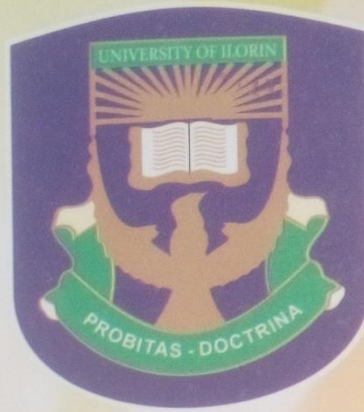
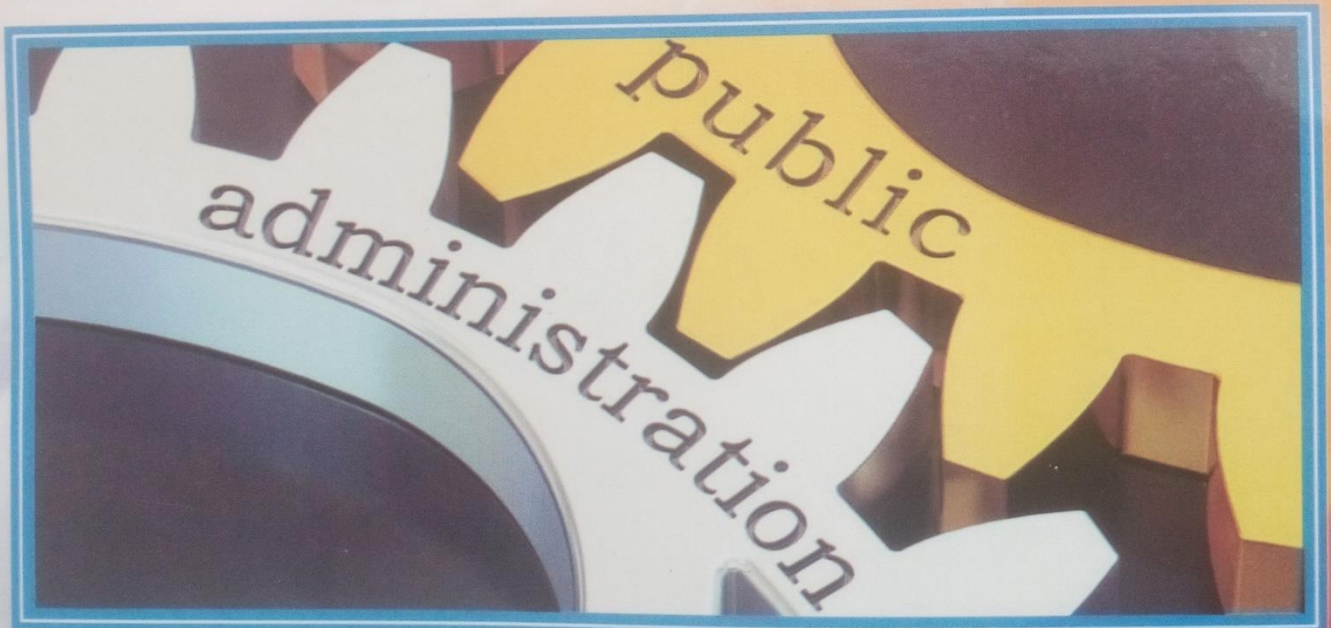




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Department of Public Administration
Faculty of Management Sciences, University of Ilorin, Ilorin Nigeria.
Email: ijad@unilorin.edu.ng or
samolaoyedele@gmail.com

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Email: ijad@unilorin.edu.ng
samolaoyedele@gmail.com
+2348130573557

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Taxable Capacity: A Means for Internally Generated Revenue in Kaduna North Local Government Area of Kaduna State

SA'ADU, Yahaya

*Department of Public Administration, Ahmadu Bello University, Zaria
dansaa2@yahoo.com
08035997781

SANI, Kasimu

Department of Public Administration, Federal University Wukari, Wukari

UMAR, Abubakar Yaru

Department of Public Administration, University of Ilorin, Ilorin
umar.ay@unilorin.edu.ng

