

EVALUATION OF TAXATION AS A TOOL FOR INDUSTRIAL DEVELOPMENT

**(A CASE STUDY OF FEDERAL BOARD OF INLAND
REVENUE, ILORIN)**

BY

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ND/23/ACC/FT/0067**

**A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF
ACCOUNTANCY, INSTITUTE OF FINANCE AND MANAGEMENT
STUDIES, KWARA STATE POLYTECHNIC, ILORIN.**

**IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE
AWARD OF NATIONAL DIPLOMA (ND) IN ACCOUNTANCY.**

MAY, 2025

CERTIFICATION

This research project has been read and approved by the undersigned as meeting the standard requirement of the Department of Accountancy, Institute of Finance and Management Studies (IFMS), Kwara State Polytechnic, Ilorin, for the Award of National Diploma (ND) in Accountancy.

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DEDICATION

This project work is dedicated to **Almighty Allah** for making it possible for my inception and completion of this program. It is also dedicated to my parent Mr. & Mrs. **Lukman**.

ACKNOWLEDGEMENT

All thanks, praise and adoration is due to the created creators of all creators, the first without a beginning, the last without an end, the all knowing who teach pen how to write, who also teach men what he knows and what not, the giver and taker, the only one who sees the truth in my lies and the errors in my perfection, guidance and abundant blessing bestowed on me from the earth till my present lifetime as giving the opportunity to be among the student of this great institution.

I would like to express my sincere thanks to my supervisor **Mr. Azeez Y.O** for his valuable guidance and support in completing my project May God continue to be with you sir. Amen I would be ungrateful if I fail to appreciate my adorable, caring and wonderful parent of mine **Mr. And Mrs. Lukman** may God continue to enrich their pocket, I pray they live long to reap the fruit of their labour.

I also give praise and adoration to the greatest Prophet in the history of mankind, no other and also to my brothers and Sisters; **Lukman Muiz Akolade, Lukman Habeeb Olamilekan Lukman Haliyah Eniola.** May Almighty Allah be with you all. Ameen.

I also wish to express my thanks to my friends; **Yusuf Habeebat, Isiaka Aishat Olaitan,** we will all meet at the top InshaAllah. Amen.

Finally, I must congratulate myself for been able to take up the challenges to complete this program and project work successfully. **ALHAMDULILAH!**

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND TO THE STUDY

The federal republic of Nigeria formally had three regions, the western region with the federal territory in Lagos. (1990) the fourth region was added to the existing regions which was the Midwest created from the western region.

Indeed, the region board of the Inland Revenue department was made up of the following;

The resident appointed by the governor. A representative of elders in each district any native authority which native law and custom was recognize as the tax collection authority.

Any village council or group of persons appointed by the governor, the law of that guided taxation in Nigeria was known as the native revenue ordinance of 1917.

This is in sub-section (1) of the section 70 of Nigeria order in council of 1960. Also in sub-section (2) and (3) the con-current power was conferred upon the parliament to make laws for Nigeria or any part thereof with income tax. In the exercise of these powers, the federal government enacted the personal income tax (Lagos) Act of 1961, because Lagos territory was being administered as region with the existence of the income tax management of 1st April 1961, all the other regions laws on taxation had to be amended to bring them into conformity with the federal laws.

Consequently, we had the following law applicable in the regions

The western regions personal tax law of 1962, to be read in conjunction ITMA, 1961.

The eastern regions; the eastern region financial law of 1962 which replaced the early finance law of 1956. Nigeria became a republic in 1963 and this eventually led to the creation of the mid-western region, which was carved out of the west and it accordingly adopted the western region tax law with some amendments to the position under the 1963 republic.

Constitution was that, the region assumed jurisdiction over the income tax of persons other than companies while the federal government assumed jurisdiction over the companies as the uniform principles under the income tax management act, and the taxation of residents of Lagos on the creation of 12 states in 1976, the state carved out the regions assumed the tax laws of regions from which they were created. The uniform principles covered by the income tax management Act 1961 include;

What constitutes income for tax purpose? Upholding residence as the basis of taxation or in the alternative principle place of business what expenses are allowable deduction for tax purpose and the machinery for computing capital allowance as a relief against profits or income? Which incomes are exempted from tax?

The rate of tax and personal relief (prior to 1994 rates and relief were determined by the states). The personal income tax laws of the states mainly dealt with machinery and procedure for assessment and collection of tax from individuals the process of objections appeals and recoveries. It is pertinent to remark here that the 1979 Nigeria constitution as amended has transferred the taxation of income and profits to the exclusive list, the federal government has repealed the following tax legislation.

