by KW-IRS is not adequate enough. In order to ascertain and assess people's view about staffing of KW-IRS, question was asked on what they think about KW-IRS staffing. The study finds out that 56.3% held the view that the KW-IRS is understaffed. 43.7% argue that they don't believe that KW-IRS is understaffed. The essence of this is to buttress the claim of the effectiveness of KW-IRS and try to locate the reason for its effectiveness or otherwise.

The effectiveness of KW-IRS has been attributed to different factors. Table 1 above shows that a sizeable number of the respondents (55.1%) believe that the use of new tax administration has helped the revenue generation in the state. While just 6% of the respondents remain indifferent, a total of 41.3% did not agree that new tax administration has any influence on the revenue generation in Kwara State. According to a staff of ministry of Finance;

“the new form of tax administration especially the adoption of ICT in taking records has helped not only in revenue generation of KW-IRS but other agencies as well...this is because it helps to have accurate and up to date records with minimal mistakes.....you don't have to be going around with files and you don't deal with missing files that is common in our ministries....the world is ICT driven now and every government is embracing that change”. (IDI/Female/44years/Ministry of Finance).

A very significant aspect of the effectiveness of KW-IRS is the enlightenment aspect. All the respondents have expressed various views on their view of the effectiveness of KW-IRS. However, something keeps ringing when discussing with them while on the field. Majority believe that KW-IRS and government are not doing enough enlightenment programmes for the general public. From table 2 above, it is revealed that a whopping 104 of the respondents (62.3%) blamed the management of KW-IRS for not doing enough to create awareness and inform the people about the importance of tax. Although 35.3% of the respondents said they are doing enlightenment programme, a minute 2.4% remained indifferent. During interview sessions at shops spread across the city of Ilorin, majority of the shop owners raised alarm that they only see the staff of KW-IRS

when they come with exorbitant tax dues. For instance, a shop owner at Lagos Line, Post Office said:

“the tax people are not doing what is right for us....they don’t inform us of their programmes, what we just see is due due due....they should do more by advertising and inform us well...we all know that we are to pay but they shouldn’t make it as if we are slaves”.....(IDI/Male/40years/Shop Owner).

This revelation underlines the importance of enlightenment. People are bound to be positive with taxation when they are well informed about the processes involved. Government and other agencies involved in process of tax in Kwara State should embark on serious campaign and programmes that will further portray all the positives embedded in taxation.

Socio-Economic Effects of Tax Administration and Revenue Generation

Governments across the world use tax system as a means of ensuring the redistribution of income and wealth in order to reduce poverty and promote social welfare. However, this may not be achievable in isolation of the perception of the people. The perception of the people goes a long way in helping government to achieve prompt taxation and the goal of wealth redistribution. Therefore, this section discussed the respondents’ perception towards socio-economic effects of KW-IRS tax administration in Kwara State. Likert modified 4-point response scale of SA= Strongly Agree; A= Agree; D= Disagree; and SD= Strongly Disagree was utilised in this section.

Table 2: Socio-Economic Effects of Tax Administration and Revenue Generation of KW-IRS

Category	SA	A	SD	D	Total
1. Tax administration and revenue generation of KW-IRS has contributed to educational facility in the state	27 (16.2%)	82 (49.1%)	21 (12.6%)	37 (22.2%)	167 (100%)
2. Tax collection by KW-IRS has contributed to employment opportunities	69 (41.3%)	69(41.3 %)	16 (9.6%)	13 (7.8%)	167 (100%)
3. KW-IRS tax system has contributed to health infrastructure in the state	92 (55.1%)	38(22.8 %)	16 (9.6%)	6 (3.6%)	152 (100%)
4. KW-IRS tax is having impact on socio-economic development of Kwara State	66 (39.5%)	55(32.9 %)	14 (8.4%)	28 (16.8%)	163 (100%)
5. Taxation leads to increase of commodities	96 (57.5%)	50(29.9 %)	5 (3.0%)	3 (1.8%)	154 (100%)

Source: Researcher’s Survey, 2019.

Note: SA = Strongly Agree A= Agree D= Disagree SD= Strongly Disagree

From Table 2 above, it is revealed that KW-IRS tax administration and revenue generation has some socio-economic benefits. The Table shows that 27 and 82 of the respondents representing 16.2% and 49.1% respectively strongly agreed and agreed that the tax administration and revenue generation in Kwara State has improved the educational facilities in the state (Table 2).