***IDRIS, Ibrahim**

SANI, Barakatu

Department of Political Science, Kaduna State University, Kaduna

Abstract

Local governments in Nigeria come into existence solely to promote the standard of living of their populaces. To actualise this objective the local governments need sound sources of revenue and capacity to collect such revenue for appropriate usage. The potency of any local government to generate colossal internal revenue depends, among other things, on the taxable capacity. It is in line with the above that this study was carried out to examine the effect of taxable capacity on internally generated revenue (IGR) in Kaduna North local government area of Kaduna state. Data was gathered from both primary and secondary sources. Regression analysis was used to measure the level of effect of taxable capacity on the IGR with the aid of SPSS version 23 and the result revealed that taxable capacity has significant effect on the IGR of the local government (statistically significant at 99%). The paper therefore, recommends that for substantial yield of IGR, there should be organised collection of information (databank) of the revenue payers through using an electronic device and the standard of living of the populace should be enhanced.

Key words: Internally Generated Revenue, Public Revenue, Local Government, Taxable Capacity

Introduction

Local governments across the globe are established to exercise some important functions that affect everyday lives of their populaces. In USA, France, India, China, for instance, local governments plan and pay for most roads, run public primary schools, provide water, maintenance or support public hospital among others (Sa'adu, Sani & Yaru, 2019). However, local governments in Nigeria have been seen as the prime institutional incliners of development because of their relevance on the lives of their inhabitants. To stress it more, Olaleken (2015) asserts that the standard of living of Nigerians in either rural or urban areas are inevitably affected by local government activities through the provision or otherwise of such services as water, good feeder roads, health care and education. Local governments have remained the most important institution for promoting grass root development and cultural revival of its residents through community development projects and mobilization of human and material resources. With respect to the above, finance is one of the most valuable instruments that ensure the survival of any local government in the world. Without immense revenue or finance, no any local government can carry out a project or number of projects and by implication, the idea behind the existence of the local government is defeated.

Consequently, internally generated revenue of local governments in Nigeria it can be consider as the bedrock for social and economic development of rural areas because, if the local governments can sourced a vast amount of revenue/finance internally, they can provide adequate and essential services as well developmental programmes for the betterment of their populace as expected and assigned to them by the constitution. Ugwu (2000) posits that internal revenue increase local governments autonomy because they would heavily rely on their internal with little or no reliance on sharing of

revenue from state and federal government coffers and this may enhance their viability and credibility as they would achieve the essence of their establishment.

It is imperative to note that local governments in Nigeria are constitutionally assigned with the responsibility of providing essential public goods and services such as protection of people's lives and properties, establishment and maintenance of schools, health centres, markets, provision of water and rural electricity supply, good feeder roads amongst others. To finance these primary responsibilities, they need viable sources of revenue and need the capacity to collect and administer such revenue. However, the Nigeria local governments have two main sources of revenue namely, external and internal. While the local governments over depended on statutory allocation, 20.60% from federation account and 10% state IGR. Available data revealed that statutory allocation account for about 80% of local government total revenue (Bhatia, 2012). The study of Sa'adu, Usman, Dauda & Modi (2019) shows that total revenue generated or accrued to Kagarko local government in 2010 was N944,098,215, the statutory allocation was 943,881,315 constituting 97.8% while the internally generated revenue was N21,691,000 representing 2.2%. For the year 2012 the total revenue generated was N1,403,320,324 the statutory allocation was 1,357,772,324 constituting 96.8% and the internally generated revenue was N45,548,000 which stands at 3.2%. Statutory allocation constitutes major source of revenue to local governments in Nigeria.

Consequently, the level of internally generated revenue of local governments in Nigeria was not encouraging, the 2018 annual economic reports of the Central Bank of Nigeria on local governments Internally Generated Revenue shows that, the local government level contributed only 1.9% to their coffers or total revenue (CBN, 2018), this indicates the level of negligence by the local governments in terms of internal revenue collection which they are constitutionally assigned to collect. After all the 1985 federal government committee on the review of local government administration in Nigeria recommended that viable local governments should be capable of generating at least 50% of their annual recurrent expenditure from local sources.