Income tax management Act cap LEN 1990 Income tax (Armed forces and other persons) Art cap 174 LEN 1990 (This is a special provision) the personal income tax Lagos Act.

The pioneer companies also come under industrial development (income tax relief Act of 1971) Also, the petroleum profit tax Act 1959, which was been amended man times by decree notably the petroleum profit tax amend decree of 1967, 1970 and 1973 were promulgated to regulate the imposition of income tax of companies in the oil industry.

1.2 STATEMENT OF THE PROBLEM

As a result of lapses in tax structure in Nigeria presently the industrial development faces Several financial problems which have threatened the industrial and economic survival, hence some capital projects are suspended; it is for this reason that taxation has always been and will continue to be an issue of considerable interest. However, Nigeria tax structure is characterized with the following problem?

- ❖ The tax base is too narrow
- ❖ The taxes that are being administered are very few the self employed; people as well as the public companies do not keep proper accounts which the tax authority can rely upon.
- ❖ Lack of technically qualified personnel
- ❖ Manufacturing of properties is largely under developed and this makes it difficult to calculate capital gain tax.
- ❖ Unstoppable government policies
- ❖ High level of tax avoidance and evasion.

1.3 RESEARCH QUESTIONS

For the purpose of this study, the following question is raised to enable the researcher find possible solution to the identified problem if properly answered.

- i. To what extent does tax relieve available is adequate to guarantee enough disposable income?
- ii. What relationship exists between disposable income and the standard of living?
- iii. Are the rates of the reliefs frequently reviewed in line with the current economic needs?

1.4 OBJECTIVES OF THE STUDY

- i. To examine whether tax relieve available is adequate to guarantee enough disposable income
- ii. To assess the adequacy of tax reliefs available to the tax payers in Nigeria.
- iii. To assess the relationship that exists between the disposable income and the standard of living of individual tax payers.

1.5 RESEARCH HYPOTHESIS

Hypothesis 1: Tax relief available is not adequate to improve the standard of living of Nigerian tax payers

Hypothesis 2: There is no relationship that exists between disposable income and the standard of living.

Hypothesis 3: There is no rates of the reliefs frequently reviewed in line with the current economic needs.

1.6 SCOPE OF THE STUDY

The research work will attempt to survey taxation in Nigeria (the trend and structure) over the years and highlight the major roles of taxation on National income and its importance, the research will be restricted to the case study of federal Inland Revenue services (FIRS) Ilorin. In computing this project, the researcher faced a number of academic challenges in his environment which to some extent restricted the researcher from collection of certain data, notwithstanding the necessary data were gathering. The instruments used data collection were well structured questionnaires and interviews data are gathered from classroom, lectures, books as well as statistics. All these have their limitation; the data collection was also made difficult it by the confidential nature of information in the federal Inland Revenue services. The little information obtained eventually was a result of the researcher's constant and relentless appearances in the federal Inland Revenue service Ilorin.

1.7 LIMITATION OF THE STUDY

The constraint or limitation encountered by the researchers numerous which, environmental factors, time finances and availability of data.

Another constraints is time, this is because the time for frame for writing and submission of the research could project was strictly limited and as such a more elaborate research could be undertaken.

1.8 SIGNIFICANCE OF THE STUDY

The study is highly important not only for the student studying accountancy in schools alone but also for the government and the tax payers as a whole.

The researcher will demonstrate how revenue collected from taxes are used to provides goods and social services such as schools, hospital, public utility services e.t.c. It would make us understand that tax is not levied in returns for any specific service rendered by the government to the tax payers. Any individual cannot ask for any special benefit or gain from the state in return for tax paid by him.

1.9 DEFINITION OF TERMS

In the course of this project on taxation, these are certain terms that are likely to be met in this research work. Therefore, there is the need to give simple explanation of such terms as follows:

- ✚ TAXABLE INCOME: This refers to an individual or body of individual (including a family), corporate sole trustee or executor having any income, which is chargeable to tax by the authority.
- ✚ ASSESSABLE INCOME: This is the amount of income obtained having charged expenses and outgoing against the gross income from each sources in the year proceeding the year of assessment.
- ✚ ASSESSABLE YEAR: This refers to a period of twelve months beginning from 1st of January to 1st December every year. (Formally, it was from 1st April to 31st March of another Year. To be precise prior to 1980 and 1980 inclusive)
- ✚ CAPITAL EXPENDITURE: This consist of expenditure the benefit of which is not fully consumed in the period but spread over several years, this includes asses acquired for the purpose of earning income of increasing the earning capacity of the business e.g. land and building