Meanwhile, the respondents’ perception of whether KW-IRS tax administration and revenue generation has contributed to the reduction of unemployment in the state shows that many people perceived it to be effective in unemployment reduction. Percentage distribution shows that 41.3% and 41.3% strongly agreed and agreed respectively that tax administration by KW-IRS has reduced the level of unemployment in the state. Effort is also made to find out from the respondents whether tax administration and revenue generation by KW-IRS has contributed to health infrastructure in

the state. The findings show that majority of the respondents hold the perception that KW-IRS tax administration has greatly improved health infrastructure in the state as majority of the respondents strongly agreed (55.1%) and agreed (22.8%) that KW-IRS system is has positively affects health system in the state.

As asserted in some of the reviewed literature, tax is expected to go back to the people in form of developmental programmes. Therefore, this section is designed to examine the perception of the people about the developmental strides of Kwara State government through the new tax administration under KW-IRS. Table 2 above shows that tax administration is having good impact on socio-economic development of Kwara State. From the table, it is evident that majority of the respondents strongly agreed (39.5%) and agreed (32.9%) that tax collected by KW-IRS is having good impact on socio-economic development of Kwara State. While just 2.4% of the respondents were undecided on the issue, 8.4% (Strongly Disagreed) and 16.8% (Disagreed) of them said tax collected by KW-IRS is not impacting on the development of Kwara State. Meanwhile, the study also found that an overwhelming majority are of the perception that tax administration usually leads to increase in prices of commodities. Percentage distribution revealed that 57.5% (Strongly Agreed) and 29.9% (agreed) that tax brings about increase in the prices of commodities. A very low percentage of the respondents holds different opinions about this. While 7.8% of the respondents were undecided, 3.0% (strongly disagreed) and 1.8% (disagreed) that tax brings about increment in prices of commodities.

Test of Hypothesis

Hypothesis One

H₀₁ There is no significant relationship between effective system of tax administration KWIRS and improvement of education facility in the state.

Table 3: Cross tabulation of Variables

Tax administration and revenue generation of KW-IRS has contributed to educational facility in the state?	New system of tax administration of KWIRS is effective		Total
	Yes	No	
Strongly Agreed	16	11	27
Agreed	48	34	82
Strongly Disagreed	13	8	21
Disagreed	23	14	37
Total	100	67	167

$X^2 = 14.324; df = 3; p = 0.05$

From Table 3, 16% of the respondents who affirmed that new tax administration of KW-IRS is effective strongly agreed that KW-IRS tax administration and revenue generation has contributed to improved education facilities in the state. Similarly, 48% of the respondents agreed that tax administration and administration has contributed to education facility in the state, this group represents the number of respondents who affirmed that new tax administration is effective (Table 3).

In other to test the statistical significance of this observation, chi-square test of significance was employed. The result as shown in the chi-square table ($X^2 = 14.324; df = 3; p = 0.05$) shows that the observation is significant at a 5% level. This implies that the observation in the cross-tabulation

is valid. As such, the null hypothesis is hereby rejected while the alternative hypothesis is accepted. Therefore, it can be inferred, based on the perception of the respondents, that the tax administration and revenue generation of KW-IRS is effective in the area of improved education facilities in the state. This implies that there is a strong relationship between effective tax administration and revenue generation and improvement in education facilities in Kwara state.

Table 4: Cross tabulation of Variables

Tax administration and revenue generation of KW-IRS has contributed to employment opportunity in the state?	New system of tax administration of KWIRS is effective		Total
	Yes	No	
Strongly Agreed	37	32	69
Agreed	48	21	69
Strongly Disagreed	9	7	16
Disagreed	6	7	13
Total	100	67	167

$$X^2 = 12.480; df = 3; p < 0.05$$

From Table 4 above, 37% of the respondents who affirmed that new tax administration of KW-IRS is effective strongly agreed that KW-IRS tax administration and revenue generation has contributed to employment opportunities in Kwara State. Similarly, 48% of the respondents agreed that tax administration and administration has contributed to employment opportunities also affirmed that new tax administration is effective (Table 4).