Many years ago, there has been the issue of inadequacy of essential general goods and services by the Nigerian local governments and this inadequacy may have otherwise affected the throughput of the Local Governments to collect the maximum amount which the residents can pay to the public authority for their usage. Local governments in Nigeria are given the capacity and strength by the local government financial memoranda which is being recognised by the 1999 constitution to collect **Head 1002** Rates, **Head 1003** Local licenses, fees, and fines as internal sources of revenue to the local governments. Further, added **Head 1004** Earnings from commercial undertakings and **Head 1005** Rent on local government property, aimed at boosting their morale to venture into business activities to have available fund at their disposal for developmental activities in their area of jurisdictions. Despite all these provisions, most of the local governments collect little or no amount of revenue from these sources.

Statement of the Research Problem

It is undoubted that the Internally Generated Revenue of Local Governments in Nigeria is questionable or below expectation (Sani, 2015). The 2018 Annual Reports of the Central Bank of Nigeria on local governments IGR shows that local governments' contribution in Nigeria to their total revenue generated or coffers was insignificant 1.9%. This corresponded with the finding of Anyio 2012 in his study: Over Dependence of Local Government on Statutory Allocations in Nigeria and its Impact on Development which revealed that local government in Nigeria heavily relied on external sources of revenue such as statutory allocations from both federal and state governments, which the actual amount to be given is uncertain. This reliance can really affect their viability as third tier of government, which established to provide some certain relevant services to their residents. It has become necessary to diversify areas of revenue generation, to meet the yearning and aspiration of the inhabitants and by extension to actualise the perfect standard behind their creation. The inadequacy of revenue may have remained one of the devastating challenges hindering effective local government administration in the country. However, this inadequacy of revenue may lead to the inadequate provision of public goods and services such as clinic, feeder roads, water and rural electricity supply etc. in Kaduna North local government area of Kaduna State.

The Fourth Schedule, 1999 Constitution of the Federal Republic of Nigeria come up with sound public goods and services to be provided by the Nigerian local governments for the betterment of their populace and recognises the sources of the local government revenue to finance their constitutional mandates.

It is important to note that no any society can peacefully exist without sound education, health care as well agricultural production. Despite the constitutional provision on public goods and services there has been the problem of inadequate provision of essential non-excludable goods and services in the Nigerian local governments particularly Kaduna North local government which are worthy and directly affect the day-to-day lives of their inhabitants. Is the local government not observing the constitutional provision (1999 constitution of FRN) or the revenue accruing to the local government is not enormous or what is the problem? Sequel to the forgoing, the paper seeks to provide answer to; what has been the effect of taxable capacity on the Internally Generated Revenue of Kaduna North Local Government?

Objective of the Study

To examine the effect of taxable capacity on internally generated revenue of Kaduna North Local Government.

Research Hypothesis

The below hypothesis is to guide the study.

H0₁: Taxable capacity has no significant effect on Internally Generated Revenue of Kaduna North Local Government.

Conceptual Issues

Concept of Local Government

Local government can be seen as a legal personality with sufficient functions but with a limited power of control over its staff, finances or funds (Amao, 2002 cited in Michael, 2013). Anyio (2012) sees local governments as governments at the bottom saddled with the responsibility of pioneering development in their various localities.

Akpan (2008) opined local government as a separate tier of government that enjoys some reasonable measures of autonomy, with elected representatives as officials especially in a democracy. United Nations (1959) define Local Government as political subdivision of a nation which is constituted by a law and has substantial control of local affairs including the powers to impose taxes or to exert labour for prescribed purpose. The governing body of such an entity is elected or otherwise locally selected. Emezi (1984) give a contrasting understanding of what the local government is all about. According to him, local government is a system of local administration under local communities that are organized to maintain law and order, provide some limited range of social amenities and encourage co-operation and participation of inhabitants towards the improvement of their conditions of living.