- ✚ DEPRECIATION: This is the diminution in the economic value of an asset due to natural wear and tear, exhaustion of the subject matter fluxion of tone, accident, obsolescence or similar causes.
- ✚ EARNED INCOME: This refers to income derived by an individual from a trade, business vocation or employment as well as income derived from a previous employment by way of pensions. Such as income includes salaries and wages, bonus and commission, benefit in kind (perquisites)
- ✚ UNEARNED INCOME: This refers to income derived from investment made by individuals such as rents, individuals, interest, lease premium dividend, royalties, etc.
- ✚ RESERVES: A provision made to meet a known or anticipated waste, liability, loss or contingency as a prudent retention of profits in the business in order to strengthen its financial reserves.

CHAPTER TWO

LITERATURE REVIEW

2.1 PREAMBLE

This chapter seeks to review literature of existing bodies of literature on the subject of the research. The chapter analyzed conceptual framework, theoretical framework and empirical review of the study.

2.2 CONCEPTUAL FRAMEWORK

2.2.1 CONCEPT OF TAXATION

Taxation is a potent weapon in the hands of governments with which they regulate economic activities, raise revenue, and sanction negative economic engagements. Taxation has occupied a centre stage in the economic calculus since early scholarship. In 1776, Adam Smith wrote that the subjects of every State ought to contribute towards the support of the government, as nearly as possible, in proportion to their respective abilities in relation to the revenue which they respectively enjoy under the protection of the State. He further noted that: Public stock and lands, therefore, the two sources of revenue which may peculiarly belong to the sovereign or commonwealth, being both improper and insufficient funds for defraying the necessary expense of any great and civilized State; it remains that this expense must the greater part of it, be defrayed by taxes of one kind or another; the people contributing a part of their own private revenue in order to make up a public revenue to the sovereign or commonwealth.

By definition, a tax is a compulsory levy imposed by the government on individuals, companies and other relevant entities doing business and making profit in the country. It is a

payment in return for which no direct and specific quid proquo is offered by the government, and indirect benefit to different individual tax payers cannot be determined. Taxation occupies a significant position in any nation's fiscal policy generating public revenue for government expenditure on roads, power and energy, infrastructure, education and other social services. Economists have offered various insights on the principles that determine the imposition of tax. One of them is the principle of equality whereby individuals and other taxable entities pay tax that is proportionate to their current income. By this, the burden of taxation is distributed equally among eligible taxpayers. The principle of proportionality enjoys early approval in Adam Smith's *The Wealth of Nations*. So also is the principle of certainty where he insisted that the tax which each individual is bound to pay ought to be certain, and not arbitrary. The time of payment, the manner of payment, the quantity to be paid, ought all to be clear and plain to the contributor, and to every other person. For Adebayo, to guard against corrupt tax administration, the taxpayers should not be subject to arbitrariness and discretion of tax officials. There is also the principle of convenience where tax is levied at the time or in the manner in which it is most likely to be convenient for the contributor to pay it. A good illustration is the pay-as-you-earn (PAYE) system that is applicable to civil and public servants whose taxes are deducted at source or at the point of payment of their salaries. There is also the principle of economy which upholds the minimization of the cost of collection of taxes. The object of taxation might be jeopardized, if not frustrated, if the cost of collection of taxes outweighs the income that eventually comes into government coffers by it. This is what Adam Smith warned against when he stated that every tax ought to be so contrived as both to take

out and to keep out of the pockets of the people as little as possible, over and above what it brings into the public treasury of the State.

Furthermore, a tax regime must be flexible enough to amend to conform with the changing realities of the economy and at short notice without disrupting the structure of taxation. This is referred to as the principle of flexibility. Under this, additional tax legislations can come and existing ones may be amended and due to the flexibility of the system the tax administration machinery will be able to absorb the changes and stay the course. Again, a tax regime must have a simplified computation procedure. This is referred to as the principle of simplicity. A complicated computation parameter may be difficult to administer or even to understand. The language of the law must not also be ambiguous for this may result in double taxation or aid tax evasion. Some economists also add the principle of productivity, which they alternately refer to as the canon of fiscal adequacy.

