The Impact of Tax Administration on Revenue Generation in Gombe State, Nigeria

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Abstract

Taxes have been the bedrock of revenue generation to any government. The administration of tax is very important to any government as it is the body responsible for implementing and governing the tax laws and other tax related to assessment, collection and remittance of tax. This study is aimed at ascertaining the effect of tax administration on revenue generation in Gombe state. The study uses survey research design. The primary source of data collection was adopted, which analysed using descriptive statistics was made up of frequencies and simple percentages. Cronbach's Alpha diagnose was carried out to seek for reliability of the questions contained in the questionnaire Three Hypotheses were presented in this research and were tested using Spearman's Rank correlation, Pearson correlation and linear regression. Research findings indicated that Tax Administration in the state is not efficient and effective. The study revealed further that revenue generated in the state is low to meet its objectives due to low level of enlightenment of tax payers and incidents of tax evasion and tax avoidance. To this end, the study recommends, among others, that authorities should embark on more enlightenment campaign of citizens on the significance of paying Personal Income Tax, the quality and efficiency of tax workers should be improved so that more effective administration will be achieved and automation of the system.

Keywords: Tax Administration, Revenue Generation, efficiency and effectiveness, tax payers' enlightenment, tax evasion and avoidance, Gombe State, assessment, collection, remittance, Social Contract Theory

1. Introduction

The challenge of tax revenue generation and effective management of its administration is of great importance and vital to every government. Steps are always taken and regulations made for effective and efficient system of tax and its administration (Enahoro & Olabisi, 2012).

Gurama and Mansor (2015) opines that the significance of tax to the development of a modern economy cannot be underline in any free society or a nation. Imposing and collecting taxes has been practice still in Gombe state long before the advent of colonial administrators, the tax is been Collected by the then local chiefs and emirs for the resolution of mainly defence and administration activities of their protectorates. Citizens are expected to comply by surrendering part of their earnings from rearing animals,' cultivation of farm land and other trade activities to the state, for the detriment of the public as a whole (Gurama&Mansor, 2015).

Tax administration as a system in relation to assessment, collection and remittance is a strong vehicle which revenue is raised in the state to accomplish economic goals. Economic goals of the state can only be achieved when the tax system and manner of its administration is excellent. Taxes are levied in almost every country of the world, primarily to raise revenue for government expenditure although they serve other purpose as well. In modern economies, taxes are the most important sources of Government revenue and they represent a general obligation of tax payers are not levied or paid in exchange for any particular benefit (Enahoro & Olabisi, 2012).

Tax administrators have authority to urge taxpayers to pay their taxes. Consequently, tax administrators face various pressures from their stakeholders, particularly from the taxpayers, who demand excellent services. According to Darono (2015), the tax administration service is unique, because it must provide excellent services which make the taxpayer feel comfortable, but must also take coercive action (i.e., law enforcement).

Tax administration services include registering as a taxpayer, paying tax bills, reporting tax returns, filing objections against the tax billed, and claiming refunds for tax overpayments. Thus, the main function of the tax administration system is to reduce or eliminate asymmetric information between the taxpayers and tax officials (Darono, 2015).

Tax administration systems are complex, particularly in developing countries such as Nigeria (Darono 2015). The main problem is the flow of information, both from the taxpayer's side (i.e., the notification and supporting data) and from the tax officials' side (i.e., counter-transaction data from related parties). The phrase 'tax administration is tax policy' (Darono 2015) emphasizes why administrative matters receive a lot of attention from tax authorities in developing countries.

Abiola and Asiweh (2012) reveals that those working in the informal sector of the economy do not see the need to pay tax whereas they dominate the economy. To them only, civil servants should pay tax on their earnings and this amount to over flogging the willing horse. Besides, the activities of the strong union in the formal sector do not even pave way for a successful tax policy implementation in the formal sector (Abiola and Asiweh 2012). Even revenue collection officers seem to be lenient or even connive with those in the informal sector during enforcement of tax policies. All this leads to revenue loss. In other to reawaken the consciousness of Nigerian government and citizens on the effective use of taxation as a developmental tool, and examine the effect the tax system have so far on the economy; this research work becomes very relevant (Abiola and Asiweh 2012).

