Over-Dependence on Oil Revenue in Nigeria and Strategy for Improving Internally Generated Revenue (IGR) for Public Service Delivery in Damaturu Local Government Area, Yobe State

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Abstract

This study explores strategies for improving local government Internally Generated Revenue (IGR) through effective tax collection for efficient public service delivery in Damaturu Local Government Area of Yobe State. This is in view of over-dependence on transfer from Federation Account, in which the bulk of it is from oil related revenue. The study used both primary and secondary data generated through administration of questionnaire and document sources. Descriptive aspect of Statistical Package for the Social Sciences (SPSS) was employed in analyzing the quantitative data generated; using content analysis, the qualitative data acquired was analyzed critically. Based on the data analyzed; the study indicated that Internally Generated Revenue of Damaturu Local Government in Yobe State is very low particularly if compared with statutory allocation from the Federation Account. Therefore, sources of IGR of Damaturu Local government in Yobe State are inadequate for public service delivery. Some of the factors responsible include: poor revenue base/low economic activities, tax evasion and avoidance, lack of logistics, inadequate trained personnel, Boko haram insurgency and non-remittance and mismanagement of tax collected. In view of this, the study recommends; Damaturu Local Government should reduce over dependence on transfer from Federation Account through boosting IGR; prudent, efficient and effective utilization of resources for public service delivery; staff development and motivation; embarking on awareness campaign on payment of tax as well as provide logistics and ICT facilities for revenue collection.

Keywords: External Revenue, Internally Generated Revenue, Local Government, Public Service Delivery, Taxation

Introduction

Taxation is one of the sources of revenue to governments; tiers of government in federal states have jurisdiction over areas of revenue generation and utilization. Local Government Councils in Nigeria as a third tier of government is empowered by the 1999 Constitution of the Federal Republic of Nigeria (as amended) to discharge some responsibilities at the grassroots. These responsibilities require finance for execution. Local Government Councils in Nigeria have basically two major sources of revenue; Internally Generated Revenue and external revenue (Umar, 2015). Internally Generated Revenue (IGR) is the revenue that the local governments generate within the areas of their jurisdiction. Internally generated revenue is a strategic source of finance to local governments. The level of internally generated revenue by each local government depends on the size of the local government, nature of business activities (urban or rural) and extent of tax compliance.
The essence of revenue generation by Local Governments Councils is to discharge their constitutional responsibilities. The external sources of revenue to local governments include statutory allocation from Federation Account, grants and loans from federal, state and other sources. Finance is central in local government administration regardless of sources whether internal or external. There is no meaningful project or programme that can be executed without adequate finance. The external source of revenue is a major one. In fact, no local government can survive without external revenue generation, particularly statutory allocation. It is important for local governments to strategize and generate more Internally Generated Revenue (Agba, Ocheni, and Nnamani, 2014).

The main objective of this paper is to examine local government IGR effort through tax collection and its impact on public service delivery in Damaturu Local Government Area of Yobe State.

In view of the above, the study intends:

1. To examine the state of IGR in relation to statutory allocation in Damaturu Local Government Area of Yobe State.
2. To find out challenges against effective IGR in Damaturu Local Government Area of Yobe State.
3. To determine the impact of IGR on public service delivery in Damaturu Local Government Area of Yobe State.
4. To recommend strategies for improving IGR in Damaturu Local Government Area of Yobe State.

Literature Review

Conceptual Framework

This section reviews literature on taxation, public Service Delivery, IGR and challenges faced by Local Government Councils in sourcing revenue for public service delivery or providing developmental projects and programmes to the people. It also explores the fiscal position of Local Government Councils in relation to the federal and state governments in terms of intergovernmental transfer.

Revenue generation by government whether federal, state or Local Government Councils covers all constitutional sources through which governments get funding for discharging its obligations. These sources range from intergovernmental fiscal transfer, internal revenue effort (taxation), income from government investment, support from development partners, loan among others. In government terms according to Nwanne (2015:80), revenue is the entire amount received by the government from sources within and outside the government entity. Internally Generated Revenue refers to the “revenue generated by the local government within its geographical confinement for the exclusive use by the local government in the provision of public goods and services (Ironske and Ndah 2016:47).

