

AN ANALYSIS OF TAXATION AND REVENUE GENERATION IN NIGERIA*

Abstract

The Nigerian tax system is dominated by returns from the sale of crude oil as the revenue from petroleum tax now hydro-carbon tax is within the jurisdiction of the Federal Government; it has on the average accounted for about 90% of overall national revenue. This is of course shared according to an approved revenue sharing formula between the three tiers of Government. This paper contains primary and secondary sourced materials, such as laws, statutes, and other resource materials. This paper found out that a tax system can provide the Government with effective and flexible instruments for the day-to-day management of the economy. Hence taxation can be used to achieve specific economic objectives of a nation. For example, capital allowances can be used as a means of stimulating the manufacturing sector by increasing the value-added content of domestic output in some key industries in Nigeria. It is recommended that Government at all levels should have the political will and should also ensure effective assessment, collection and utilization of tax revenue.

Keywords: Revenue, Tax, Government, Constitution, Federalism

1. Introduction

Traditionally, the basic function of taxation was simply to raise sufficient revenue to satisfy the needs of the Government that is to meet its current expenditure. Today, however, we have travelled a long way from that, as taxation now has multifarious dimensions. Today, therefore, taxes have an important role to play especially in any Government's economic and social policy.¹ Nigeria being a federal system with three constitutionally recognized Federating Units, such as Federal; 36 States and FCT; and 774 Local Governments. The Country's tax system and fiscal operations are made to adhere to the key principle of fiscal federalism. The Nigerian tax system is dominated by returns from the sale of crude oil. As the revenue from petroleum tax now hydro-carbon tax is within the jurisdiction of the Federal Government, it has on average accounted for about 90% of overall national revenue. This is of course shared according to an approved revenue sharing formula between the three tiers of Government. Apart from oil, other prominent tax items include: personal income tax; company income tax, value added tax, capital gain tax; custom and exercise duties and tertiary education trust fund, which is derived from the company income tax.

There are two dimensions to taxation, the first is the doctrine that taxation should be based on the ability to pay, so that the burden of taxation ought to be heavier for rich men than for the poor, with the taxes being used to pay for social services for the less fortunate. This is achieved by the graduation or progressiveness of the rates at which the taxes are levied.² The idea is that the tax system ought to reduce inequality. The second dimension sees the present distribution of wealth as being unjust and so attempts to reverse the situation by fixing taxes at confiscatory rates in favour of the poor. High taxes on the income and wealth of the well-to-do can produce either incentive or disincentive effects.³ Sometimes a taxpayer's spendable income is reduced through taxation so he is compelled to work harder in order to restore his lost income. Taxes that produce incentive effects therefore increase productivity. On the other hand, a high marginal tax rate can produce the disincentive effect which makes the worker take to leisure rather than to extra work. It has been shown that the disincentive effects are indications of economic inefficiency and waste.⁴ Disincentive effects can take different forms, including emigration to countries of low tax rates, and involvement in 'black economy' activities. Other kinds of distortion likely to be caused by a high marginal tax rate include substitution of one form of business organization for another as differences in the tax treatment of the various kinds of businesses may lead to the choice of those most favourably treated by the tax system, and a high incidence of tax evasion and tax avoidance. It has been argued that in order to avoid the disincentive effects, a tax system is required to provide a broad base for revenue so that marginal rates of taxes can be kept down as the required revenue could still be generated by low rates spread over a large tax base, rather than raising the same revenue by concentrating high rates of tax on a few activities.⁵ This may well be the case, but considering the circumstances of Nigeria where the well-to-do spend lavishly on imported goods and their consequent low propensity to save or invest in activities that will be beneficial to the national economy, it may be a good idea to move in the direction of greater effective progressivity. This will, inter alia, reduce the need for imports and make revenue available to the Government for development by preventing the excessively large concentration of economic power in a few private hands which have not been used to make Nigeria grow. Moreover, the experience we have had in Nigeria shows that any reform of the tax system will not be detrimental to private investments and savings, for the rate of investment is governed far more by market opportunities and by availability of imported goods than by tax regulations. Taxation has become an important consideration in the planning of savings and investments and by harmonizing it with development strategy and changing economic structure, the Government can use taxation as a powerful fiscal weapon to plan and direct the economy. By so doing, steep booms and deep recessions can be avoided. Thus, taxation can be used in shaping the economic growth and development of a country.

