IOSR Journal of Environmental Science, Toxicology and Food Technology (IOSR-JESTFT)
e-ISSN: 2319-2402,p- ISSN: 2319-2399.Volume 13, Issue 12 Ser. I (December. 2019), PP 11-20
www.iosrjournals.org

Property Taxation as a Veritable Alternative Source of Budget Funding In Nigeria

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Abstract: *Property taxation is a practice whereby a payment is imposed on ownership and other legal interests in land and buildings in order to improve the life of the citizens. The aim of the study is to examine property taxation as an alternative source of budget funding in Kebbi State, Nigeria. The study adopted both primary and secondary data source, the sample size adopted is 50 and this include 35 employees of tax authority and 15 tax payers, internal and reliability test was done using cronbach's alpha test of 0.0805 while Pearson product moment correlation was used for the hypothesis test. The study revealed that the type of tax collected in kebbi state include; personal income tax, development levy, capital gain tax sign board and advertisement permit fees among others and also revealed that from 2012 to 2016 there has been steady increase in the contribution of property tax towards the funding of the state budget and therefore the study recommended that more awareness should be created for the citizens through the media outlets especially in the local languages in the state.*

Date of Submission: 28-11-2019 Date of acceptance: 13-12-2019

I. Introduction

Taxes on land and property have both fiscal and non-fiscal effects. The revenue such taxes produce is often an important source of finance for states and local governments. The extent to which those governments have control over property taxes is thus often an important determinant of the extent to which they are able to make autonomous expenditure decisions. The level, design, and control of property taxation are thus, in many countries, critical elements in effective decentralization policy. Property taxes are not always local taxes, and whether they are or are not local, like all taxes they must also be considered from a more general policy perspective. From this perspective, property taxes may be viewed, depending upon one's assumption, the environment in which they are applied, and their design and effectiveness, as an equitable and efficient way of raising revenue or they may be considered to be a regressive and undesirable form of public finance. Simple, general conclusions on these important issues do not emerge easily from an examination of the complex structure of property taxes around the world. As an example, consider Germany, in which two variants of land tax are imposed on 9in effect) four different bases at five different "base rates" which in turn are modified by locally determined "leverage factors" (Richard and Enid, 2002). Other than nothing that the revenues from this complex set of taxes are small and that reform has proved politically impossible so far, it is hard to say anything very definite about the effects of such a system. Germany is not alone in this respect. In most countries, taxes on land and property are among the oldest forms of all taxes. Old taxes need not necessarily be "good taxes" as the saying has it, but they almost invariably have, over the years, become encrusted with various peculiar features that prove very difficult to alter. Since the discovery of crude oil in Nigeria in 1956, the Nigerian economy has relied heavily on proceeds of the commodity for its sustenance. Proceeds from crude oil account for over 70 percent of the Nigerian revenue since 1970 when its price was on the upward trend. Other sectors of the economy, including the real estate, have been neglected and the management of oil revenues has proven inefficient in driving the economy to bring about the much needed level of development. This scenario has serious negative implications on the nation's development. After more than five decades of oil exploration activities, a greater percentage of Nigerians live in abject poverty, unemployment is double-light, value of Nigerian currency depreciating and productivity is at its lowest ebb. It is a known fact all over the world that for a country to attain meaningful growth and development, its economy has to be diversified. Mono-product economy has to pave way for the productive development of various sectors of the economy of which the real estate sector is one. In considering non-oil source of revenue generation in Nigeria, the place of taxes cannot be underestimated. In this regard, the need for state and local governments to generate adequate revenue from internal sources has become a matter of extreme importance. This need underscores the eagerness on the part of the state and local governments and even the federal government to look for new sources of revenue or to become aggressive and innovative in the mode of collecting revenue from existing sources. Afuberoh and Okoye (2004), states that though taxation may not be the most important source of revenue to the government in terms of the magnitude of revenue derivable from taxation, however, taxation is the most important source of revenue to the government, from the point of view of certainty, and consistency of taxation. They further mentioned that taxation is the most important source of revenue to the government. Owing to the inherent power of the government to impose taxes, the government is assured at all times of its taxes revenue no matter the circumstances. However, land or property tax as a source of budget financing is often neglected because most local governments in Nigeria usually depend on federal and state governments revenue allocations and as a result, the property tax sector is seen as a negligible source of fund. In the developed countries of the world, property tax is the most widely used municipal local tax instrument which, in principle, can be adapted to the conditions of the developing nations such as Nigeria. Even though there is a long history of property tax in Nigeria's major city of Lagos. This was in spite of a government policy of 1976, which, as a part of the nationwide reform of local government, supported the development of this tax for the purposes of financing the increasing array of services which local governments were mandated to provide. Whereas local government revenues has increased phenomenally as a result of the 1976 reforms, Nigerian local governments have become heavily dependent on federation account transfers. It is against this backdrop that this paper seeks to examine property taxation as a veritable alternative source of budget funding in Kebbi State, Nigeria

Statement of the Problem.