Tax according to Olugbenga S. Obatola’s book titled “The Rudiments of Nigerian Taxation” it is “a compulsory levy imposed by the government or any of the recognized authority of a state on the property, goods, services and people living in a given geographical area for the purpose of generating revenue to defray the expenses incurred by the government or authority on behalf of the people” (as cited in Taiwo and Ilori, 2019:314). National Tax Policy (2017) see tax as any compulsory payment to government imposed by law without direct benefit or return of value or a service, whether it is called a tax or not. A tax system provides a framework for a sustainable system that ensures reliable sources of revenue to government and support the economic development of the nation (cited in Esu, 2019). Based on this, taxation deals with levying, imposing or collection of taxes.
Public service delivery deals with activities of providing security and welfare to the people by governments at all levels. These activities range from health care, education, security, administration, foreign affairs, sanitation and infrastructural projects such as road network, power supply and regulation services among others by Ministries, Departments and Agencies. Section 14(2b) of the 1999 constitution of the Federal Republic of Nigeria (as amended) says “Security and welfare of the people shall be the primary purpose of government”.

Section 162 (10) of the same constitution defines revenue as - “Any income or returns accruing to the government from any source and includes: any receipt, however described arising from the operation of any law; any return, however described, arising from or in respect of any property held by the Government of the Federation; any return by way of interest on loans and dividends in respect of shares or interest held by the Government of the Federation in any company or statutory body” (Federal Republic of Nigeria, 1999).

Aliyu, Alkali, and Alkali, (2016) pointed out that Nigerian government neglected other sources of taxation after the oil boom and concentrate more on oil revenue. In recent times, oil related revenue is the major source of income to the Federation Account, which is meant for sharing to the three tiers of government. Before the discovery of oil in the country, the regional governments dependent on the agro-allied products or agricultural sector for revenue generation (Ifueko, as cited in Aliyu, Alkali, and Alkali, 2016).

According to NNPC (2014); as cited in Ishakq and Ogbanje (2017), revenue from oil amounts to 70% - 90% of the total foreign earning for export annually. Nigerian economy revolves around the business activities of its oil industry as it generates the greater percentage of government revenue.

Local governments in Nigeria receive certain transfers from the federal and state governments to enable them meet part of their recurrent and capital expenditures. The transfers range from statutory allocation from Federation Account, 10% of state internal revenue, statutory transfer for primary schools, loans and funds for certain projects. Statutory allocation is the constitutionally guaranteed transfer to the different tiers of government from the Federation Account and share of the state government revenues that is allocated to the local governments (Umar, 2015).

According to section 162 (1 & 3) of the 1999 Constitution of the Federal Republic of Nigeria (as amended):

“The federation shall maintain a special account to be called “the Federation Account” … and “Any amount standing to the credit of the Federation Account shall be distributed among the Federal and State governments and the local government councils in each state on such terms and in such a manner as may be prescribed by the National Assembly”.

Local governments in Nigeria are established as the third tier of government, empowered by the constitution, which comprise of democratically elected representative whose purpose is to provide basic amenities to the people at the grassroots.

Edogbanya and Sule (2013:13) mentioned the followings as principal aims of creating local governments:

1. To serve as the third tier of government through which appropriate services and development are made in response to the wishes of local community through their representatives.
2. To serve as an intermediary between government at the center and local communities.
3. To mobilize and utilize both human and material resources by engaging the people at the local level in the government activities.
4. To facilitate the exercise of democratic self-government closer to the grass root of the society and to exchange initiative and leadership potential.

Eteng and Agbor (2018) in a study on Internal Revenue Generation and Inclusive Development of Local Government Areas in Cross River State, Nigeria; maintained that Local governments in Nigeria lack strong revenue base; that in turn led to poor revenue generation and consequently responsible for development crisis at the grassroots. This development has brought pressure upon the local governments in an attempt to meet the constitutionally assigned responsibilities to the people. In view of this, local governments are expected to strategize ways for boosting Internally Generated Revenue (IGR) base according to them.