In other to test the statistical significance of this observation, chi-square test of significance was employed. The result as shown in the chi-square Table ($X^2 = 12.480; df = 3; p < 0.05$) shows that the observation is significant at a 5% level. This implies that the observation in the cross-tabulation is valid. As such, the null hypothesis is hereby rejected while the alternative hypothesis is accepted. Therefore, it can be inferred, based on the perception of the respondents, that the tax administration and revenue generation of KW-IRS is effective in the area of employment opportunities in the state. This implies that there is a strong relationship between effective tax administration and revenue generation and employment generation in Kwara state.

Hypothesis Three

H₀₃ socio-economic development of Kwara state and improved health care facility as a result of effective tax administration and revenue generation

Table 5: Crosstabulation of Variables

KW-IRS tax system has contributed to health infrastructure in the state	KW-IRS tax is having impact on socio-economic development of Kwara State				Total
	Strongly Agreed	Agreed	Strongly Disagreed	Disagreed	
Strongly agreed	37	42	2	11	92
Agreed	12	7	6	11	36
Strongly Agreed	8	1	3	3	15
Disagreed	2	2	1	1	6
Total	59	52	12	26	149

$$X^2 = 9.345; df = 16; p < 0.05$$

From Table 5 above, 37% of the respondents who strongly agreed that new tax administration of KW-IRS is having impact on socio-economic development of Kwara state also agreed strongly that KW-IRS tax administration and revenue generation has contributed to improved health infrastructure in the state. In the same vein, 42% of the respondents agreed that new tax administration is having enormous impact on the socio-economic development of Kwara state (Table 5).

In other to test the statistical significance of this observation, chi-square test of significance was employed. The result as shown in the chi-square table ($X^2 = 9.345; df = 16; p < 0.05$) shows that the observation is significant at a 5% level. This implies that the observation in the cross-tabulation is valid. As such, the null hypothesis is hereby rejected while the alternative hypothesis is accepted. Therefore, it can be inferred based on the perception of the respondents, that the tax administration and revenue generation of KW-IRS is effective in the area of health infrastructure in the state. This implies that there is a strong relationship between effective tax administration and revenue generation and improved health infrastructure in Kwara state.

Conclusion

This study has examined the socioeconomic effects of tax administration and revenue generation in Kwara State using the case of Kwara Internal Revenue Service (KW-IRS). The study was guided by the assertion of Parkin that in countries where the public does not have a significant amount of influence over the system of taxation, that system may be more of a reflection on the values of those in power as governments use different kinds of taxes and vary the tax rates. Therefore, this study was embarked upon to examine the socio-economic effects of tax administration and revenue generation of KW-IRS in Kwara state. The study examined the dynamics of the activities of KW-IRS and its effects on education facility, improved health care facility and employment opportunities in Kwara state. The study found that the people hold the perception that KW-IRS tax administration is effective, reasonable and impacting on the developmental programmes of government. Through the KW-IRS, government had played several roles towards developing the state. Over the years, different administrations have used different tools or means to enhance tax collection and attract development of the state. However, as evident from the findings of this report, the people are of the opinion that the tax rate is too high and which can drive away potential investors. The study also found that people are scared that eventually the high tax rate of KW-IRS may eventually lead to increase in the price of commodities in the state. This study has revealed that some factors contribute to effective tax administration and some others serve as cog in the wheel of achieving adequate revenue generation in the State. Basically, some of these factors aiding effective tax administration according to finding are adequate staffing, ICT, political will etc. Meanwhile, as revealed in one of the interview sessions, factors that have militated and that can still militate against effective tax administration are inadequate funding, corruption, change of government and lack of political will.

Recommendation

Based on the findings of this research, some recommendations were made;

- i. KW-IRS as a body saddled with the responsibility of tax administration in Kwara State should improve on awareness and enlightenment programmes. This will help in the involvement of the tax payers and general public in understanding the importance of

- tax. This will equally help the government to earn people's trust and support for their developmental programmes.
- ii. Government should endeavour to deal precisely with erring member of the public or company that violates tax law. This will go a long way in showing that government has the political will to do what is right because as revealed from the study lack of political will sometimes affect efficiency of the tax collectors.
 - iii. The use of ICT should be prioritised by the KW-IRS to reduce the level of leakages in revenue generation and ensure utmost performance among the revenue collectors.

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