The unprecedented decline in price of oil in recent years has led to a decrease in the funds available for distribution to the Federal and State Governments. The statutory allocation from the federal government accounted for over 70percent of local government finances (CBN, 2012). Over the years, revenue derived from taxes, especially property tax has been very low and no physical development actually took place, hence the impact on the poor is not being felt. While revenue from the federation account is certain, that of internally generated revenue is always fraught with serious problems, resulting in meager collections by state and local council. Inadequate tax personnel, fraudulent activities of tax collectors and lack of understanding of the importance to pay property tax by land and landed properties owners are the most important factors militating against efficient property taxation in Nigeria. These issues will therefore constitute the problem to be addressed in this study.

Aim and Objectives of the Study

The aim of the study is to examine property taxation as a veritable alternative source of budget funding in Kebbi State, Nigeria. The major objectives are:

1. To identify the various types of taxes operating in the study area;
2. To examine the contribution of property taxation to revenue generation;
3. To identify the challenges facing an efficient property tax administration;
4. To identify ways for effective property taxation in study area.

Hypothesis

(H_0): There is no statistically significant contribution of property taxes to revenue generation in the study area."

II. Conceptual Framework

Concept and Nature of Property Taxation

Property taxation is a practice whereby a payment is imposed on ownership and other legal interests in land and buildings. Property tax is synonymous to land tax. Property tax may be calculated annually in the form of a tax, rate, levy or charge. Property taxation, apart from providing a major source of government revenue, also serves various non0fiscal and regulatory functions. It helps to reallocate wealth and resources from land by taxing away the profit from wealthy land owners. The practice is, far from being punitive since high proportion of the revenue from this land taxes are also used for purposes that benefit the taxpayer and his or her family and also enhances the value of the taxpayer's property (Gboyega, 2003).

2.1 Types of Property Taxes

In Nigeria, land resources are subject to severance tax o forest and mineral products, special assessments, capital gain tax, inheritance and gift tax, documentary tax/stamp duty, capital transfer tax, betterment tax, withholding tax, value added tax, estate and probate tax, site value rating, property rate and property tax (Ad valorem). Since property taxes compulsory contribution on the part of the property owners, it can never be comfortable to the payers. The extent of discomfort, according to Gboyega (2003), varies with the type of tax, the amount taxed, the uniformity with which it is applied to individuals, the possibility of shifting it to others, the penalty associated with its application and the extent to which it can influence the operator's decisions.

2.2 Incidence of Property Taxation

The fundamental question regarding property tax is who bears the tax burden, that is, the ratio of tax payment to personal income which varies with the income of the taxpayer, could be shared between the owner or any occupier of a building, since it is a tax levied essentially on site, structure and other physical characteristics of the property. Ideally, a local government authority should levy the property rate on buildings located within its area of jurisdiction. The proceeds from such tax form part of the much needed for providing basic services like roads, markets, refuse disposals, health centers, primary schools, street lights and many other local facilities.

In traditional societies, public services were simple and limited in scope, consisting mostly of rulers' palace, markets, roads and village square. To maintain these basic services required contribution from the harvest of the members of the community as well as their direct labour. However, the introduction of monetary economy and rapid urbanization has resulted in the complexity of public services needed to be provided and , consequently, the old methods or raising revenue are no longer viable alternative. This is because of the peculiar ease of taxation and the quite distinct identity of such taxable items.

2.3 Issues in Property Taxation in Nigeria

Gboyega, (2003) examined the leading issues associated with the operation of property taxation in Nigeria, the focus should be on the importance of the property tax, its administrative procedure and its breakdown and some possible reformation. Property taxation has been treated almost exclusively as a source of revenue to state and local governments in Nigeria. As a result, the federal government has moved on to other sources of tax revenue and left the property tax domain exclusively to the state and local governments.