Toyin (2015) examines revenue generation and local government administration in Ijumu Local Government Area of Kogi State, Nigeria. He highlighted the benefit of IGR to the people which include - provision of clean water for the people in the local government area, construction of good roads for easy movement of transportation, provision of a well-equipped health centre in the community to reduce the death rate of the people, provision of free education in the community to reduce the level of illiteracy in the society and ensuring stable supply of electricity. The study concluded that there is no effective internal control measure put in place to ensure effective utilization of revenue generated at Ijumu Local Government Area of Kogi State.

A study on Tax Policy Reforms in Nigeria by Odusola (2006) highlighted some of the challenges of revenue generation in Nigeria which include failure of the three tiers of government to provide social amenities (which affects tax compliance); corruption and mismanagement; tax evasion and avoidance; inadequate funding for the revenue services; as well as limited or lack of independence of revenue authorities.

Some of the challenges of IGR according to Osungboye, (2015); Olusola, (2011) and Odusola, (2006) include:
1. Lack of comprehensive record or database of tax payers.
2. Inadequate and incompetent revenue collectors.
3. Tax evasion and avoidance.
4. Lack of logistics for proper functioning of the revenue department – ICT equipment, vehicles among others.
5. Corruption and abuse of financial management ethics by revenue staff.

Agba, Ocheni, & Nnamani, (2014:88) asserted that:

Tax if properly collected and transparently accounted for is a substantial source of annual income for local governments in the Nigeria. Unfortunately, inadequate and unreliable population statistics, corruption, large scale tax evasion, unemployment and poverty, lack of qualified personnel, poor planning and poor performance of local governments hinder tax collection in rural areas by local authorities. To motivate rural dwellers to pay tax, local governments must convince them through effective and efficient delivery of social services and public goods that are localized in nature. Local governments also generate revenue internally … through commercial activities.

Tersur’s (2018) work on “State-Local Relations in Nigeria and its implication on Public Service Delivery at the Local Government Level” enumerated lack of finance, autonomy,
qualified personnel and political interference by the state governments as some of the challenges of public service delivery at the local government councils in the country. The study therefore recommends constitutional amendment to guarantee autonomy for the local government councils in order to ensure public service delivery.

### Table 1: Nigeria's Federal, State and Local Tax Jurisdiction and Assignment

<table>
<thead>
<tr>
<th>Tax</th>
<th>Legal Jurisdiction</th>
<th>Collection</th>
<th>Retention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Import duties</td>
<td>Federal</td>
<td>Federal</td>
<td>Federation Account</td>
</tr>
<tr>
<td>Excise duties</td>
<td>Federal</td>
<td>Federal</td>
<td>Federation Account</td>
</tr>
<tr>
<td>Export duties</td>
<td>Federal</td>
<td>Federal</td>
<td>Federation Account</td>
</tr>
<tr>
<td>Mining rents &amp; Royalties</td>
<td>Federal</td>
<td>Federal</td>
<td>Federation Account</td>
</tr>
<tr>
<td>Petroleum Tax Profit</td>
<td>Federal</td>
<td>Federal</td>
<td>Federation Account</td>
</tr>
<tr>
<td>Capital Gains Tax</td>
<td>Federal</td>
<td>State</td>
<td>State</td>
</tr>
<tr>
<td>Personal Income Tax</td>
<td>Federal</td>
<td>State</td>
<td>State</td>
</tr>
<tr>
<td>Value added Tax (Sales tax before 1994)</td>
<td>Federal</td>
<td>Federal/ State</td>
<td>Federal / State</td>
</tr>
<tr>
<td>Company tax</td>
<td>Federal</td>
<td>Federal</td>
<td>Federation Account</td>
</tr>
<tr>
<td>Stamp duties</td>
<td>Federal</td>
<td>State</td>
<td>State</td>
</tr>
<tr>
<td>Gift tax</td>
<td>Federal</td>
<td>State</td>
<td>State</td>
</tr>
<tr>
<td>Property tax and ratings</td>
<td>State</td>
<td>State/ Local</td>
<td>State/ Local</td>
</tr>
<tr>
<td>Licenses and fees</td>
<td>Local</td>
<td>Local</td>
<td>Local</td>
</tr>
<tr>
<td>Motor park dues</td>
<td>Local</td>
<td>Local</td>
<td>Local</td>
</tr>
<tr>
<td>Motor Vehicle</td>
<td>State</td>
<td>Local</td>
<td>Local</td>
</tr>
<tr>
<td>Capital transfer tax (CTT)</td>
<td>Federal</td>
<td>State</td>
<td>State</td>
</tr>
<tr>
<td>Pools betting and other betting taxes</td>
<td>State</td>
<td>State</td>
<td>State</td>
</tr>
<tr>
<td>Entertainment tax</td>
<td>State</td>
<td>State</td>
<td>State</td>
</tr>
<tr>
<td>Land registration and survey fees</td>
<td>State</td>
<td>State</td>
<td>State</td>
</tr>
<tr>
<td>Market and Trading license and fees</td>
<td>State</td>
<td>Local</td>
<td>Local</td>
</tr>
</tbody>
</table>