Enahoro (2012) opines that tax administration should be effective in the sense of ensuring high compliance by taxpayers, and efficient in the sense that administrative costs are low relative to revenue collected. Good tax administration requires strong technical capacity by the administrative agency but also a well-designed tax. The administrative agency should be able to identify and evaluate the effects of both current tax policies and tax policies under consideration, be able to simplify the current tax system if needed, within the economic and political spectrum, be aware of any law changes and emerging avoidance practices, and maintain a connection between the rule of law and tax administration (Enahoro 2012).Gombe state government has for a period of time been incapable of accomplishing its goals due to declining allocation from the federation account and also the low proceeds it is generating from its internal activities as a result of inadequate and inefficiency of prevailing tax collection (Gurama, 2015).

The procedures are orthodox in nature, in which staff of the board of internal revenue are used as sole tax collectors and remitted to the government. The problems related to the procedures are primarily associated with inadequate skills and inefficiency with enormous bribery and corruption among the tax officials. Lack of proper enlightenment on citizens on the importance and benefit of tax payment, and also the problem that lies with the machinery and approach adopted in collection, assessment and corrupt practices of tax officials in the tax system ((Gurama&Mansor, (2015),Afuberoh& Okoye, (2014), Hassan (2012)).

Therefore, in respect of the identified problems, this study will try to see how tax administration could affect the overall effectiveness of Gombe state revenue generation as regards tax administration. Also, the study will evaluate the problems that negatively affect tax administration and proffer solutions / feasible ways to this problems facing tax administration so as to help the state obtain sufficient revenue to accomplish its economic goals.

1.12 Objectives of the Study
The general objective of this study is to ascertain the effect of tax administration on revenue generation in Gombe state. The specific objective of the research is:
- i.   To examine the effect of efficiency and effectiveness of tax administration on revenue generation of Gombe State.
- ii.   To ascertain the relationship between tax payers' enlightening on tax payment and revenue generation in Gombe state.
- iii. To determine the effect of tax evasion and avoidance on Revenue Generation.

1.13 Research Hypotheses

In line with the objectives of the research, the hypotheses of the study have been formulated in null form:

H_{o1}: Efficiency and effectiveness of tax administration has no significance effect on revenue generation of the state.

H_{o2}: There is no significant relationship between tax payers' enlightenment on payment of tax and revenue generation.

H_{o3}: Tax evasion and tax avoidance have no significant effect on revenue generation.

2.1 Literature Review

Limited studies have been conducted on tax administration in respect to revenue generation of different states and countries. Most of the researches established a positive effect and relationship between tax administration and revenue generation of the economy. For instance, Abiola and James, (2012) in Nigeria on tax administration and revenue generation; Enahoro and Olabisi, (2012) in Lagos state on tax administration and revenue generation; Angahar and Alfred, (2012) in Adamawa on personal income tax generation and tax; Kwame, Tchao and Poku (2013) in Ghana on Integration of Tax administration to grow economy and curb importation and tax evasion; Okoye and Ezejiofor, (2014) in Enugu on tax administration; Isaac, (2015) in Kaduna on contributions of tax revenue to economic development; Gbengi& Adebisi (2013) in Abuja on Tax Avoidance and Tax Evasion on Personal Income Tax Administration; Ahuru and Oriakhi (2014) in Nigeria on tax reform and federal revenue generation; Okafor, (2012), in Nigeria on Revenue generation and economic development; Ifere&Eko, (2014), in Cross River on tax administration, innovation and revenue generation; Efunboade,(2014) in Nigeria on Impact of ICT on Tax Administration in Nigeria; Abata, (2014) in Nigeria on Revenue and Economic growth; Chatama, (2013) in Tanzania on impact of ICT on taxation; and Hassan, (2012) in Kano state on tax administration and revenue generation.