2.4 Taxable Properties

Property taxes are generally levied on all types of properties- residential, commercial, and industrial, as well as on farm properties. Sometimes different categories of property are treated differently. Sometimes certain classes of property, or property owner, or uses of property, are exempt. Sometimes land only is been taxed.

2.5 Land versus Land and Improvement

Some countries tax only land. A few tax only buildings. Most countries tax, both land and buildings (or "improvements"), usually together but in some countries (e.g. Hungary) separately. Some also tax machinery (or "tangible business assets"). In most countries, the property tax is levied on land and improvements. In some countries, however, only land portion of the property is taxed (e.g. Kenya and some parts of Australia and South Africa). In Tanzania, unusually, only buildings are taxed. In countries where both land and improvements are taxed, the land portion is sometimes taxed more heavily than improvements. The taxation of land only (also known as "site value taxation") potentially may improve the efficiency of land use. In principle, a tax on site value in effect taxes location rents (the returns from a particular location regardless of the improvements to the site). Since improvements to land (such as structure) are not taxed, the owner has an incentive to develop the land to its most profitable use. Compared to a property tax on land and buildings that discourages investment in property, a site value tax thus encourages building and improvements (Richard and Enid, 2002).

Some of the major problem of mobilizing property tax in Nigeria as a whole, and in Kebbi state in particular, revolves around the inability to administer property tax adequately. Since many properties are often not listed on the valuation rolls, payment evasion is widespread. And even in many cases where properties are listed, they are under-assessed; worse still; many of those assessed are often unpaid for. Much of the revenue losses in property taxes could be linked to the fiscal cadastre or the system of recording and valuing property. More often than not, the factors used in assessing properties are not clearly established on the property record records, and in most cases, are not regularly updated. The ideal cadastre format, based on detailed maps, giving individual boundaries and codes, does not exist in many towns and cities. Tax maps are virtually non-existent, properties are not often identified by title, but by canvassing; where property taxes are newly instituted, the city is often divided into zones, identifying parcels and owners as well as property characteristics. Such an approach only works well in areas with regular street patterns, named streets, and numbered houses. In the absence of street address, tax liability cannot be linked to the respective properties. Tax bills are deliverable, but penalties are unenforceable. This failure makes most of the properties in Kebbi state untaxable. Most importantly, the cadastre needs to be updated regularly to reflect increase in the number of taxable real properties.

2.6 Identifying Property Tax Liability

Another issue in property tax administration is the difficulty in identifying the person liable for the taxes. Legal title registry is often not well organized; as such, it does not serve as a good index to taxpayers. In some cases, the owner of the property has primary responsibility for the tax payment. In other cases, the tenants and agents are designated as having secondary responsibility for paying the tax and, under the law, are allowed to recover their costs by deducting taxes paid from rents due. There is no need in these latter cases to identify absentee landlords because the location of the property enables delivery of the tax bill. However, even though this solves the question of liability, tenants and agents are often reluctant to assume financial responsibility on behalf of the owner. The problem of ascertaining tax liability is further complicated by high mobility and frequent property sales/exchange. Legally, the owner of the property is liable for tax payment; however, because property registration of title is often inadequate, tax administrators do not interpret legal ownership as ownership. Instead tax bills are often delivered to the owner of record. This procedure is not always straightforward, given high incidence of absentee property ownership and difficulty of obtaining the owner's name and address. The delivery of tax bills thus becomes a critical problem.

2.7 Property Valuation for Taxation

The property tax base in inelastic. Property values, unlike income or sales of goods, do not rise automatically with inflation, urbanization or even improved economic activities. Instead, the tax office is responsible for measuring the valuing those various increases and then adjusting the fiscal cadastre to reflect underlying increases in property value. In most cases, they will need to identify the changes that increase the physical size of the tax base, such as new building or improvement to existing ones, and capture the rising cost of land and building values that affect properties such as inflation; increasing population, and other issues. In many instances, these procedures are not adequately conducted. Part of the problem is that this procedure is expensive to administer relative to the tax yields; this is true even when no attempts are made to adjudicate titles. The technical staff needed to organize and supervise surveying and valuation work is inadequate. Thus, in effect, an increasing proportion of new construction goes unrecorded on the fiscal cadastre. Often, general revaluation are postponed or undertaken sporadically. This results in stagnation in property tax base, despite rapid growth in the physical size or value of property tax. For instance, the present valuation list being used in Lagos was complied under the World Bank Assisted Loan in 1992. This negates the recommended practice of quinquennial revaluation. In some cases, the system of valuation is so simplified that it does not attempt to reflect market values. The task of updating residential building characteristics is based on two criteria: construction materials used and number of floors in a building. A building's location, size, number of rooms or structural condition is not considered. Consequently, this system fails to reflect a wide variation values and does not promote raising substantial revenues through property tax.