**Source:** Collated by Agba, Ocheni, & Nnamani, (2014) from various sources.

Table 1 shows various categories of taxes for the Federal, states and local governments in Nigeria. It is the tax jurisdiction for various levels of government; showing tier responsible for collection and retention. Amount of money in the Federation Account belongs to the Federal states and local government.

The Taxes and Levies (Approved list for collection) Decree No. 21 of 1988 Law of Federation of Nigeria provide, inter alia, for specific area of influence in which the Local Government legislative arm has power to legislate upon. Part III of the Schedule of the Law empowers the Local Governments to legislate on the following lists (cited in Olaiya, 2016:31):

1. Shops and kiosks rates;
2. Tenement rates;
3. On and off liquor licence fee;
4. Slaughter slab fees;
5. Marriage, birth and death registration fees;
6. Naming of street registration fee (excluding any street in state capitals);
7. Right of occupancy fees on lands in rural area (excluding those collectible by the Federal and state governments; 
8. Markets taxes and levies excluding any market where State finance is involved; 
9. Motor park fees; 
10. Domestic animal licence; 
11. Bicycle, truck, canoe, wheelbarrow and cart fees; 
12. Cattle tax; 
13. Merriment and road closure fees; 
14. Radio/television (other than radio/T.V. transmitter) licences; 
15. Vehicle radio licence (to be imposed by the Local Government in which the car is registered); 
16. Wrong parking charges; 
17. Public convenience, sewage and refuse disposal fees; 
18. Customary burial ground; 
19. Religious places establishment permits; and 
20. Signboard/advertisement permit. 

Methodology

This study employed survey research design. The population of this study comprised staff of Damaturu Local Government Area of Yobe State. Sample size of 50 respondents was used and generated through quota sampling technique based on departments in the local government. Questionnaire was the major instrument for data collection. The data collected was presented using tables and analyzed using descriptive aspect of Statistical Package for the Social Sciences (SPSS). The study also employed frequency, percentage and mean as tool of analysis. Secondary data was analyzed using content analysis.

Data Presentation, Analysis and Discussion

Demographic Data of the Respondents

<table>
<thead>
<tr>
<th>Position</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Junior Staff</td>
<td>25</td>
<td>52.1</td>
</tr>
<tr>
<td>Senior Staff</td>
<td>16</td>
<td>33.4</td>
</tr>
<tr>
<td>Management Staff</td>
<td>7</td>
<td>14.6</td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2020

Table 2 shows the position of the various categories of respondents in Damaturu local government. Based on this, 25 respondents representing 52.1% are junior staff; 16 respondents (33.4%) are senior staff while 7 respondents standing for 14.6% are management staff of the local government. Their positions in the organization indicated that their responses will be used for addressing the research questions.

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5</td>
<td>14</td>
<td>29.2</td>
</tr>
<tr>
<td>6 – 10</td>
<td>14</td>
<td>29.2</td>
</tr>
<tr>
<td>11 – 15</td>
<td>2</td>
<td>4.2</td>
</tr>
<tr>
<td>16 – 20</td>
<td>5</td>
<td>10.4</td>
</tr>
<tr>
<td>21 – 25</td>
<td>5</td>
<td>10.4</td>
</tr>
<tr>
<td>26 – 30</td>
<td>5</td>
<td>10.4</td>
</tr>
<tr>
<td>31 – 35</td>
<td>3</td>
<td>6.3</td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 3: Years of Service of the Respondents
Data in table 3 show the years of service of the respondents, which is also related to their work experience in the local government council. It is very clear that 30 staff have between 1 and 15 years as work experience while 18 staff have between 16 and 35 years work experience in the case study area. Their experience also matters a lot in addressing the research objective.