Concept of Taxable capacity

Bhatia (2008) define taxable capacity as the maximum capacity or ability to pay taxes. According to him the capacity of people to pay taxes depends upon the per-capita income which in turn depends upon the national income generated from agricultural sector, industrial sector and tertiary sector. Dalton (1971) observes that 'taxable capacity is a common phrase but a dim and confused concept.' Musgrave (2006) posits that, the term taxable capacity refers to the sacrifice the community is able to sustain. Stamp (1987) sees taxable capacity as the maximum amount that the citizen can pay to the public authorities without having a really unhappy and downtrodden existence and without dislocating the economic organisation too much. To us taxable capacity comprises population, tax structure, economic activities and emotion- willingness of the revenue payers.

Concept of Public Revenue

Ndan (2013) posits that “generally revenue is receipt of a government or a business. Governments raise revenue, mainly through taxation, in order to pay salaries and wages, provide social goods and settle the cost of running government”. Public revenue, like public expenditure, is very necessary for the government to perform its various functions for the welfare of the society (Bhatia, 2012). It is important to note that, the necessity of raising the public revenue follows from the necessity of incurring public expenditure as the modern government has discharge a number of functions for the welfare of the people and as these functions require huge amount of fund, which can be financed only through public revenue.

As all known that, there is no any single accepted definition in the field of social and management sciences. As such, different scholars have made attempt to define the concept ‘Public Revenue’ thus: Dalton (1971) sees public revenue as all the income and receipts, which the government happens to get during a particular period of time. Public income/revenue includes incomes from taxes, prices of goods and services supplied by public enterprises, revenue from administrative activities such as fees, fines etc.

Internal Revenue Jurisdiction of Local Governments in Nigeria

The Fourth Schedule (section 7) of the 1999 Constitution of the Federal Republic of Nigeria provides the following as the tax jurisdiction of the local governments.

- a. Collection of rates, radio and television licences.
- b. Licensing of bicycle, truck (others than mechanically propelled trucks), canoes wheel barrows and carts
- c. Registration of all marriages, births, and deaths.
- d. Assessment of privately owned house or tenements for the purpose of levying such rates as may be prescribed by the House of Assembly of a state.
- e. Shops and kiosks.
- f. Licensing, regulation and control of the sale of liquor.

The 2018 model financial memoranda for local government provide the following codes for local governments internal sources of revenue: **Head 1001** Taxes, **Head 1002** Rates, **Head 1003** Local licenses, fees, and fines, **Head 1004** Earnings from commercial undertakings, **Head 1005** Rent on local government property, **Head 1006** Interest, payment and dividends

Concept of Internally Generated Revenue

According to Oti and Odey (2017) Internally Generated Revenues (IGR) are those sources of government finance generated majorly by the federal, states and local councils, which help in broadening and widening the overall non-oil revenue structure of the state. To Sani (2015) Internally Generated Revenue in normal day to day parlance refers to those revenue sources that are generated solely by the Local Governments within their tax jurisdictions. Local governments are recognised constitutionally to influence and suggest certain activities in their area of control, and in observing; they levy some taxes and rates on economic activities as a way of generating revenue for their operations. Internally generated revenue are those revenue that are derived within the state from various sources such as taxes, motor vehicle license, among others (Michael and Sunday, 2013).

Empirical Review

The previous studies conducted in the study area such as the work of Adamu (2018) on Assessment of internal revenue generation capacity of selected local government areas of Niger State. The study was structured to find out the extent to which internal revenue sources are adequate, how quality of personnel affect generation capacity and also to examine the factors that militate against internal revenue generation capacity of local governments in Niger State. The study adopted primary and secondary sources of data, employed descriptive and inferential statistical tools of analysis and ANOVA found relevant in testing the study hypothesis. The study result revealed that the tax base was inadequate: staff are not familiar with existing tax laws: there are few qualified tax assessors and values.