2.8 Problems of Revenue Generation in Local Government Administration in Nigeria

Source of finance has been one of the major problems of Local Government in Nigeria. In the past, Local Government relied on internally generated revenues which were hardly sufficient to meet their needs. This led to the slow pace of development in Local Government Areas, especially in the rural areas (Uhunmwuangho and Aibieyi, 2013). The fact that Local Government requires finance to perform its statutory assigned responsibilities needs no emphasis. Some of such problems are as follows:

- Internal revenue generation is impaired as a result of the macro-level of governments (Federal and State) holding on to those functions the performance of which yields high revenue returns. For instance, the State Government cannot devolve to local councils such areas as water supply, motor vehicle licensing, and approval of building plans, and so on that are very lucrative.
- Failure to remit 10% to Local Government by State Governments is yet another problem associated with revenue generation of Local Governments. Ola and Tonwe (2005) noted that although the constitution provided that 10% of the total revenue of state should be disbursed to their local councils, the state governments had in most cases paid only a small fraction of the 10% to their local government councils, and in some cases, nothing at all was paid to the local government councils by the State Governments. This still remains the position today. Most councils cry to get their statutory allocation paid into the State Joint Local Government Account (SJLGA) from State Government talk less of getting 10% as state revenue to the councils.
- The constitution provides that funds from the federation account for State and Local government account should be maintained by the State Government. In most cases, the State Governments make several deductions, such a counterpart funding of projects, income tax (upfront) by Local Government employees (payee) and so on before remitting to councils whatever it deems fit. This situation is worsened under transition committee chairmanship of Local Government Councils. As usual, no transition committee chairman has the guts to question the governor of a state that magnanimously appointed him. This is another sorely situation that have had negative effect on the revenue profile of Local Government Council in the country.
- Another problem that has been identified is citizens' cynicism and reduction/refusal to pay rates, charges etc. due to poor record of performance of Local Government in Nigeria (Ojofaitimi, 1998). This view point was supported by Ola and Tonwe (2005) when they said that there have been incidents by violent attacks by

angry villagers on tax collectors of Local Government because of their opinion, Local Government's officials are only see when they want to collect taxes and not return to render any services. There have been organized agitations to boycott the payment of taxes, with the slogan 'no service no pay', such as an anti-tax campaign by agitators in Epe Local Government Area of Lagos State.

- Embezzlement of revenue by Local Government revenue collectors have also resulted in widespread unwillingness by communities to pay taxes. There have been reported cases of revenue collectors helping themselves with funds collected for the councils, thus discouraging would-be tax payers' from taking this civic responsibility seriously. Thus, tax evasion becomes common place.
- Orewa and Adewunmi (1992) posited that one of the factors responsible for Local Government poor revenue collection is the casual attitude of the revenue collector and other treasury staff. They labour under the illusion that (no matter) whatever revenue they collect directly, the-father-Christmas of Federation Account will provide adequate funds for the payment of personal emoluments of the staff. This assumption is deceptive in that with poor reveue generation efforts, some council have found themselves unable to pay salary after deductions made by the State Governments. For example, many Local Government Councils in Nigeria presently find themselves in this situation, sometimes leading to unpaid salaries for upwards of two mounts or more.
- Misplacement of council funds by Local Government chairman is yet another problem. Some Local Government chairman deposited Local Government allocations into private savings account and loan companies in which the Local Government had no account. This is done with the intention to collecting the accruable interests on such funds on maturity. These ugly practices well described by Ugwu (2009) when he states that leadership failure and bad governance at all leve;s of government inhibits attracting external development assistance. This is also coupled with the high level of corruption leveled at local government functionaries of local government funds.
- Another constraint is imposed to Local Government revenue mobilization capacity through state control over Local Government budgets, which is made to pass through many levels of approval in the hands of State Governments. Even after approval, the post-budget control still imposes further restrictions which may be removed when the local government council greases the palms of the powers that be. All of this tells on the financial capability of the councils.
- Another problem negating revenue generation efforts of Local Government is the practice of farming out of revenue sources to persons on the basis of political patronage. These revenue agents are given arbitrary monthly targets to remit to the council, contrary to the Financial Memoranda regulation which states that-where appropriate, a Local Government may appoint a person other than an employee as a revenue collector and such person shall receive an appropriate portion of taxes or fees he collected as commission. The implication of not complying with this regulation is that the revenue agents cashed on the loophole created by the council to exploit helpless public by fixing rates other than those approved by the council, who could not pay the exorbitant rates. This ugly trend has resulted to loss of dire needed funds to Local Government councils, as lesser targets were often given to the Revenue Agents (Edoyugbo, 2012).
- Political observers have long noted that the present revenue sharing formula does not appear to be favourable to Local Governments in view of the enormous functions and responsibilities constitutionally and conventionally assigned to councils (Ugwu, 2009). The poor revenue allocation to the local governments, with the exception of those littoral states, that shares 13% derivation funds, has made them to be dependent on their states for bailout in turbulent times. Even then, the clamour for review of the sharing formula is there. The foregoing features, which are by no means exhaustive, have in combination, impacted on revenue generation of Local Government councils in Nigeria.