2.11 Impact of the Companies Income Tax Act (CITA) on economic development in Nigeria

The ultimate impact of the Companies Income Tax Act (CITA) on economic development in the country is measureable by its capacity to contribute to public revenue and the quantum or percentage of such contribution on the one hand, and the granting of exemptions to certain businesses where such grant is targeted at boosting the productive capacity of those set of business in such a way that there is a positive impact on economic growth on the other. Section 9 of CITA imposes taxes on the profits of any trade or business; the rent or any premium arising from a right granted to any other person for the occupation or use of any property; on in

dividends, interests, royalties, discounts, charges or annuities; any source of annual profits or gains not falling within the preceding categories; any amount deemed to be income or profit under the Act or with respect to any benefits arising from a pension or provident fund under the Personal Income Tax Act; fees, dues and allowances for services rendered and any amount of profits or gains arising from acquisition and disposal of short-term money instruments like federal government securities, treasury bills, treasury or savings certificates, debenture certificates or treasury bonds.

Tax avoidance has become endemic in the country and may as well defeat the objectives of the Act. For this reason, the Act has made certain provisions to counter the malaise. Section 83 stipulates that if the person who is under obligation to deduct tax at source but failed to do so or to remit same is an officer of a government ministry, department, parastatal, institution or an agency of the Federal or State Government, or Local Government, the Federal Board of Inland Revenue may authorize the Accountant-General of the Federation in writing to deduct from the allocation of such ministry, department, parastatal, institution or agency of the Federal or State Government, or Local Government such amount of tax deductible plus interest at the prevailing commercial rate. This is a sure way of beating tax evasion by the agencies of government. But what happens if the Board does not authorize the Accountant-General remains uncertain and the Act does not provide a solution. Section 87 empowers the Board to sue in a court of competent jurisdiction to recover any taxes owing to the government by a defaulting company together with accrued interest and cost of action. The court before whom the action is brought can issue a bench warrant for the appearance of a director or other officer

of the company to attend the proceedings and when and if judgment is delivered against the company and the debt remains unpaid for six months after judgment, the director or officer may be subpoenaed to show cause why the debt remains unpaid. The punishment for such default ranges from two thousand naira to twenty thousand naira or six months imprisonment.

2.2.2 FACTOR THAT AFFECT TAX COLLECTION IN NIGERIA

1. **Tax evasion:** This involves concealment of income or profit. It is an illegal method of reduction one's tax liability such as declaring lower income or refusing to pay tax altogether. It is punishable with fines, payments of double amount that has been undercharge etc. Tax evasion device usually take the following forum, falsification of account and other documents. Concealment of information about income and assets held outside Nigeria.

Over invoicing of imports and under invoicing of exports claim for fictitious expenses in order to reduce taxable income.

2. **Tax Avoidance:** J.F AJIBOYE (2020) describes it as a situation where the tax payer takes advantage of the loopholes in tax laws to reduce his tax liability. This includes those who take advantage of circumstances that are not clearly defined in the tax law or that can bear different interpretation.

Ignorance of the importance of taxation;

Many people as a result of ignorance think that the money is for the tax collector and therefore refused to pay tax.

• Inadequate skilled personnel; to ensure good tax system, good skill are required in order to correctly assess to the amount of tax that should be paid therefore, if the tax liability cannot be ascertained, collection of such taxes be difficult.

Improper book of account, majority of the traders keep improper or no books of account at all. Therefore, this makes the assessment of tax liability and collection difficult.

2.2.3 FACTORS THAT CAN IMPROVE EFFICIENCY OF TAX ADMINISTRATION

For tax administration to be efficient the following factors must be ensured:

- **Honest and Competent Staff:** Tax official must be very honest and dedicated. They must also possess sufficient technical and administrative competence to be able to practicalize the tax laws as may be modified from time to time.
- **Accounting Record:** For a tax system to succeed, accounting records of businessmen, professionals and other self employed people in which the tax authority can rely on must be honestly prepared to enhance tax administration.
- **Literacy:** It is much easier for educated people who can read and understand the tax law to cooperate fully in reaching consensus with the tax authority on tax liability. Where as it will take a lot of time to deal with an illiterate tax payer who cannot even understand and complete the simple income return form.
- **Political will:** The authority must be firm, sincere and honest to ensure that everybody pays tax irrespective of social status therefore, if everybody (both rich and poor) pays tax without minding their social class, it will enhance good tax administration.

- Voluntary Compliance: This implies that the populace should voluntarily pay tax rather than being forced to do so. Voluntary compliance with the encouraged. If the government provides adequate social amenities and economic infrastructure.

2.3 THEORETICAL FRAMEWORK

A taxation theory may be based on a link between tax liability and state activities. This reasoning justifies the imposition of taxes for financing state activities and also providing a basis from apportioning the tax burden between members of the society. Hence, this work employs the Physiocratic and the Socio Political Theory of Taxation.