A tax system can also provide the Government with effective and flexible instruments for the day-to-day management of the economy. Hence taxation can be used to achieve specific economic objectives of a nation. For example, capital allowances can

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¹ G S A Wheatcraft, *A Taxation Policy for Growth* (1968) BTR at 131

² The Myth of Tax Progressiveness (1974) BTR at 7

³ Wheatcraft, (n 1) at 147.

⁴ *ibid.*

⁵ Meaden Report on the Structure and Reform of Direct Taxation at 9

be used as a means of stimulating the manufacturing sector by increasing the value-added content of domestic output in some key industries in Nigeria. Taxation can also be designed in such a way as to direct private investment in line with national needs and priorities, for instance through the use of, *inter alia*, tax incentives to attract industries to remote areas of the country. The tax system can be used to regulate or discourage particular activities of citizens which are thought to be undesirable on social grounds such as drinking alcohol, smoking or betting.

2. Role of Taxation in Revenue Generation in Nigeria

A basic responsibility of every Government is the provision of public infrastructure and social services to its citizenry. Being a highly capital-intensive venture, generating adequate revenue to finance this crucial obligation is a major concern of the Government. To boost revenue generation, certain tools of fiscal policy may be employed, two of which include taxation and offering tax incentives as a means of attracting investment. Attention is drawn in this section to the contribution of agricultural taxation, direct and indirect taxation to Nigeria's economic growth. The purpose is to illustrate in numerical data the contribution of different types of taxes collected in Nigeria to the Nation's economy. Agricultural taxation which is mainly produce and export taxes form part of the direct taxes. It is treated separately here because of its significant contribution to the development of early Nigeria economy. The contribution of agricultural taxation prior to oil revenue before 1974, the burden of financing the economic development in the Nigeria economic fall on agriculture. Prior to the oil boom, Nigeria economy depended very much on agriculture. The flow of the economic surplus to the State treasury during these years was also from peasant agriculture. That is the Agricultural exports were tax twice through (Export duties and Purchase/Sales were taxed by the Regional or State Governments and retained. The combined effect of those taxes imposed a heavy burden on peasant incomes. Rough estimate exist which put the average tax burden to Nigeria's four major export crops namely Cocoa, Palm kernels, Groundnut and Cotton at roughly 38% during 1954-1974 with the highest burden of 42 on cotton, 20% during 1954-1961 with the highest burden of 32.3% palm kernels.⁶ From particular source.⁷ The percentage revenue per Gross Domestic Products (GDP) for all taxes collected in Nigeria between 1961-63 were given as 18.8% out of the above figure, produce and export duties on agriculture contribute immensely. These dates on produce and sales realized on agriculture taxation and the tremendous impact on the early Nigeria economy. As oil revenue became increasingly available agriculture taxation was relaxed and eventually scrapped. In 1974, on the eve of the Third National Development Plan 1975-1980, export and produces taxes on Nigeria agricultural exports were completely removed. Direct taxation are levied on chargeable person income or capital and are paid directly by the person to the tax authority.

Personal Income Tax, Company Income Tax and tax on Capital will fall into the categories of direct tax.⁸ Out of total revenue collected between 1976 and 1978 (which was 18.89% per Nigeria GDP) direct taxes has 14.73%. This large number was due to corporate taxes which have much as 14.72%⁹ per GDP. The above data shows the direct taxes generate the greater part of the entire revenue from tax in the early stage of Nigeria economy (direct taxes has only 4.16% between the same periods). Presently, direct taxes still maintain the highest amount of revenue with the introduction of petroleum profit tax now hydro carbon tax under the Petroleum Industry Act of 2021 which provide more than 80% of the total Federal Government Revenue from tax. Taxes on expenditure are paid indirectly as part of the payment of some goods, services and permit to do something. While those taxes may be collected. The most important component of indirect taxes worth of elucidation here is the import duties. Out of the total 18.8% per GDP of all tax revenue between 1976 and 1978, indirect taxes have 4.16% per GDP.¹⁰ Import duties have fulfilled a dual purpose, namely as a source of Public Sector revenue on the one part, and on the other as potentially effective stabilization instrument given the very 'open' nature of Nigeria economy. As from 1960s Import duties emerged as an instrument for protecting domestic industries by increasing duties on imported items. But this protectionist role has been for less effective given the inelastic nature of import consumption in Nigeria. High import duties have always meant higher revenue for merit instead of reduction import consumption.