However, studies by Nawaz (2010) in South Africa on Revenue generation and Corruption; Chandia et al (2014) in Pakistan on Revenue generation and Inflation; Madugba (2015) in Nigeria on Revenue generation and corporate tax; Wausi (2015) in Nigeria on Revenue generation and transfer pricing, all showed a negative relationship to revenue generation. Similarly, Mehrara (2016) in Iran on tax revenue and tax evasion established a U shape relationship.

Studies by Okoye (2014), Afuberoh (2014), Efunboade (2014), Samuel (2014), Adesoji (2013) and Chatama (2013), adopted only an aspect of tax administration which is tax collection and measured the extent of the relationship and significance it has towards a state's revenue generation. All their studies were also centered at the Federal Capital Territory (Abuja) and states in the Southern parts of Nigeria.

Gbengi (2013) and Angahar (2012) focused only on the effect of tax administration on personal income tax generation not on all tax collectable by the government.

Enahoro (2012) in his study used Kendall to analyze data collected in order to measure the relationship that exist between tax administration and revenue generation of an economy. Ifere (2014) in his case adopted simple percentage alone to measure the relationship and impact of tax administration, innovation and revenue generation. These methods does not really measure relationship and show significant in a regressive way as it would have if proper statistical regressive measures were adopted. However, Efunboade (2014) and Hassan (2012) used descriptive analysis to show the effect that tax administration have on revenue generation. To provide solution to the above problem therefore, this study used data from field study.

This research uses tax administration as an independent variable and revenue generation as dependent variable and the use and regression which measures effectively the relationship between variables and how they are related which is an improvement on Enahoro, (2012) study which was on Tax Administration and Revenue Generation of Lagos State which did not measure effectively this relationship. This is timely as the state's economy is facing low revenue generation and also low funding from the federation account due to dwindling proceeds from oil sales, there is therefore need to study how these problem could be solved.

In spite of the importance of tax to the development of any economy since tax is a principal source of government revenue, researches on revenue generation has mostly been geared towards its generation alone without much consideration to the administration (assessment, collection and remittance) which causes its generation. To maximize the collection of the needed tax revenue for the government, it is very important that the revenue agencies are efficient and effective in their duties as they aimed at satisfying the taxpaying

public. Thus, there is need to examine the effect of tax administration on revenue generation. This study is carried out to fill this gap for the state and nation's revenue growth.

2.2 Theoretical Framework: Social Contract Theory

Social contract theory is a political theory. It is a theory that stresses an understanding between the ruled and their rules, characterizing the right and obligations of everyone accordingly (Hassan, 2012). According to Britannica, (1995- 920) new reference book state that in primitive times as indicated by the theory, individuals were naturally introduced to an anarchic state of nature, which was content or troubled as per the specific version, they then by practicing common reason framed society (Government) by means a contract between themselves. Notwithstanding comparative thoughts can be traced back to the Greek critic social contract scholar had their most notable century in the seventeenth and eighteenth hundreds of years and are connected with so many names as (Thomas Hobbes, 1851. john Locke, 1960. Jean-Jacques Rousseau, 1762).

This is relevant to taxation in which the citizens are eager to pay their taxes just when the government guarantees them of sufficient procurement of social amenities. For example, provision of power/electricity, good roads/streets networking, schools, job opportunities, hospitals/medical facilities, security and so forth. As a rule the taxpayers are frustrated when government neglects to give these civilities regardless of tremendous tax loads that they bear. Therefore, social contact theory help the profit standards of taxation which expresses that each taxpayer ought to hold up under tax burden in connection to the benefit which he or she get from open administrations or public services.