Analysis and Discussion of Findings

Table 4: State of Internally Generated Revenue (IGR) in relation to statutory allocation in Damaturu Local Government Area of Yobe State

<table>
<thead>
<tr>
<th>S/n</th>
<th>Item</th>
<th>N</th>
<th>M</th>
<th>Sd</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Local Government Councils (LGCs) have low Internally Generated Revenue (IGR) in Yobe State</td>
<td>48</td>
<td>1.04</td>
<td>.202</td>
<td>A</td>
</tr>
<tr>
<td>2</td>
<td>Statutory allocation from Federation Account to LGCs in Yobe State is the major source of revenue</td>
<td>48</td>
<td>1.06</td>
<td>.320</td>
<td>A</td>
</tr>
<tr>
<td>3</td>
<td>Internally Generated Revenue of LGCs in Yobe State is very low compared to statutory allocation from Federation Account</td>
<td>48</td>
<td>1.04</td>
<td>.202</td>
<td>A</td>
</tr>
<tr>
<td>4</td>
<td>Local Government Councils in Yobe State rely heavily on statutory transfer from Federation Account</td>
<td>48</td>
<td>1.12</td>
<td>.393</td>
<td>A</td>
</tr>
<tr>
<td>5</td>
<td>Local Government Councils in Yobe State have weak revenue base</td>
<td>48</td>
<td>1.15</td>
<td>.412</td>
<td>A</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2020

Key: N = number of respondents, M = mean, SD = standard Deviation, agreed (A) = 1.00-1.49, Disagreed (D) = 1.50-2.49, and Undecided (U) = 2.50-3.00

To answer research question one, result from table 4 presented the mean response of the state of IGR in relation to statutory allocation in Damaturu Local Government Area of Yobe State. Three scales A (Agreed), D (Disagreed), and U (Undecided) were used to showcase their responses. Table 4 shows that all the items from 1 to 5 have their mean values ranged from minimum and maximum of 1.00 – 1.49. Their responses fall under 1.00 to 1.49, which means agreed; this clearly indicated the state of internal revenue generation in relation to statutory allocation in Damaturu Local Government Area of Yobe State is very low, particularly in relation to statutory allocation from Federation Account. They have poor revenue based, coupled with heavy reliance on external revenue. According to Amakon (as cited in Adeyemi, 2013), since the creation of the 12 states structure in 1967, states and local governments in Nigeria have been dependent on the Federation Account.

Research Question Two

What are the challenges against effective generation of internal revenue in Damaturu Local Government Area of Yobe State?
Table 5: Challenges of internal revenue generation in Damaturu Local Government Area of Yobe State

<table>
<thead>
<tr>
<th>S/n</th>
<th>Item</th>
<th>N</th>
<th>M</th>
<th>SD</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Internal revenue generation is hindered by tax evasion and avoidance</td>
<td>48</td>
<td>1.29</td>
<td>.582</td>
<td>A</td>
</tr>
<tr>
<td>2</td>
<td>Low economic activities</td>
<td>48</td>
<td>1.12</td>
<td>.393</td>
<td>A</td>
</tr>
<tr>
<td>3</td>
<td>Inadequate trained revenue collectors and lack of logistics</td>
<td>48</td>
<td>1.06</td>
<td>.320</td>
<td>A</td>
</tr>
<tr>
<td>4</td>
<td>Boko haram insurgency</td>
<td>48</td>
<td>1.15</td>
<td>.461</td>
<td>A</td>
</tr>
<tr>
<td>5</td>
<td>Non-remittance and mismanagement of tax collected</td>
<td>48</td>
<td>1.17</td>
<td>.429</td>
<td>A</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2020

Key: N = number of respondents, M = mean, SD = standard Deviation, agreed (A) = 1.00-1.49, Disagreed (D) = 1.50-2.49, and Undecided (U) = 2.50-3.00