III. Research Methodology

3.1 Data and Sources

The research design for the study is survey research. This study employed both primary and secondary mode of collecting data. The primary source data used is a structured questionnaire. The questionnaire was designed showing closed-ended Likert questions-strongly agreed, agreed, disagreed and strongly disagreed responses. The questionnaire was administered to selected employees of the tax authorities in the study area (that is, the Kebbi State Board of Internal Revenue and staff of Local Government councils) and sample of tax payers in the state.

On the other hand, the secondary sources of data used in this study include intensive library research and content analysis of archival materials aimed at obtaining information from documents such as: records available in the selected local governments in the state, textbooks, journals, reports, lecture notes, seminar presentation, newspapers and the internet materials.

3.2 Target Population

The study population consists of all the employees of the revenue departments in the state and the 21 local government areas in the state as well as the taxpayers in the state.

3.3 Sample size and Sampling Technique

The total sample size for this study is 50 made up of 35 employees of tax authorities conveniently drawn and 15 tax payers. The study adopted non-profitability sampling technique. The responses were however subjected to test for internal consistency or reliability using Cronbach's alpha method. A cronbach's alpha of 0.805 for the scale indicated a high level of internal consistency.

3.4 Method of Data Presentation and Analysis

Data were presented and analysed using tables and descriptive statistics (percentages). Pearson Product Moment Correlation Analysis was adopted to verify the null hypothesis .

Table 3: Distribution of Sample among selected Units in the Population

S/No.	Population of the study	Questionnaires administered
1.	Staff of Kebbi State Board of Internal Revenue	2
2.	Local government councils employees	2
3.	Taxpayers	46
	Total	50

Source: Author's Field Survey, 2016

Based on the large population, the researcher adopted non-profitability sampling technique using judgmental or purposive sampling method.

IV. Data Presentation, Analysis And Discussion Of Findings

The data collected were presented using tables and analyzed in line with the respondents' responses which address specific objectives. Descriptive statistics such as percentage was employed and Pearson Product Moment Correlation Analysis was used to test the research hypothesis.

Table 4.1: Types of Taxes in the Study Area

State	Local Government
Personal Income Tax	Tenement Rates
Business premises registration	Right of Occupancy on land in rural areas
Development Levy	Market Taxes and Levies
Right of occupancy on land owned by state	Signboard and Advertisement Permit Fees
Capital Gain Tax	
Withholding Tax and	

Source: Author's field survey, 2016

The taxes in operation the state and their jurisdictions jurisdiction are shown in table 4.1. This clarification was done by the Joint Tax Board (JTB) in order to avoid multiple collections of taxes from the same taxpayer.