The Social Contract Theory which postulates that, there should be an understanding between the ruled and their rules, characterizing the right and obligations of everyone accordingly. When the tax administrators understands their role towards citizens and the citizens, that is the ruled also understand their duties and obligations and everyone does his part, then revenue would grow and if otherwise, revenue generation would be affected.

3. RESEARCH METHODOLOGY

Survey research design is adopted through the use of questionnaire, oral interview and personal observation. The research design is justified base on the nature of the data the researcher intends to collect and carry out analysis on.

The area of the study is the Gombe state government and the state board of internal revenue service in the state.

The population of workers in the state board of internal revenue is 125. Due to the nature of the research in which experience and educational qualification was needed. The questionnaire would be administered on face to face to the employees of Gombe State Board of Internal Revenue, Gombe State, Nigeria and received on spot. The population for this study comprises of one hundred and twenty five (125) employees of State Board of Internal Revenue.

The sample size of ninety-five (95) was derived the sample size statistically by using Yaro Yamane (Adebisi, 2013).

Primary was used which was from the State Board of Internal Revenue Service of Gombe State with the aid of some prepared questionnaires which are differently answered by them. In addition, oral interview was conducted with some accounting officers of the Gombe State Board of Internal Revenue and Federal Inland Revenue. The options 'Yes/No' response types of question were structured. Others were unstructured to allow the respondents to provide their own answers.

Descriptive statistics was used in this study to compute the summary statistics that describe the central tendency, as well as, how the data spread out around this value. This tool is used to describe the dependent and independent variables of the study by computing the frequencies and percentages. Descriptive statistics is used to find out whether there is presence of an outlier or not in the variables.

Correlation Analysis is used to explain the strength and direction of a linear relationship between two variables (Pallant, 2011). Spearman's Rank correlation and Pearson correlation was employed to assess the interrelations among study variables. It showed the strength of the relationship between the independent variables among themselves and the dependent variable.

In order to determine the variation in dependent variable (revenue generation) due to variation in the independent variables (tax administration), linear regression technique is employed. This is because linear

regression is expected to explain the variation in dependent variable due to the variation in the independent variables.

Diagnostic checks carried out on the model include Alpha test (to check whether there is a correlation and reliability among the explanatory variables).

There are three sets of variables covered by this study. These are the dependent and independent and the moderating variables. The dependent variable for this study is revenue generation of the state. This is measured by analyzing the responses on the rate of tax growth, the rate of increasing base and its buoyancy. The independent variable used in this study is Tax Administration (measured by its effectiveness and efficiency, autonomy, personnel, knowledge on tax system, able to make effective policies and law. The control variables included in the model are tax payers' enlightenment and tax evasion and avoidance.

The questionnaires will also be tested using the Alpha model and the at least 60% reliability would be adopted based on the findings and research by Sekaran (2010). The data were tested over and over again and same results are obtained, it means the information is very reliable.

4.0 Test of Hypothesis
The two types of hypotheses that are central in this study are the null and alternative hypotheses. The null hypotheses are stated in negative form being symbolized by H_0 and its alternate H_1. The statistical tests of the null hypothesis may suggest the rejection of the H_0 at a particular level of significance and degree of freedom. The rejection of null hypothesis signals an automatic acceptance or non-rejection of the alternate hypothesis.

4.1 Test of Hypothesis 1: H_OEfficiency and effectiveness of tax administration has no significant effect on revenue generation of the state.
Correlation
Where:
RE: Revenue Generation (Dependable Variable)
EandE: Efficiency and Effectiveness of Tax Administration.

Table 4.6.2a Computation of Correlations: Spearman's rhoEandE on RG

			RG	EandE
Spearman's rho	RG	Correlation Coefficient	1.000	.107
		Sig. (1-tailed)	.	.165
		N	86	86
	EandE	Correlation Coefficient	.107	1.000
		Sig. (1-tailed)	.165	.
		N	86	86

From the above table, RG has a perfect correlation with RG because every variable has perfect correlation with itself, while RG with EandE are positively correlated with value of 0.107(Weak Relationship). EandE with EandE is also perfectly correlated because every variable has a perfect correlation with itself. This finding is also in line with the researches of Ifere & Eko (2014), Enahoro & Olabisi (2012) and Abiola & James (2012) all who established a positive relationship between efficiency and effectiveness of tax administration with revenue generation.