Data in table 5 addressed research question two; it shows the mean response on the challenges against effective internal revenue generation in Damaturu Local Government Area of Yobe State. Three scales A (Agreed), D (Disagreed), and U (Undecided) were used to present their responses. Table 5 shows that all the items from 1 to 5 have their mean values ranged from minimum and maximum of 1.00 – 1.49. Their responses fall under 1.00 to 1.49, which means agreed; this clearly indicated tax evasion and avoidance; low economic activities; lack of logistic; inadequate revenue collectors, Boko haram insurgency and corruption are challenges against effective generation of internal revenue in Damaturu Local Government Area of Yobe State. Some of the challenges of internal revenue generation include (Osungboye, 2015; Olusola, 2011, Odusola, 2006), inadequate and incompetent revenue collectors; tax evasion and avoidance; lack of logistics for proper functioning of the revenue department and corruption and abuse of financial management ethics by revenue staff.

Research Question Three

What is the effect of IGR on public service delivery in Damaturu Local Government Area of Yobe State?

Table 6: Sources and utilization of revenue for service delivery in Damaturu Local Government Area of Yobe State

<table>
<thead>
<tr>
<th>S/n</th>
<th>Item</th>
<th>N</th>
<th>M</th>
<th>SD</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sources of internal revenue generation to LGCs in Yobe State is adequate for service delivery</td>
<td>48</td>
<td>1.31</td>
<td>.512</td>
<td>A</td>
</tr>
<tr>
<td>2</td>
<td>Local Government Councils in Yobe State rely heavily on transfer from Federation Account for service delivery</td>
<td>48</td>
<td>1.08</td>
<td>.279</td>
<td>A</td>
</tr>
<tr>
<td>3</td>
<td>Local Government Areas have small sources of internal revenue generation compared to statutory allocation in Yobe State</td>
<td>48</td>
<td>1.13</td>
<td>.393</td>
<td>A</td>
</tr>
<tr>
<td>4</td>
<td>Lack of fund affects service delivery in LGCs in Yobe State</td>
<td>48</td>
<td>1.15</td>
<td>.412</td>
<td>A</td>
</tr>
<tr>
<td>5</td>
<td>State Joint Local Government Account hinders effective and efficient service delivery in LGCs in Yobe State.</td>
<td>48</td>
<td>1.12</td>
<td>.334</td>
<td>A</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2020
Key: N = number of respondents, M = mean, SD = standard Deviation, agreed (A) = 1.00-1.49, Disagreed (D) =1.50-2.49, and Undecided (U) =2.50-3.00

Table 6 presents results on effect of internal revenue generation on service delivery in Damaturu Local Government Area of Yobe State. Three scales A (Agreed), D (Disagreed), and U (Undecided) were used to indicate their responses. Table 6 shows that all the items from 1 to 5 have their mean values ranged from minimum and maximum of 1.00 – 1.49. Their responses fall under 1.00 to 1.49. Concern was raised over item number 1 in table 6 on their agreement in respect of adequacy sources of internal revenue generation for public service delivery in the local government. Though, the mean response was 1.31. It contradicts result presented in table 4, item 1 (1.04); it shows Local Government Councils (LGCs) have low Internally Generated Revenue (IGR) in Yobe State. Item 2 -5 in table 6 clearly shows LGCs in Yobe State rely heavily on statutory allocation, Lack of fund affects service delivery due poor revenue base/sources and effects of State Joint Local Government Account. Adeyemi, (2013) states that the incapacity of local governments to generate its own revenue sources leads to its continued dependence on Federal Allocation, this affects service delivery.

Research Question Four

What can be done to improve revenue generation in Damaturu Local Government Area of Yobe State?