2.3.1 PHYSIOCRATIC THEORY OF TAXATION

The physiocratic theory of taxation is connected with net product. The proponents of this theory believes that only land produces a surplus, as a result of that taxes should be paid from the surplus or net product. Net product according to them, was conceived as an excess of output over the inputs. They are of the opinion that the state has to be maintained, therefore, some revenue is needed for its maintenance but the total revenue demand from the government should not be exorbitant. And so, from where should the state collect its revenue for the maintenance of the state and cure the ills of the society as a whole? Hence according to this theory, the final incidence of any tax must rest upon net product since that is the only source from which it can finally come.

2.3.2 SOCIO POLITICAL THEORY OF TAXATION

The theory advocates that tax system should not be designed to serve individuals, but should be used to cure the ills of a society as a whole. Hence, they stated that social and political

objectives should be the major factors in selecting taxes and each economic problem should be looked at in its social and political context and appropriate solution found thereof. This theory maintained that the essence of tax is to bridge the gap between national development needs and funding of the needs. Besides, taxes are found to be unable to achieve macro objectives except when re-engineered. This implies that taxes are designed as a strategic option to cure the ills of the society thereby improving the economic development of the state and the whole nation at large.

Many scholars have used a lot of theories to explain taxation and its role, but none has employed the physiocratic theory of taxation in relation to socio political theory of taxation to explain the role taxation plays in the development of the Nigerian society. Apart from this, it is also observed that many of the studies already carried out collected their data from just a state but this study used primary data collected from more than ten (10) different states. This population represents the entire Nigeria. It is based on the existence of these lacunae that the researchers embarked on this study so as to filling them.

2.3.3 INCIDENCE OF TAX

Tax incidence refers to the final resting place of the tax or the person who bears the burden of the tax by suffering a loss in his personal disposable income. At this junction it is necessary to distinguish between legal impact and effective impact of tax.

Legal Impact: This falls on whoever is legally liable to pay tax to authority

Effective Impact: This falls on whoever finally bears the burden of tax.

2.3.4 DUTIES OF THE FEDERAL BOARD OF INLAND REVENUE

The board has great powers and many duties, some of the duties are important that the board is not allowed delegate any of them to any other person. Some of these exclusive duties are mentioned below. The board is charged with the administration and management of the companies' income tax and value added tax.

The assessment and collection of the tax in its jurisdiction. The accounting for all amounts so collected specifying the form of returns of claims statement and notices to make or given.

Institution legal action in court to recover any tax payable and penalties.

2.4 EMPIRICAL REVIEW

Many empirical studies provided different revelations and explanations of taxes and state development. Hence, this section of the paper takes care of that through the definition some important key terms.

Ajayi et al., (2018) in their book "Development of taxation" development may mean different things to different people; therefore, it is important that we have a working definition or core perspective of its meaning. Development in this paper is strictly understood as an economic term meaning the capacity of a national economy, whose initial economic condition has been more or less static for a long time, to generate and sustain an annual increase in its gross national income (GNI) at rates of 5% to 7% or more. After a long experience, when many nations did not reach their economic growth targets as statistics revealed, and most levels of the masses of people remained for the most part unchanged, that signaled that something was very wrong with the traditional definition of development (Todaro & Smith, 2016).

Then in 1970s-1990s, some economists such as Amartya Sen came to re-define development as that which must be conceived as a “multidimensional process involving major changes in social structures, popular attitudes, acceleration of economic growth, the reduction of inequality, and the eradication of poverty.” It must represent a whole gamut of change by which an entire social system turns to the diverse basic needs and desires of individuals and social groups within that system, moves away from a condition of life widely perceived as unsatisfactory towards a situation or condition of life regarded as materially and spiritually better (Todaro & Smith, 2016).

It has also come to mean the progress of the economy which constitutes the road for development of a nation. It was from this perspective that Pope Paul VI in his encyclical letter *Populorum Progressio* noted that, “economic development has to be integral and promoting to all men.” For Pope Paul VI (2020) therefore, “every development is a passage, for everyone and for all, from the condition of life more or less human.” From this perspective, economic development should be seen as the process of social transformation of the conditions of the life of people within a given population.

Karl Marx on his own part focused his critique of development on the capitalist system. According to him, the social, political and spiritual life of a given society is determined by the mode of production. Neo-classical economists, on the other hand, advocated that competitive market conditions, which ensure more efficient allocation of resources, result in greater national income. From the above analysis, it follows that all development theories must take

into account, capital stock, the stock of human agents, land and natural resources, and technology (Uzonwanne, 2018).