Regression Analysis

Table 4.6.2b Coefficientsa

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1 (Constant)	1.376	.233		5.912	.000	.913	1.839		
EandE	.110	.093	.127	1.178	.242	-.076	.296	1.000	1.000

From the above regression result, the mean of the regression line (Constant) is 1.376 with a standard error of 0.233 and the variable is statistically significant. It shows that on average, the value of the dependent variable is 1.376 holding the influence of the dependent variable(s) constant.

A unit increase in EandE will increase the dependent variable (RG) by 11%. This shows that EandE with the dependent variable (RG) have positive relationship and EandE is statistically significant.

Table 4.6.2c   Model Summary[b]

Mod el	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.127[a]	.016	.005	.36890	.016	1.388	1	84	.242

a. Predictors: (Constant), EandE

b. Dependent Variable: RG

From the above table, it can be seen that the value overall fitness of the model which is the R square is 16% which is the power of the model to explain the dependent variable (RG). The F change revealed1.388.

Discussion

From the results of the correlation and regression of the study hypothesis, we therefore reject null hypothesis (H_0) and accept the alternative hypothesis (H_1) that Efficiency and effectiveness of tax administration has significant effect on revenue generation of the state since, the mean of the regression line (Constant) is 1.376 with a standard error of 0.233 and the variable is statistically significant. It shows that on average, the value of the dependent variable is 1.376 holding the influence of the dependent variable(s) constant.

4.2 Test of Hypothesis 2: H_O There is no significant relationship between tax payers' enlightenment on payment of tax and revenue generation.
Correlation
Where:
RE: Revenue Generation (Dependable Variable)
TPE: Tax Payers' Enlightenment.

Table 4.6.3a Computation of Correlations: Spearman's rho TPE on RG

			RG	TPE
Spearman's rho	RG	Correlation Coefficient	1.000	.014
		Sig. (1-tailed)	.	.448
		N	86	86
	TPE	Correlation Coefficient	.014	1.000
		Sig. (1-tailed)	.448	.
		N	86	86

Regression Analysis
Table 4.6.3b   Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1 (Constant)	1.691	.133		12.682	.000	1.426	1.956		
Average TPE	.031	.086	.039	.357	.722	.202	.141	1.000	1.000

a. Dependent Variable: AverageRG

From the above table, RG has a perfect correlation with RG because every variable has perfect correlation with itself, while RG with TPE are positively correlated with value of 0.014(Weak Relationship). TPE with TPE is also perfectly correlated because every variable has a perfect correlation with itself. TPE and RG have a positive significant relationship of 0.448 which is a strong relationship. The result above is also in line with the research by Adebisi, (2015) who also establish that a direct positive relationship exists between enlightenment of tax payers on tax payment and revenue generation.

The above regression result for hypothesis two (2) shows that the mean of the regression line (Constant) is 1.691 with a standard error of 0.133 and the variable is statistically significant. It further shows that on average, the value of the dependent variable is 1.691 holding the influence of the dependent variable(s) constant.

A unit increase in TPE will increase the dependent variable (RG) by 31%. This shows that TPE with the dependent variable (RG) have positive relationship and TPE is statistically significant.

Table 4.6.3c   Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.039[a]	.002	.010	.37166	.002	.127	1	84	.722	1.333

a. Predictors: (Constant), AverageTPE

b. Dependent Variable: AverageRG

From the above table, it can be seen that the value overall fitness of the model which is the R square is 39% which is the power of the model to explain the dependent variable (RG). The F value showed 72.2%.