Table 4.2: Data on Internally Generated Revenue (IGR) and Contribution of Property Tax in Kebbi State from 2012 to 2016

Year	IGR (in Million #)	% Change in IGR	Property Tax in IGR (in Million #)	% Change in property tax	% Contribution of Property Tax to IGR
2012	3,807	-	11.16	-	0.29
2013	4,472	17.5	12.84	15.1	0.28
2014	5,424	21.3	14.37	11.9	0.26
2015	3,732	-31.2	16.67	16.0	0.45
2016	3,834	2.7	18.34	10.0	0.48

Source: Author's field survey, 2016

Table 4.2 shows the contribution of property taxation to the Internally Generated Revenue (IGR) of Kebbi state for the periods 2010 to 2014. Whereas internally generated revenue for the periods under study shows steady increase from 2010 to 2012, there was a significant decrease in the IGR in 2013, over 31%, from the previous year. On the other hand, increase in property tax was at its highest in 2013. The contributions of property taxation the IGR were minimal for the periods. On average, property taxes have contributed less than 0.4% to the IGR for the periods under review.

Question 1: Do you agree that the use of taxes has assisted in the development of the state?

Table 4.3: Responses from Question 1

Responses	Tax Authorities	Percentage	Tax Payers	Percentage
Strongly Agreed	18	51	8	53
Agreed	12	34	4	27
Disagreed	4	12	3	20
Strongly Disagreed	1	3	0	0
Total	35	100	15	100

Sources: Field survey, 2016

From the table 4.3 above, both tax authorities and tax payers strongly agreed that the use of taxes has assisted in the development of the state. This is seen from the number of respondents that strongly agreed which are 18(51%) and 8(53%) for both tax authorities and tax payers.

Question 2: Do you agree that taxes are one of the major tools for revenue generation by the State and Local Governments?

Table 4.4: Responses from Question 2

Responses	Tax Authorities	Percentage	Tax Payers	Percentage
Strongly Agreed	12	34	8	53
Agreed	10	29	5	33
Disagreed	8	23	1	7
Strongly Disagreed	5	14	1	7
Total	35	100	15	100

Source: Field survey, 2016

From table 4.4 above, both tax authorities and tax payers strongly agreed that taxes are one of the major tools for revenue generation by the State and Local Governments. This is seen form the number of respondents that strongly agreed which are 12(34%) for both tax authorities and tax payers respectively.

Question 3: Has Property Taxation contributed significantly to revenue generation in the state?

Table 4.5: Responses from Question 3

Responses	Tax Authorities	Percentage	Tax Payers	Percentage
Strongly Agreed	1	3	3	27
Agreed	7	20	5	33
Disagreed	16	46	7	47
Strongly Disagreed	11	31	0	0
Total	35	100	15	100

Source: Field survey, 2016

From table 4.5 above, both tax authorities and tax payers disagreed that taxation has contributed significantly to revenue generation in kebbi state. This is seen from the number of respondents that disagreed which are 16(46%) and 7(47%) for both tax authorities and tax payers respectively.

Table 4.6: The challenges facing Property Taxation in Kebbi State.

	Challenges of property taxation in Kebbi state	**Responses**								
		SA	%	A	%	D	%	SD	%	TOTAL %
1.	Lack of public awareness on the importance of property taxes in revenue generation	21	42	15	30	10	20	4	8	50(100)
2.	Inadequate penalties for tax defaulters	12	24	10	20	20	40	8	16	50(100)
3.	Inadequate experiences tax administrators	13	26	25	50	9	18	3	6	50(100)
4.	Problem of tax evasion and avoidance	19	38	22	44	5	10	4	8	50(100)
5.	Most property owners do not know that it is their civic responsibility to pay tax	5	10	10	20	21	42	14	28	50(100)

Source: Field survey, 2016

Key: SA (strongly agreed), A (agreed), D (disagreed) and SD (strongly disagreed).

From table 4.6 the respondents agreed on the identified challenges facing property taxation in the study area. They however disagreed that inadequate penalties for tax defaulters is a major problem facing property taxation in the state. 42% of the respondents agreed that lack of public awareness on the importance of property taxes in revenue generation top the list of the identified challenges.

4.2 Ways of ensuring effective property taxation in the study area

Question: Do you agree that if aggressive and innovative modes of collecting revenue from existing State and Local Governments' internal sources are put in place the revenue generated by those governments through property taxation would increase?

Table 4.7: Responses from the question on ways for Effective property Taxation

Responses	Tax Authorities	Percentage	Tax Payers	Percentage
Strongly Agreed	24	68	7	47
Agreed	11	32	6	40
Disagreed	0	0	2	13
Strongly Disagreed	0	0	0	0
Total	35	100	15	100

Source: Field survey, 2016

In table 4.7, respondents, 24(68%) staff of tax authorities and 7(47%) taxpayers, strongly agreed that an aggressive and innovative mode of tax collection would enhance revenue generation through property taxation.