Having concisely discussed a number of taxes collected in Nigeria it is experienced that tax constitutes a means of income redistribution from one sector of society to another sector. Thus, taxation is one of the oldest institutions for the support and regulation of the Nigeria economy development financing prior to oil boom was the principal foreign exchange earner before the modern Nigeria economy. Such as Jangali tax from Fulani Nomads and from neighbouring towns and villages that were captured by the then superpower chiefs and emirs in their territories. Even before the independence of this country there were taxes on the agricultural products such as sales from cotton, groundnut, hide and skin and so on. But a total abandonment of agricultural sector by Nigeria Government in recent years means a total loss of revenue especially from produce or sales tax, export duties on agricultural product. A lot needs to be done by the Nigeria Government to revitalize this important sector of the economy.

The true mirror of Nigerian's pride had faded away because culture lost its pride of place to oil and brought in its trail series of social adversaries ranging from inflation, squander mania rooted in large-scale corruption on domestic scene and serious erosion of our foreign-exchange reserved as a result of gross mismanagement of our new found oil wealth. Taxation is now considered not only as revenue raising device but as an instrument by which Government can influence the direction of economy. However, the contribution of income tax revenue in Nigeria has not been encouraging since corruption, evasion, avoidance have indicated strong associate with income tax in Nigeria which results in low revenue generation.

(a) Nigeria has heavily resorted to foreign capital, such as loans and aids as a primary means to achieve rapid economic growth.

⁶ Computed Data in AXHelleiner 'Peasant Agriculture Government and Economic Growth in Nigeria: ' (1916) *Richard DI*163.

⁷ O T Odiongenyi, *Personal Income Tax Law in Nigeria* (1987) 2.

⁸ Sourced from IMF 1984 of World Bank 1983 op.cit.208-9 from the person providing goods or services their burden is usually born by the ultimate user or consumers in the form of higher prices. Because of their indirectiveness in incidences, this class of tax is sometimes referred to as hidden tax. Indirect Tax include import duties, export duties and sales taxes on (VAT).

⁹ Ibid at 208-9, the bought connivance of customs official, has constituted into small way to observed decline in this Category of revenue.

¹⁰ CS Ola, *Income Taxation for corporate and incorporated Bodies in Nigeria* (New Edition, Hevemmann Educational Books Nig. Ltd. Ibadan 1984) 163.

- (b) Neglect of enhancing income taxation. Hence, accumulate huge external debt in respect to gross domestic product (GDP) and serious debt servicing problems in terms of foreign exchange flow and as such majority of its citizens live in abject poverty.

3. Raising of Revenue for Government Services

The classical purpose of taxation is the raising of funds to meet Government expenditure in one form or the other. Tax has been the most important source of Government revenue. We have two types of taxes, as it relates to expenditures in the form of recurrent and capital expenditures.

Recurrent Expenditure

It refers to the ordinary Government expenditure on running cost which has to be met. Recurrent formation is an important part of Government expenditure because it deals with provision and maintenance of very vital services and day to day administration of the country. Government uses taxes levied on the people like personal income tax to finance recurrent expenditure. Salaries and allowances of public and civil servants, judges, universities lecturers and many high- and low-grade officers were being taxed from the source under Pay-As-You-Earn (PAYE). All these types of taxes help to finance Government's recurrent expenditure. It also includes expenditure on economic services as maintenances of roads, social and community services as payment of teachers' salaries, free education, payment of pension and gratuity to retired public servants.

Capital Expenditure

Is the cost of bringing into existence a new project and institutional services, it refers to all Government expenses on new buildings, roads, facilities or schools and equipment for provision of social and economic services. In short, capital expenditure is an expenditure made by Government in acquiring structure that may be used for further production. There are areas where Government expends its capital expenditure, such as the expansion and construction of roads, hospitals, clinics & maternity centers, schools and military institutions. Granting loans to Government organizations to finance their capital project as well as gains to other Government supported institution for the physical expenditure. Meeting the country's external financial obligations/relationship such as movement in foreign exchange reserved and deposits in the international institutions etc. an example of recurrent expenditure is the present monetization scheme.

Monetization was a policy during the Obasanjo regime, a system where Public Servants were given specific sums of money base on their grade level in service to cater for their residential accommodation, medical and transport allowances. This project was sponsored from the government treasury which was sourced from the tax payers' money, used in services the workers. In the Meade Report, the question on who bears the burden of tax was answered, by those who are to benefit from the government revenue and expenditure.