It further added that there are problems associated with revenue generated such as inadequate working equipment, indiscipline, dishonesty and lack of quick enforcement apparatus.

Aloysius & Fabian (2015) their study was on internally generated revenue in the local government system and Sustainable community development in Nigeria: A Study of Abakaliki Local Government area Ebonyi State. The research work aimed at identifying strategies for improving the sources and utilization of internally generated funds in the local government system in Nigeria. The study adopted survey research design, anchored on the theory of structural functionalism. The study however, established that inefficient monitoring of revenue officials led to poor revenue generation; that absence or poor entrepreneurial skill among revenue officials led to poor revenue generation; that absence or poor entrepreneurial skill among revenue officers brought about inadequate revenue generation capacity of the local government. The implication of findings is that the internal sources of revenue to the local government are not fully tapped, while the available revenues are not properly utilized in carrying out the constitutional functions of the third tier government. The study equally concluded that the over dependency on statutory allocation have incapacitated the local government from effective revenue drive.

Adejoh & Sule (2013) Revenue Generation: It's Impact on Government Developmental Effort. A Study of Selected Local Councils in Kogi East Senatorial District. The research work was to analyze the extent to which revenue generation had affected the development of the selected local Governments. In addition, to evaluate the extent to which internally generated revenue has contributed to the Local government development and its various sources.

The researcher used both primary and secondary methods of data collection to generate the needed data. The research design used was descriptive design. The targeted population for the research work was the entire nine local governments that made up the Kogi East Senatorial District. Three (3) local governments were sampled from the total population to serve as a representative of the remaining local governments. Stratified sampling was used in the selection of the sample. The sampled local Governments were Dekina, Omala and Bassa Local Government council. The data obtained through secondary data were analysed using simple least square regression method (SPSS version 17). The research discovered that, there was poor development of the areas, inadequate provision of basic social amenities to the rural people and inadequate revenue to maintain the existing infrastructures.

However, the above studies fail to look at the taxable capacity of the Nigeria local governments and that of the revenue payers, method of IGR collection in the Nigeria local government, tax administrative machinery. This study is designed to fill in the gap of taxable capacity on the IGR of local government in Kaduna state a study of Kaduna North local government.

Theoretical framework

Benefit Receive Theory

Benefit received theory was championed by Erik Lindahl 1919 in his write up titled '*Die Gerechtigkeit in der Besteuerung*' the justness of taxation. **Erik Lindahl** (November 21, 1891 – January 6, 1960) was a Swedish economist. He was a professor of economics at Uppsala University 1942–58 and in 1956–1959; he was the President of the International Economic Association. According to this theory, the state should levy taxes on individuals according to the benefit conferred on them. In other words, the individuals who benefit the most from public services pay the most taxes. The more benefits a person derives from the activities of the state, the more he should pay to the government. It was assumed that each individual is subject to some fiscal pressure; his economics resources are reduced by the amount of tax that he bears. His real income is increased by the benefits that he receives from government services.

Methodology

The research work adopted primary and secondary sources of data. The total population of this study covered senior and junior staff of Kaduna North Local Government. However, the researcher focused on one department i.e. Finance department, because the department is responsible for all revenue due to the Local Government as assigned by the 2018 model financial memoranda for local government.

The responses of the respondents were measured based on five point Likert scale of strongly agree, agree, undecided, disagree, strongly disagree.

The study population covered the 243 staff of Kaduna North local government finance department. Krecie and Morgan sampling-size template was used and we arrived at 148 representative sample size for this study. Data for the study were analysed using tables, frequency counts and percentages. However, research hypothesis was tested using regression analysis at 0.05 level of significant with the aid of SPSS version 23.0.