Economic development, among other things, means the attainment of a number of ideas of modernization such as a rise in productivity, social and economic equalization, improved institutions and values. It involves something more than economic growth. In short, development means growth plus change (Aderinto & Abdullahi, 2017). Such qualitative changes include improved performance of factors of production. It also includes increasing man's control over nature. It may also reflect in the development of institutions and a change in the attitudes and values.

Although the increase in the real income per head is one of the primary objectives or goals of economic development, it has also become common to interpret economic development in terms of a number of other sub goals such as a certain distribution of income policy objective, a diminution in economic inequality among the citizens, avoidance of marked disparities in the prosperity and growth of different regions within a country.

Narrowing it down to the state, we will then define state development, as the capacity of a state economy, whose initial economic condition has been more or less static for a long time to generate and sustain an annual increase in its gross domestic product (GDP) at 5% to 7% or more. It is the capacity of increasing the standard of living of the citizens, applying structural and infrastructural change in the state or nation. It is the freedom for operation as well as greater choice for the general well-being of the people in the economy.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 PREAMBLE

This chapter highlights the procedures used in conducting the study. Pertinent issues discussed in this section include the research design, population of the study, sample size and sampling techniques, sources and methods of data collection, instrument of data collection and techniques for data analysis.

3.2 RESEARCH DESIGN

A research design is the basic plan which guide the data collection and analysis phase of the research project. It is structuring of investigation aimed at identifying variables and their relationships to one another. It is basically a preconceived notion of what the information, the investigation needs to generate to complete the study, why it is needed, how it is needed to be secured and how it is to be referred and related to the statement of the problem.

In management science, the research methods employed include historical, empirical, case study and survey method. Survey method was therefore employed for this study.

3.3 POPULATION OF THE STUDY

The population of this study for the purpose of this convinces is satisfied in the following order. The management level which comprises of the Assistant Commissioner of Revenue direct assessment Assistant Commissioner of revenue paid as you earn (PAYEE), Assist commissioner of revenue other taxes, the head office board of Internal Revenue, the compliance branch, collection, Accounting branch and other subordinate officers.

The entire staff of these officers is 100 staff. The sample size for this study consist of 100 staff, this is arrived at according to Yaro Yammane formula.

3.4 SAMPLE SIZE AND SAMPLING TECHNIQUES

In getting a sample study from the top level managers a stratified sampling technique was employed. In stratified sampling, there are three fundamental advantages; stratified sampling method offers a variety of different research methods and processes to be used hence efficiencies in statistical methods (Cooper & Schindler, 2022).

The total population of the study is 100. However, the formula for estimating the sample size as suggested by (Guilford and Flusher, 2020). He was adopted to arrive at the sample size. The formula is stated as follows:

$$\frac{N}{1+a^3N}$$

N is the size of the population

a is the alpha (the level of significance)

3.5 SOURCES AND METHOD OF DATA COLLECTION

The two basic sources of data collection used include primary and secondary data collection

- 1. PRIMARY DATA COLLECTION:** This refers to data collected fresh in relation to this research work. They could also refer to as first hand raw information. These data are obtained through questionnaire administration. The use of the accessibility of the designed respondent. Also as long as they are properly designed, respondents identifies kept confidential, reliable responses are obtained.

2. SECONDARY DATA COLLECTION: These are existing reformation which is useful for the purpose for the specific surveys, it includes readily available data which have been collected and used for other purpose. These sources include magazines, journal, textbooks, newspaper, abstract and annual report etc.

Therefore in course of paper conduct of this research work, important and relevant information will be obtained from the members of staff and management of Federal Board of Inland Revenue, Ilorin. Professional journal will also be used in this regard. Also literature relevant to this thesis of high value in the theoretical frame work. Discussion with colleagues and member of staff of Federal Board of Inland Revenue, Ilorin will also serve as part of the sources.

3.6 RESEARCH INSTRUMENT

The major instrument used for the collection of data from the case study is questionnaire and the questionnaire contains different point or section which focuses on issue that are related. The questionnaire contains almost section A and B, section B which each section contain five (5) questions on importance of cost volume project analysis.

3.7 TECHNIQUES FOR DATA ANALYSIS

Data presentation and analysis is a vital respect in research making. It serves as the core of a Research due to the fact that gives meanings and shape to the raw data collected during the data collection stage. The critical position occupied by data presentation and analysis is also clearly perceived when consideration is given to the conclusion and recommendation concerning research findings, which are derived from the data presentation and analysis.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION

4.1 PREAMBLE

This chapter deals with the presentation of data and data analysis and interpretation of data collected from the secondary data obtained from the Federal Board of Inland Revenue, Ilorin.