Discussion

From the results of the correlation and regression of hypothesis, we therefore reject null hypothesis (Ho2: There is no significant relationship between tax payers' enlightenment on payment of tax and revenue generation) and accept the alternative hypothesis (H_1) that there is significant relationship between tax payers' enlightenment on payment of tax and revenue generation since the mean of the regression line (Constant) is 1.691 with a standard error of 0.133 and the variable is statistically significant. It further shows that on average, the value of the dependent variable is 1.691 holding the influence of the dependent variable(s) constant.

4.3 Test of Hypothesis 3: H_O Tax evasion and tax avoidance have no significant effect on revenue generation.

Correlation

Where:

RE: Revenue Generation (Dependable Variable)

TEandA: Tax Evasion and Avoidance.

Table 4.6.4a Computation of Correlations: Pearson TEandA on RG

		RG	TEandA
RG	Pearson Correlation	1	.437[**]
	Sig. (1-tailed)		.000
	N	86	86
TEandA	Pearson Correlation	.437[**]	1
	Sig. (1-tailed)	.000	
	N	86	86

**. Correlation is significant at the 0.01 level (1-tailed).

From the above table, RG has a perfect correlation with RG because every variable has perfect correlation with itself, while RG with TEand A are positively correlated with value of 0.437 (Weak Relationship).

TEand A with TEandA is also perfectly correlated because every variable has a perfect correlation with itself.

The result above is also in line with researches carried out by Adebisi, (2015), Fatoki, (2014) and Modugu, (2014) that there exist a direct and positive relationship between tax avoidance, tax evasion, and personal revenue generation. The practice of tax evasion and tax avoidance reduces the revenue generated but if these practices are curtailed, the revenue to be generated would also increase.

Regression Analysis

Table 4.6.4b   Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	1.108	.126		8.790	.000	.858	1.359		
	TEandA	.308	.069	.437	4.449	.000	.170	.446	1.000	1.000

a. Dependent Variable: RG

From the above regression result, the mean of the regression line (Constant) is 1.108 with a standard error of 0.126 and the variable is statistically significant. It shows that on average, the value of the dependent variable is 1.108 holding the influence of the dependent variable(s) constant.

A unit increase in TEandA will increase the dependent variable (RG) by 30.8%. It shows that TE and A with the dependent variable (RG) have positive relationship and TEandA is statistically significant.

Table 4.6.2c   Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.437[a]	.191	.181	.33459	.191	19.797	1	84	.000

a. Predictors: (Constant), TEandA

b. Dependent Variable: RG

From the above table, it can be seen that the value overall fitness of the model which is the R is 43.7% which is the power of the model to explain the dependent variable (RG).

Discussion

From the results of the correlation and regression of hypothesis, we therefore reject the null hypothesis (H$_0$:Tax evasion and tax avoidance have no significant effect on revenue generation.) and accept the alternative hypothesis (H$_1$) that there is significant relationship between Tax evasion and tax avoidance have no significant effect on revenue generation. Tax evasion and avoidance with revenue generation of the state are dependent with each other. Since the mean of the regression line (Constant) is 1.108 with a standard error of 0.126 and the variable is statistically significant. It shows that on average, the value of the dependent variable is 1.108 holding the influence of the dependent variable(s) constant. This shows that dependency exist between the both variables.

5.1 Conclusion and Summary

The study set out to examine the effect of tax administration on revenue generation in Gombe state. The major source of data for this study is the primary data that was collected through the use of questionnaires administered to the state board of internal revenue. The research designed adopted was the survey research design and the sampling technique adopted was simple random sampling technique. Cronbach's Alpha diagnose was carried out to seek for reliability of the questions contained in the questionnaire. Three hypotheses were presented and tested in this research by use of Spearman's Rank correlation, Pearson correlation and linear regression.