Data Presentation and Analysis

Analysis of the data collected from the local government for the hypothesis, which states that 'taxable capacity has no significant effect on Internally Generated Revenue of Kaduna North Local Government'. The data collected were presented and analysed as follow:

Table 1: There are Reasonable Numbers of Revenue Payers in Your LG

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagreed	10	1.9	1.9	1.9
	Disagreed	13	3.8	3.8	5.7
	Undecided	13	3.8	3.8	9.5
	Agreed	63	51.4	51.4	61.0
	Strongly Agreed	49	39.0	39.0	100.0
	Total	105	100.0	100.0	

Source: Researcher's fieldwork, 2018

From the above table, it shows that 10 respondents constituting 1.9% strongly disagreed that, there are reasonable number of revenue payers in the local government, 13 respondents constituting 3.8% Disagreed, 13 respondents constituting 3.8% were undecided, 63 (51.4%) agreed. However, 49 respondents constituting (39.0%) strongly agreed. Finding revealed that, majority of the respondents strongly agreed that, there are reasonable numbers of revenue payers in the local government.

In supporting the above finding, one of the considerations for creating LG in Nigeria as recommended by the 1985 federal government committee on the review of LG administration the local area must have a minimum taxpaying population of twenty thousand (20,000). According to the 2006 census, the local government had the population of 357,694.

Table 2: There is Good Tax Structure in the Local Government

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagreed	12	2.9	2.9	2.9
	Disagreed	9	1.0	1.0	3.8
	Undecided	19	10.5	10.5	14.3
	Agreed	54	42.9	42.9	57.1
	Strongly Agreed	54	42.9	42.9	100.0
	Total	148	100.0	100.0	

Source: Fieldwork, 2018

The above portends that, 12 respondents composing 2.9% strongly disagreed that, there is good tax structure in the local government, 9 respondent composing 1.0% disagreed. While 19 (10.5) were not certain i.e. undecided. 54 (42.9%) agreed. However, 54 respondents composing 42.9% strongly agreed. Therefore, finding revealed that, majority of the respondents 54 (42.9%) agreed that, there is good tax structure in the local government.

Table 3: There are Different Series of Economic Activities in the Local Government

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagreed	13	3.8	3.8	3.8
	Disagreed	10	1.9	1.9	5.7
	Undecided	11	2.9	2.9	8.6
	Agreed	73	61.0	61.0	69.5
	Strongly Agreed	41	30.5	30.5	100.0
	Total	148	100.0	100.0	

Source: Fieldwork, 2018

From the above table 13(3.8%) respondents strongly disagreed that, there are different series of economic activities in the local government, 10 (1.9%) disagreed, 11 (2.9) were not certain i.e. undecided. While larger number of respondents 73 (61.0%) agreed. However, 41 constituting 30.5% strongly agreed. Therefore, finding revealed that, majority of the respondents 73 (61.0%) agreed that, there are different series of economic activities in the local government.

In supporting the above finding, the IGR Profile of the local government as shown in the budgets records of the local government shows that, there are different varieties of economic activities in the local government such as food services (eating houses, bakeries etc.), security services, social services (cinematography, mobile sales promotion, etc.) health services (dispensaries and maternities, laboratories etc.), economic activities (petty traders, printing presses, hair dresses and barbing salons, cloth dyers etc.).

Table 4: Revenue Payers Pay Their Entitlement Willingly to the Local Government

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagreed	23	13.3	13.5	13.5
	Disagreed	41	31.4	31.7	45.2
	Undecided	21	12.4	12.5	57.7
	Agreed	46	35.2	35.6	93.3
	Strongly Agreed	14	6.7	6.7	100.0
	Total	145	99.0	100.0	
Missing	0	3	1.0		
	Total	148	100.0		

Source: Fieldwork, 2018

The above table signifies that 23 respondents representing 13.5% strongly disagreed that, revenue payers pay their entitlement willingly to the local government, 41 (31.7%) respondents disagreed. 21 (12.5%) undecided. While 46 (35.6%) agreed, 14 respondents constituting 6.7% strongly agreed. finding revealed that majority of the respondents agreed that revenue payers pay their entitlement willingly to the local government.