4.2 RESPONDENTS CHARACTERISTICS AND CLASSIFICATION

In this chapter, an attempt was made to classify responses according to sex, age and year of experience in service of all respondents in the Inland Revenue Service, Ilorin in the course of gathering the data for the writing of this project.

This section contains contents, the responses, which however have been restricted into tabular form or easy application. The tabulation is basically a data collection exercise, which enable the responses to be computed and analyzed by numbers.

TABLE 1: SEX OF RESPONDENTS

SEX	NUMBER	PERCENTAGE
MALE	70	70
FEMALE	30	30
TOTAL	100	100

Source: Research Survey 2025

The above table shows the sex distribution of the respondents in the service 70% of them is male, while 30% of them are female.

TABLE 2: AGE OF RESPONDENTS

NO OF YEARS	NUMBER	PERCENTAGE
BELOW 20	0	0
21 – 25	25	25
26 – 30	25	25
31 – 35	30	30
36 – 40	20	20
TOTAL	100	100

Source: Research survey 2025

From the table above, the age bracket that shows the highest number of respondents is 31– 35

TABLE 3: MARITAL STATUS OF RESPONDENTS

MARITAL STATUS	NUMBER	PERCENTAGE
MARRIED	70	70
SINGLE	30	30
TOTAL	100	100

Source: Research Survey 2025

The above table shows the marital status of the respondents in in which 70% of them are married, while 30% of them are single.

TABLE 4: JOB STATUS OF RESPONDENTS

JOB STATUS	NUMBER	PERCENTAGE
SENIOR	60	60
JUNIOR	40	40
TOTAL	100	100

Source: Research Survey 2025

The above table shows the job status of the respondents in in which 60% of them are senior, while 40% of them are junior.

TABLE 5: Years in service of Experience Distribution

NO OF YEARS	NUMBER	PERCENTAGE
4 YEARS ABOVE	60	60
3 – 4	25	25
36 – ABOVE	15	15
TOTAL	100	100

Source: Research survey 2025

The analysis above shows the distribution of the year of experience of the respondents in the Inland Revenue Service, Ilorin.

TABLE 6: EDUCATIONAL QUALIFICATION OF RESPONDENTS

EDUCATION QUALIFICATION	NUMBER	PERCENTAGE
OND	20	20
HND	50	50
BSc.	30	30
Total	100	100

Source: Research Survey 2025

The above table shows the education qualification of the respondents

4.3 PRESENTATION AND ANALYSIS OF DATA ACCORDING TO RESEARCH QUESTION

TABLE 7: Does taxation as a tool of fiscal policy has contributed immensely to the industrial development of Nigeria?

NO OF YEARS	NUMBER	PERCENTAGE
YES	50	50
NO	25	25
INDIFFERENT	25	25
TOTAL	100	100

Source: Research survey 2025

It could be established from Table 4 that taxation as a tool of fiscal policy has contributed immensely to the industrial development of Nigeria as about 50% of respondents agreed with the facts in the process of gathering the data.

TABLE 8: Does the reasons for taxation by government are Genuine or Exploitative?

RESP8NSES	NUMBER	PERCENTAGE
YES	80	80
NO	-	-
INDIFFERENT	20	20
TOTAL	100	100

Source: Research Survey 2025

TABLE 9: Is the tax administration in Nigeria poor?

RESPONSES	NUMBER	PERCENTAGE
YES	40	40
NO	60	60
INDIFFERENT	0	0
TOTAL	100	100

Source: Research survey 2025

It is reveal from the table 6 above that the tax administration in Nigeria is poor. About 40% of the respondents gave their opinion for this, which means that the government on its side has to improve the administration of tax in the country such as ensuring the quality of tax official interim of the honesty and competence provision of the required facilities and equipment for tax exercise.

TABLE 10: Is there a way by which the government can encourage regular payment of tax in Nigeria?

RESPONSES	NUMBER	PERCENTAGE
YES	70	70
NO	-	-
INDIFFERENT	30	30
TOTAL	100	100

Source: Research Survey 2025

With references to the data above, it could observe and concluded that these are ways or means by which government can encourage regular payment of tax in Nigeria.

TABLE 11: Is there any significant difference between the money invested and revenue in your company?

RESPONSES	NUMBER	PERCENTAGE
YES	75	75
NO	25	25
INDIFFERENT	0	0
TOTAL	100	100

Source: Research Survey 2025

4.4 TESTING OF HYPOTHESIS

The hypothesis was designed to test whether or not taxation has helped the economy of Nigeria as a tool of industrial development.