The correlation results of the first model of study revealed that there is a positive correlation with value of 0.107 between efficiency and effectiveness of tax administration with revenue generation. The second model also showed that there is a perfect correlation between tax payers' enlightenment and revenue generation. The variables are positively correlated with a value of 0.014. From the correlation result of the third variable, there exist a perfect relationship between the variables tax evasion and avoidance with revenue generation and it revealed a positive correlation with value of 0.437.

From the regression results, efficiency and effectiveness of tax administration was found to have a significant positive effect on Revenue generation at 0.05 (significance) level of confidence. The *R2* showed that the model explained 16% of variance in revenue generation and it was found to be fit as the F-statistic was also significant at both 5% level of significance.

From the regression results of the second model, tax payers enlightenment was found to have holding influence on the dependent variable which is revenue generation with constant of 1.691 and it was found to be fit as the F-statistic was also significant at 5% level of significance.

Result from the third model revealed that Tax evasion and avoidance have significant positive impact on Revenue generation at 0.05 (significance) levels of confidence. The R showed that the model explained 43.7% of variance on revenue generation and it was found to be fit as the F-statistic was also significant at 5%.

This study is undertaken primarily to determine effect of tax administration on revenue generation using the Gombe State Board of Internal Revenue as the case study. Despite the identification of taxation as one of the most reliable sources from which any government could derive the necessary revenue for her various development functions, Gombe State has been performing low in terms of tax yield. This is due majorly to several problems beclouding the system of tax administration in the state. Some of the major problem responsible for this trend include: improper tax assessment (high tax rate), tax evasion and avoidance, lack of awareness on part of citizens. The result shows a clear deficit in infrastructural development and provision of social services which are supposed to be provided from tax revenue.

5.2 Recommendations

To reverse this trend, firstly, the government needs to formulate a sound regulatory framework to ensure efficiency and effectiveness in the administration of taxes is imperative. There is need for government to ensure that tax policies are reviewed and updated regularly. This has the effect of bringing innovation in tax administration and effective revenue generation. Government should strive to ensure that tax rates are kept moderate in order to avoid tax evasion/avoidance. There should be an efficient information system which will enable tax authorities networking to encamp tax payer that avoids or evades tax. This will help significantly in limiting the incidence of tax evasion.

Secondly, the tax administration in the state should be granted total autonomy. This will make the internal revenue board to recruit the best professionals to manage the professional posts in the state. In this regard, it will be possible for the authorities to attract the best brains and pay them handsomely. It is my feeling that tax officials being at the vanguard of generating revenue and increasing the wealth of the nation should be given full autonomy in tax administration.

Thirdly, better mechanisms for assessments and collection of tax should be put in place to enable the tax authority function effectively, as the board lack basic facilities and necessary working material there by reducing their work efficiency and professionalism. I recommend that the government should assist in Provision of the required tools, facilities and environment necessary for tax administration to increase the rate of revenue generated.

Furthermore, there is an urgent need for the state governments to clearly state the basic objectives of its tax system and the relationship between these objectives. This will assist to give the tax administrators a sense of direction and make the tax payer see clearly the reasons he/she should pay his/her tax as at when due.

Also, the tax system should be fully modernize and automated, improve tax payer convenience in the assessment and payment process whilst at the same time entrenching effective and modern human resource management practices in the tax authorities. The board should be provided with adequate data processing system, the power generating sets working, then it will be possible for the revenue authority to have complete data about tax payers with a view to generating a data bank with which a proper monitoring of taxes paid, or and to be paid by tax payers can be done.

Again, there should be enlightenment campaign to Motivate people to pay their taxes promptly as they are used for community development projects .It has been the fault of government by believing that tax education is not necessary and hence no investments into tax matters. Most people have these natural dislike for tax, if proper tax education is conducted, the tax payer will appreciate the importance of tax and not just its dark side.

Finally, there should be judicious use of tax payers' money should be made and be seen to have been properly utilized. This will encourage tax payers to continue to pay taxes.

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