Complementing the above finding, was the interview session conducted to further attest responses in respect to the reactions of the revenue payers. Among the 8 revenue collectors interviewed from the local government, 6 of them were on the opinion that majority of the revenue payers pay their entitlement unwillingly, while 2 of them were on the view that revenue payers pay their entitlement willingly. However, among the 10 revenue payers interviewed, 3 of them said, they pay their revenue willingly to the local government believing that the local government cannot perform its statutory functions without adequate funds. Contrarily, 7 of the revenue payers responded that they pay their revenue unwillingly to the local government because their expectation from the local government after paying the revenue was to receive or witness adequate provision of public goods and services such as clinics, market stalls, water, electricity, good feeder roads, schools which at the tail end would improve their standard of living but reverse was the case.

Table 5:Your Local Government Provides Adequate Public Goods and Services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagreed	49	38.1	38.1	96.2
	Disagreed	28	18.1	18.1	41.0
	Undecided	27	17.1	17.1	58.1
	Agreed	32	22.9	22.9	22.9
	Strongly Agreed	12	3.8	3.8	100.0
	Total	148	100.0	100.0	

Source: Fieldwork, 2018

The above table indicates that, 49 respondents representing 38.1% strongly disagreed that, the local government provides adequate public goods and services, 28 (18.1%) respondents disagreed. 27(17.1%) undecided. While 32(22.9%) agreed, 12 respondents constituting 3.8% strongly agreed. Finding revealed that 40 of the respondents disagreed that, the local government provides adequate public goods and services.

Corroborating the finding, the records of capital project duly completed and ongoing obtained from works department of Kaduna north local government portends that only 5 capital projects were completed and 4 ongoing from 2009-2014. However, in theory it was assumed that each individual is subject to some fiscal pressure; his economics resources are reduced by the amount tax that he bears. His real income is increased by the benefits he receives from government services.

Table 6:Your Local Government Generate a Huge Amount of Revenue from local Licenses, Fees and Fines

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagreed	40	29.5	29.5	29.5
	Disagreed	44	33.3	33.3	62.9
	Undecided	29	19.0	19.0	81.9
	Agreed	20	11.4	11.4	93.3
	Strongly Agreed	15	6.7	6.7	100.0
	Total	148	100.0	100.0	

Source: Fieldwork, 2018

The above table shows that, 40 respondents representing 29.5% strongly disagreed that, the local government generate a huge amount of revenue from local licenses, fees and fines, 44 respondents constituting 33.3% disagreed. 29 (19.0%) were undecided. While 20 respondents representing 11.4% agreed and finally 15 (6.7%). Finding revealed that 35 respondents disagreed that, the local government generate a huge amount of revenue from licenses, fees and fines.

In corroborating the above finding the LG realized ₦7,128,00 from local licenses, fees and fines out of the TIGR ₦107,000,000 constituting 6.7% in 2010. The LG generated ₦5,705,876 representing 5.7% from the local licenses, fees and fines out of the TIGR ₦100,585,421 in 2012.

Table 7:A reasonable Numbers of Economic Activities Contribute notably to the Revenue Base of your Local Government

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagreed	12	3.8	4.0	4.0
	Disagreed	37	27.6	28.7	32.7
	Undecided	22	13.3	13.9	46.5
	Agreed	55	44.8	46.5	93.1
	Strongly Agreed	15	6.7	6.9	100.0
	Total	141	96.2	100.0	
Missing	0	7	3.8		
Total		105	100.0		

Source: Fieldwork, 2018

The above table signifies that, 12 respondents constituting 4.0% strongly disagreed that, A reasonable numbers of economic activities contribute notably to the revenue base of Kaduna North local government; 37 respondents constituting 28.7% Disagreed, 22 respondents constituting 13.9% were

undecided. While 55 respondents constituting 46.5% agreed, 15 respondents constituting 6.9% strongly agreed. Finding revealed that, majority of the respondents 55 (46.5) agreed that, a reasonable numbers of economic activities contribute notably to the revenue base of Kaduna North local government.