HO: That taxation has not helped the Nigeria economy

HI: That taxation has helped the Nigeria economy

4.5 SUMMARY OF FINDING

In this chapter, data collected using the instrument of data collection were presented and analyzed. The data such presented were based on the responses from the respondents through the use of carefully administered questionnaires which was completed and returned to the researcher.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 SUMMARY

The objective of this project is to throw more light on taxation as a tool for Nigeria Development, which has been extensively discussed. It laid emphasis on the meaning of tax, types, structure, importance and its administration as a whole. Therefore, it is quite understood and agreed that tax is a compulsory imposition by government on individuals and legal entities without “Quid Pro Quo” i.e. the payer does not receive a defined and direct return for its payment.

In Nigeria economics, social political circumstance determine the tax structure which is known to be of narrow base (i.e. what) are to be taxed and the type of taxes that are to be administered are very few, and as a result, the revenue from this forms are very small proportion of the national income. Apart from thus, these are sociological and cultural characteristics that are said to create a high level of evasion and a avoidance.

The ideal of introducing a VAT in 1993 brought about the replacement of the existing states tax, which has been in operation under the federal government legislated Decree 1996 VAT is a consumption tax that has been embraced by many countries. The burden of the tax is borne by the final consumer of the goods and services because it is included in the price paid for such goods and services.

Also, capital gain tax (1967 was introduced, subject to tax chargeable assets; capital gain represents mainly the excess of disposal proceeds, over the cost of the particular asset.

To stimulate economic growth and development in Nigeria, tax policies like tax concession, tax holidays are to be pursued for rapid industrialization in their country. To reinforce these policies, exercise duties are given more attention with regards to supporting and promoting imports substitution, which gives room for the production of goods that are known for importation here in Nigeria.

Tax holidays, tax reduction etc. are granted to the local industries so as to enable them survive the competition from their foreign counterparts.

As development takes place, the tax policies change to reflect the new development in the industry. In conclusion, the petroleum profit tax and company taxes have a substantial contribution to the revenue structure of the Nigeria economy as industrialization takes place.

5.2 CONCLUSION

Having carried out a thorough study on taxation as far as this project work concerned, it could be deduced that taxation as a fiscal policy tool plays a vital role in the economic development of an economy and its importance cannot be underrated.

Apart from its importance in the area of revenue generation. It also serves as a major fiscal policy tool, which the government uses in regulating and controlling the economic stability. Government generates its revenue from taxation, it also uses taxation to control the consumption of goods, protect the infant industries. Check inflation and redistributes income among income earners and it corrects the balance of payment.

In light of this, taxation is an economic tool in structuring the economic development of a country as it has been studied and discussed in this work, it is highly indispensable in an

economy if industrial development it to be attained. As a matter of fact, it is the civic duty of all Nigeria citizens to work hand on hand with the government by ensuring that taxes are paid regularly thereby capacitating the government on its own side to discharge its responsibility to the citizenry and the nation as a whole.

5.3 RECOMMENDATIONS

In order to reduce the problems associated with the collection of government revenue, the following recommendations are consequently offered for use. People to be transparent, honesty and integrity should be allowed to be in charge of revenue collection exercise so as to ensure that all collected is presented to the appropriate bodies or agencies. Due to the fact that the government relies on the revenue to execute its projects. It must be ensured that it works with reliable and honest officers in the revenue services.

Public orientation is also an avenue of boosting government revenue. This has to do enlighten of the public on the important of the revenue to the government as the people themselves. Government needs revenue for the provision of public utilities like water, light, post office etc. All these could be made possible by government if the people are patriotic by paying tax regularly.

The board of custom and exercise while is responsible for the collection of import and export duties and also combating smuggling activities is to be strengthened and properly equipped so as to improve their service and by so doing will improve the government revenue.

The condition of service in the federal Inland Revenue and also that of the internal revenue department should be made attractive to the professionals; it seems already that the federal

government has started adopting this recommendation with relied package to federal public service. This will therefore go a long way in improving the amount of revenue collected since the collectors are now in good positions, which enhance their diligence and honesty

These aforementioned recommendations are applicable to all forms of revenue, while their one below are mainly applicable to petroleum profit tax.

The state government should not be allowed to be cloud there sense of judgment.

Efforts should be made to improve the condition of services in the mines and technical divisions directly connected with the production of revenues, so that qualified and experienced officer can be attracted to such divisions

It has been highly observed that the tax collection machinery is weak in the recent times, and a lot has to be done to develop this major source of revenue to the government. In a nutshell, the tax base has to be widened so that the three tiers of government will be capable of generating adequate revenue to finance their expenditure while the quality of service of tax assessor must be improved by the government to ensure the best performance and attainment.

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