4. Impediments to Taxation as a Source of Revenue

The issue of taxation problems in Nigeria is becoming worrisome. Despite series of effort to curb and or eliminate the problems, it is disheartening to note that the problems still persist. Up till now the tax payers are not willing to pay their tax voluntarily. Cases of both legal and illegal/means of escaping the payment of tax is still on the high side in Nigeria. Both corporate and private individual are culprit when it comes to the issue of non-payment of tax. The major taxation problem in Nigeria as discussed hereunder is the problems of tax avoidance and tax evasion.

Tax Avoidance

The word 'tax avoidance' is never defined in the Nigerian tax legislation. However, in the words of Hornby¹¹, tax avoidance can be described as ways of paying only smallest amount of tax that you legally have to. Black's Law Dictionary defines tax avoidance is simply as the act of taking advantage of legally available tax planning opportunities in order to minimize one's tax liability. In the words of Nlerum¹², tax avoidance is the ability of the tax payer and their consultants to reduce their tax liability by manipulating the provisions of tax law i.e the tax payer takes full advantages of all exemptions, deductions, concessions, rebates, allowances and other tax reliefs or benefits permitted by law and arranges his affairs under the circumstances. She stated further that, avoidance of tax liability by so arranging commercial affairs that charge to tax is reduced is not prohibited but it is wrong. Invariably, tax avoidance therefore, can be said to be the arrangement of taxpayers' affairs using the tax shelters in the tax laws, and avoiding tax traps in the tax laws, so as to pay less tax than he or she would otherwise pay. That is a person pays less tax than he ought to pay by taking advantages of loopholes in a tax levy.¹³ From all aforesaid, tax avoidance can thus be said to be a legal way by which a tax payer can get relief through the payment of less amount he or she ought to have paid for the assessed tax period. The payer is not trying to escape payment but looking for ways of paying fewer amounts. Tax avoidance does not necessarily denote. Tax avoidance does not necessarily denote an activity that is in all cases obnoxious. Indeed, tax avoidance some cases were considered to be legal. This was the position in the case of *IRC v Fisher's Executors*¹⁴ wherein a limited company with large undistributed profits which has resolved to capitalize part of these profits and to distribute them pro rata among its ordinary shareholders as a bonus in the form of 5 percent debentures stock, the whole aim being to prevent the shareholders from paying super tax on the bonus, it was held that the bonus paid in debenture stock was not income in the hands of the shareholders and was therefore not liable to super tax. In that case, Lord Summer said.

My lords, the highest authorities has always recognized that the subject is entitle so to arrange his affairs as not to attract taxes imposed by the crown so far as he can do so within the law, and that he may legitimately claim the advantage of any express terms or of any omissions that he can find in his favour in taxing acts. In so doing he neither comes under liability nor incurs blame.

¹¹A S Hornby, *Oxford Advanced Learner's Dictionary of Current English* (Oxford University Press 2000) 354

¹²F E Nlerum, 'Taxation in Nigeria: Matters Arising' (2010) Vol. 1, No 4 *Journal of Business, Property & Constitutional Law*

¹³S Lekan and O Sunday, *Taxation: Principles and Practice in Nigeria* (Silicon Publishing Company 2006) 64

¹⁴(1962) AC 395

It is worth noting that, the view in *Fisher's Executor's case* was also followed in *Ayreshire Pullman Motor services and D.M Ritchie v IRC*¹⁵ and in *Duke of West Minister v IRC*.¹⁶ In the words of Fullagar J in *Federal Commissioner of Taxation v Westgarth*¹⁷, the word avoidance involves, I think, no notion of escaping by any device or artifice, escaping through not being called upon to pay.

Caution must be exercised however to see tax avoidance as totally permissible or legal. Many judges on many occasions as pointed out in *Ayua*¹⁸ have pointed out that tax avoidance is not a commendable exercise, that indeed it is an evil exercise which should be prevented. In the case of *Latilla v IRC*, Viscount Simon L.C said:

My lords, of recent years much ingenuity has been expended in certain quarters in attempting to devise methods of disposition of income by which those who were prepared to adopt them might enjoy while receiving the equivalent of such income without sharing the appropriate burden of British taxation. Judicial dicta may be cited which point out that, however elaborate and artificial such methods may be, those who adopt them are 'entitled' to do so. There is of course, no doubt that they are within their legal rights, but that is no reason why their effects should be regarded as a commendable exercise of ingenuity or as a discharge of the duties of good citizenship. On the contrary, one result of such methods, if they succeed, is of course to increase *pro tanto* the load of tax on the shoulders of the great body of good citizens who do not desire, or do not know how to adopt those manoeuvres.