Table 8: Summary of Regression Result. Dependent Variable: IGR

Variables	Coefficient	t-statistics	p-values
Constant	-.159	-2.971	0.000
Taxable Capacity	.360	39.747	0.000
R-squared	.312		
Adjusted R-squared	.302		
F-statistic	1579.863		0.000b
Durbin-Watson stat	1.282		

Source: SPSS Version 23, Output, 2018

The empirical findings above revealed that the F-statistic, which measures the adequacy and fitness of the model used in the study, stood at 1579.863. Its probability being 0.000 indicates that it is statistically significant at 99% confidence level; as such, the model of the study is adequate and fit.

The coefficient of determination, R^2 , stood at 0.312, indicating that about 31.2% of the total variation in the IGR of Kaduna North Local Government is explained by the implementation of Taxable Capacity. The adjusted R^2 stood at 0.302, indicating that the implementation of Taxable Capacity would still explain 30.2% of the variations in their IGR even if other variables are added to the model. Given the coefficients, the regression model is represented thus:

$$RG = -.159 + 0.36TC + \varepsilon$$

Where:

RG = IGR in Kaduna North Local Government.

TC = Taxable Capacity

From the above, Taxable Capacity gives a beta coefficient of 0.36 and a t-statistic value of 39.747 with a probability of 0.000; The probability being less than 0.01 gives us sufficient statistical evidence for the rejection of the null hypothesis at 99% confidence level.

Being statistically significant in affecting IGR, the beta value of the independent variable being positive implies that an increase in Taxable Capacity implementation will lead to an increase the Internally Generated Revenue in Kaduna North Local Government.

With regard to the above analysis we reject the null hypothesis, H_0 , which states that Taxable capacity has no significant effect on Internally Generated Revenue of Kaduna North Local Government and admit its alternate, H_1 , which declares, Taxable capacity has notable effect on Internally Generated Revenue of Kaduna North Local Government.

Summary of Findings

The hypothesis tested shows that Taxable capacity has significant (statistically significant at 99%) effect on the Internally Generated Revenue of Kaduna North Local Government. It was discovered that, there was inadequate provisions of non-excludable or public goods and services; the level of this inadequacy for the local government is 57.1%, it was found out that there were reasonable numbers of revenue payers in the local government, the rate of this for the Local Government is 57.1% but there was no any systematic electronic collection of information of the revenue payers by the local government. It was found out that there were different series of economic activities in the local government, because of it over dependence on monthly statutory allocation from federal government and 10% of the state Internally Generated Revenue, the local government showed less concern to these internal sources. These have contributed to the low yield of Internally Generated Revenue in the local government.

Conclusion

In view of the data generated and analysed for the purpose of inference, the study concludes that no any useful project that can be carried out in the local government with sans of sufficient fund and the fund is expected to be generated largely from the internal sources of the local government. Revenue should be regarded as the fuel for the smooth running of any government; be it federal, state or local and it ensure its sustainability, viability and provide ample opportunities for better standard of living of its populace. The too much reliance of the local government on monthly allocations should be reduce to the minimal level by giving more priority to its internal sources of revenue and coming up with new ways of exploiting the sources such as e-collection. However, as it was discovered that, there was inadequate provision of essential public goods and services in the local government, for enormously yield of Internally Generated Revenue, the local government should devote it efforts toward providing positive public goods and services which would improve the standard of living of its inhabitants and which at the tail end would encourage/motivate the residents to pay their entitlement (revenue) toward to the support of the government activities.

Recommendation

On track of the findings of the swot, the research work recommends that for substantial realization of Internally Generated Revenue there should be organised collection of information (databank) of the revenue payers through using an electronic device such as computer. The local government should cease reliance on statutory allocation by engaging in commercial undertakings and coming up with sound innovations so as to improve their internal revenue base such as communication centres, filling stations, transport company, commercial farming such as ginger, rice and palm productions, bakeries and the like. The local government should make sure that it enhances the standard of living of its residents by providing adequate non-excludable goods and services that in turn will increase the level of IGR of the local government.

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