Table 7: Strategy for enhancing Internally Generated Revenue in Damaturu Local Government Area of Yobe State

<table>
<thead>
<tr>
<th>S/n</th>
<th>Item</th>
<th>N</th>
<th>M</th>
<th>SD</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Enlightenment/sensitization of tax payers</td>
<td>48</td>
<td>1.21</td>
<td>.544</td>
<td>A</td>
</tr>
<tr>
<td>2</td>
<td>Introducing E-Method of revenue collection and remittance</td>
<td>48</td>
<td>1.15</td>
<td>.357</td>
<td>A</td>
</tr>
<tr>
<td>3</td>
<td>Enhancing motivation/welfare of revenue collectors</td>
<td>48</td>
<td>1.10</td>
<td>.309</td>
<td>A</td>
</tr>
<tr>
<td>4</td>
<td>Training and retraining of revenue collectors; and monitoring and evaluation</td>
<td>48</td>
<td>1.19</td>
<td>.532</td>
<td>A</td>
</tr>
<tr>
<td>5</td>
<td>Providing data base for tax payers</td>
<td>48</td>
<td>1.17</td>
<td>.476</td>
<td>A</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2020

Key: N = number of respondents, M = mean, SD = standard Deviation, agreed (A) = 1.00-1.49, Disagreed (D) =1.50-2.49, and Undecided (U) =2.50-3.00

This table (table 7) presents response on ways for enhancing Internally Generated Revenue in Damaturu Local Government Area of Yobe State. Three scales A (Agreed), D (Disagreed), and U (Undecided) were used in presenting their responses. Table 7 shows that all the items from 1 to 5 have their mean values ranged from minimum and maximum of 1.00 – 1.49. Therefore, their responses fall between 1.00 and 1.49, which means agreed; this clearly indicated that Internally Generated Revenue in Damaturu LGC can be enhanced through sensitization of tax payers, Introducing E-Method of revenue collection and remittance, staff development and motivation as well as providing data base for tax payers. Toyin (2015), is of the view that local governments shall strive towards improving internally generated revenue and instill transparency and accountability in their management structure. This is due to challenges that hinder internal revenue generation in local governments councils in Nigeria. Ironkwe and Ndah (2016) suggest the use of modern Information Technology systems in the administration of
tax and non-tax revenues for efficiency and effectiveness.

Summary of Major Findings
1. The study revealed that Internally Generated Revenue in Damaturu Local Government is very low, therefore, inadequate for public service delivery. This is due to low economic activities as well as absence of logistics and commitment for improving IGR.
2. The study shows that major source of finance for the local government is external revenue particularly statutory transfer from the Federation Account. It is obvious going by the results of this investigation that it relies heavily on external source of revenue which has serious implication for public service delivery. In addition, there is serious economic implication for heavy dependence on statutory allocation from Federation Account. This is due to the fact that size of the account is related to revenue from oil which is subject to unfavorable fluctuations.
3. The study also found that, some of the factors responsible for low IGR include: poor revenue base, tax evasion and avoidance, lack of logistics, inadequate trained personnel, Boko haram insurgency and Non-remittance and mismanagement of tax collected.
4. By implication, the study shows that there is significant correlation between revenue generation and public service delivery.

Conclusion and Recommendations
This paper investigated Damaturu local government (Yobe State) IGR for the purpose of public service delivery. The study focused on IGR; consequently, the study shows that internal revenue effort of the local government is in adequate for service delivery due to some fiscal challenges such reliance on statutory allocation from Federation Account, mismanagement of resources and poor economic base. Thus the following recommendations are proffered by the study:
1. Local government councils should prioritize internal revenue generation in order to reduce dependence on intergovernmental fiscal transfer.
2. Public financial management standards should be put in place in order to ensure prudent, efficient and effective generation and utilization of revenue for service delivery.
3. Motivation of revenue officials is key in ensuring optimum revenue collection. Welfare of staff is central as par as achieving organizational goals and objectives.
4. Basic ICT facilities should be provided to revenue department. Local governments should encourage and also insist on taxes remittance to government account via the e-payment system. This will go a long way in curbing the challenges of tax evasion and corruption in the system.
5. Public awareness campaign on payment of tax to the people should encourage.
6. Ensure that public revenues are not embezzled but used judiciously in order to enhance transparency and payment of tax. This is through judiciously used in the provision of basic education, housing schemes, agriculture development, Primary Health Care, construction of roads and bridges for people to see.
7. Staff development: Employment of competent revenue staff as well as continuous training and retraining; particular in the area of ICT and modern methods of revenue generation.
8. Providing and updating data base for tax payers; revenue units of local governments are expected to keep and update accurate register or record of tax payers for optimum collection or meeting revenue target.
References