Sir Wilfred Green M.R also concurred with this statement when he said in the case of *Lord Howard de Walden v IRC*¹⁹ that For years a battle of manoeuvres has been waged between the legislature and those who are minded to throw the burden of taxation off their shoulders on to those of their fellow subjects. In that battle, the legislature has often been worsted by the skill, determination and resourcefulness of its opponents of whom the present applicant has not been the least successful. It would not shock us in the least to find that the legislature has determined to put an end to the struggle by imposing the severest of penalties. It scarcely lies in the mouth of the taxpayer who plays with fire to complain of burnt fingers.

In some other cases²⁰, judges also condemned the act of avoiding tax payment.

Forms of tax avoidance in Nigeria

According to *Nlerum*²¹, people have continued to evade and avoid tax because of a number of reasons which include unbearable high tax rates, lack of faith in the ability of government to use tax money well, total ignorance of the law, absence of any visible benefit accruing to the taxpayers, inefficiency of tax administration, ridiculous low penalties and outright unwillingness to contribute towards the upkeep of one's society. Not only that, the under listed is amongst the ways by which tax is avoided by the Nigerian tax payers.

- i. Incorporating the tax payer's sole proprietor or partnership into a limited liability company.
- ii. The ability to claim allowances and reliefs that are available in tax laws in order to reduce the amount of income or profit to be charged to tax.
- iii. Minimizing the incidence of high taxation by the acquisition of a business concern which has sustained heavy loss so as to set off the loss against future profits.
- iv. Minimising tax liability by investing in capital asset (for instance through the new form of corporate financing by equipment leasing), and thus sheltering some of the tax payers income from taxation through capital allowance claims.
- v. Sheltering part of the company's taxable income from income tax by capitalizing profit through the issue of bonus shares to the existing members at the (deductible) expenses to the company.
- vi. Creation of a trust settlement for the benefit of children or other relation in order to manipulate the martinet tax rate such that a high-income bracket taxpayer reduces his tax ability. Converting what would ordinarily accrue to the tax payer (employee) as income into capital gain (i.e. compensation for loss of office) the advantage of the employer and employee manipulation of charitable organizations whose affairs are controlled and dominated by its founders thus taking advantage of income tax exemption.
- vii. Buying an article manufactured in Nigeria thereby avoiding import duty on imported articles.
- viii. Avoiding the consumption of the articles with indirect taxes incorporated in their prices e.g tobacco.²²

Tax Evasion

Just like avoidance, the Nigerian Tax statutes are also silent on the definition of tax evasion. Therefore, to have a working definition of what constitute evasion, efforts of textbook authors and case law will be used. Tax evasion according to *Ayua*²³ is the failure to pay one's tax or the reduction of one's tax liability through illegal or fraudulent returns or failure to make a return or even failure to pay tax on time. In the words of *Nlerum*²⁴, tax evasion can be described as the failure to pay one's tax or the reduction of one's tax liability through illegal or fraudulent returns. In Nigeria, the incidences of tax evasion are manifested by the glaring fraudulent concealment of income through false entries and failure to keep records of accounts.

¹⁵14TC 754

¹⁶(1934) 19 TC 490 at 520.

¹⁷(1985) 18 (CLR) 396 at 414

¹⁸*IA Ayua, The Nigerian Tax Law* (Spectrum Law Series, 1996) 224

¹⁹(1942) 1 KB 389

²⁰*Finsbury Securities v IRC* (1965) 43 TC 59, per Lord Denning, *JP Harrison Warford Ltd v Griffiths* (1961) 40 TC 281 per Upjohn LJ; *Reeves v Evans Boyse and Northcott Syndicate* (1971) 48 T.C 495 at 513 per Megarry J

²¹*Nlerum op cit* 342

²²*Lekan* (2005) *op cit*: 61-62

²³*IA Ayua* (1996) *op cit* 577

²⁴*Nlerum* (2010) *op cit*

From the forgoing, one deductible view about tax evasion is that, it is a criminal way of avoiding tax. It is illegal, morally and criminally punished. Tax evasion is not only morally wrong but also it involves a breach of the tax law. According to Abdulrazaq²⁵, tax evasion is a contravention of the tax laws, whereby a taxable individual or company neglects to pay the tax due, or reduces the tax liability by making fraudulent or untrue claims on the income tax form. In other words, tax evasion is a deliberate and wilful practice of not disclosing full taxable income so as to pay less tax.²⁶ In Hornby²⁷, tax evasion is described as the crime of deliberately not paying all the taxes that you should pay. In the same vein, the Black's Law Dictionary described tax evasion as the wilful attempt to defeat or circumvent the tax law in order to illegally reduce one's tax liability. Tax evasion is punishable by both civil and criminal penalties. In the case of *Simms v Registrar of Probates*²⁸ Lord Hobhouse in determining the question of what tax evasion is I said '... Everybody agrees that the word is capable of being used in two senses, one which suggests underhand dealing, and another which means nothing more than the international avoidance of something disagreeable'.