4.3 Verification of Hypothesis

The null hypothesis is that: "There is no statistically significant contribution of property taxes to revenue generation in the study area."

Table 4.8: Correlation (Pearson) of IGR and Property Taxation

Year	IGR (in Million #) (X)	Property Tax (in Million #) (Y)	X-Mx	Y-My	$(X-Mx)^2$	$(Y-My)^2$	(X-Mx)(Y-My)
2012	3,807	11.16	-446.800	-3.516	199630.240	12.362	1570.949
2013	4,472	12.84	-218.200	-1.836	47611.240	3.371	-400.615
2014	5,424	14.37	1170.200	-0.306	1369368.040	0.094	-358.081
2015	3,732	16.67	-521.800	1.994	272275.240	3.976	-1040.469
2016	3,834	18.34	-419.800	3.664	176232.040	13.425	-1538.147
			Mx:4253.80	My:14.676	Sum:2065116.800	Sum:33.228	Sum:1766.364

Source: Field survey, 2016

Key

X: X-Values; Y: Y-Values; M x: Mean of X-Values; M y: Mean of Y-Values; X – M x & Y – M y: Deviation scores $(X – M x)^2$: Deviation Squared: (X – M x)(Y – M y): Product of Deviation Scores

Result Details & Calculation

X-Values; ∑X = 21,269; Mean = 4253.8; $\sum(X – M x)^2$ = SS x = 2065116.8; Y – Values; ∑Y = 73.38 Mean = 14.676; $\sum(Y – M y)^2$ = SS y = 33.228

X and Y Combined

N = 5

∑(X – M x) (Y – M y) = 1766.364

R Calculation

r = ∑((X – M y)(Y – M x)) /[(SS x) (SS y)]

r = -1766.364 / [(2065116.8) (33.228)]

= -0.2132

Interpretations: The calculated value of R is -0.2132. This is a negative correlation, indicating a weak relationship between X variable scores (Internally Generated Revenue) and Y variable scores (Property Taxation). The value of R^2, the coefficient of determination, is 0.0455. This means that only 4.55% of total variations in internally generated revenue are explained by the property taxation. The remaining 95.45% is explained by other factors.

Decision: The critical value of R at a confidence level (α) of 0.05 is 0.8783. Because the calculated R is less than the critical value of R, there is no statistically relationship between IGR and Property taxation.

Conclusion: The above leads to acceptance of the null hypothesis and conclude that, there is no statistically significant contribution of property taxation to internally generated revenue in the study area.

V. Recommendations And Conclusion

5.1 Recommendation

Based on the findings of this study, there is need for the state government to shift attention to the development of the real estate sector of the state in order to expand the property tax base. Adequate institutional framework should be put in place to help develop this sector of the economy. The Land Use Act of 1978, as it stands, creates serious bottleneck for real estate development at all levels of the government in Nigeria. To cushion this effect, the kebbi state government should enact a land law, like the Land Use Charge of 2001of Lagos state, to usher in an efficient and robust property taxation regime and to fit present day realities.

The tax administration system in the state should be overhauled. It should be repositioned to ensure efficiency and effectiveness in tax administration, with special preference for property taxation. To ensure success in determining property taxation, proper lad registration and adequate documentation should be put in place. More professional staff, both Estate Surveyors and Valuers and tax administrators should be employed by the government in both the Ministry of Land and Housing and State Board of Internal Revenue. This is aimed at bringing in people with professional knowledge and expertise with regards to property taxation and the tax collection mechanism used by tax officials must be free from corruption and embezzlement.

Finally, adequate publicity on the importance of property taxation to the governments and citizens should be embarked on. The public should be enlightened on the benefits accruing to property tax payers and the society at large. 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.

5.2 Conclusion

In this study, effort has been made to analyze property taxation as a vital means for revenue generation in Nigeria in the three tiers of government particularly the State and Local Governments for budget financing. The problems militating against effective property tax administration in the study area such as lack of public awareness on the importance of property taxes in revenue generation, inadequate experienced tax administrators, problem of tax evasion and avoidance, were revealed. Although, property taxation has not significantly impacted on revenue generation in the state, this study has shown that property taxation has the tendency of impacting positively on the internally generated revenue of the government if proper attention is given to its improvement. Finally, the study proffered ways for improved property tax administration in the state.

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