In addition, in the case of *Ballen v Wisconsin*²⁹ the court on tax evasion observed that when an act is condemned as an evasion, what is meant is that it is on the wrong side of the line indicated by the policy if not by the mere letter of the law. The simple meaning of this is that, once tax offence is evasion, it is an offence against law and the state unlike avoidance which is not an offence per se. In the words of the court in *Akinsete Syndicate v Senior Inspector of Income Tax*³⁰ 'a person may use lawful means to avoid income tax' what he may not do is to try to evade it. What he does should be genuine not merely a veil to hide or dissemble the reality of things. The basic ingredient in tax evasion is *mens rea* and absence of any credible explanation for fraud, wilful default or neglect. This was exactly what the court said in *Barrip v Commissioner of Taxation (N.S.W)*³¹ that it is sufficient for the purpose of the appeal to say that where a taxpayer makes a profit which he knows to be taxable income, and wilfully omits this profit from his income tax return, he would be guilty of evasion in the absence of some satisfactory explanation for the omission.

Forms of Tax Evasion

Tax is evaded through different methods, amongst which are:³²

- i. Refusing to register with the relevant tax authority.
- ii. Failure to furnish a return, statement or information or keep records required.
- iii. Making an incorrect return by omitting or understating any income liable to tax refusing or neglecting to pay tax.
- iv. Over standing of expenses so as to reduce taxable profit or income which will also lead to payment of less tax than otherwise have been paid.
- v. A tax payer hides away totally without any tax returns at all.

In a nutshell tax evasion is perpetuated if the tax payer fails to make return for income tax or capital gain tax or if he fails to make return for cooperative tax, and if he makes incorrect return or accounts. And, the various acts must be done with fraud, wilful default or neglect and knowingly for them to constitute the offence of tax evasion as contained in Companies Income Tax Act (CITA) and Personal Income Tax Act (PITA).³³ Other forms of tax evasion are:

- i. Failure to furnish a return, statement or information or to keep record required.³⁴
- ii. Making an incorrect return by omitting or understating any income liable to tax.³⁵
- iii. Giving any incorrect information in relation to any matter or thing affecting the liability to tax.³⁶
- iv. Refusing or neglecting to pay³⁷

Taxation is not the Alpha and Omega to solve all our problems on this earth. Taxes, on their own, cannot produce adequate growth without a sound, honest and aggressive campaign for a sincere and economic planning for development. A good taxing system needs to be organized like a war geared toward achieving its effort, which will mobilize its resources, stir the imagination of the people and operate dynamically according to a carefully planned strategy. Therefore, Government should have the political will and should also ensure effective assessment, collection and utilization of tax revenue.

5. Conclusion

The generation of revenue by every sector of the economy is of paramount importance. This cuts across households, firms, States and nations. Countries of the world today are attempting rapid socio-economic growth and development through optimum tax assessment, collection and utilization. Government at every level (Federal, State or Local) is expected to discharge certain functions to its populace which include the provision of basic infrastructure and social amenities. The generation of adequate revenue is, therefore, very important for the effective discharge of the functions of Government, as no meaningful development can be achieved in the absence of revenue.

²⁵MT Abdulrazaq, 'Stamp Duties' Tax Guide Statute (2002) *Lagos Chartered Institute of Taxation of Nigeria*; 457

²⁶Lekan 2005 *op cit*60.

²⁷Hornby (2001) *op cit*45

²⁸(1900) AC 34

²⁹(1916) 240 U.S 625

³⁰FSC 164/63 30/10/64 unreported.

³¹(1941) Australian Income Tax Report (AITR)

³²Lekan (2005) *op cit*

³³Abdulrazaq 1999 *op cit*3

³⁴As contained in P.I.T.A 1961, s.54, CITA 1979, s.66, I.T.M.A 1961 s.30.

³⁵As contained in P.I.T.A 1961 s.55, CITA 1979 s.67.

³⁶As contained in P.I.T.A 1961, s.55, CITA 1979, s.6.7

³⁷As contained in P.I.T.A 1961s.56CITA 1979 s.68.