

CHAPTER NINE

A MARXIST ASSESSMENT OF TAX DEFALCATION, BRITISH TAXATION STRATEGIES AND PUBLIC REACTIONS IN COLONIAL YORUBALAND

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Introduction

Before the advent of colonialism in Africa, the indigenous people paid tributes to their kings in form of taxes. In Yoruba states of the pre-colonial era, government authority was acknowledged through the fulfilment of established civil obligations. Revenue in the form of tributes was generated from all types of occupation, particularly agriculture and hunting (Asiwaju, 1976, p.22). Rulers also obtained revenue from several sources such as trade, market tolls, transit levies, among other means in order to procure items such as gunpowder, arms, and royal regalia among others that were needed for effective running of the state (Ayittey, 1991, p.369). The indigenous people paid tributes to their kings, but this was dependent on how well they ruled. If a king ruled well, they praised him and sent large tributes. Otherwise, they withheld or reduced their tributes to send a clear message to an incompetent government (Ayittey, 1991, p.367). That was the familiar practice in pre-colonial Yorubaland, where the people willingly and expediently paid their taxes (*Isakole*).

There were few direct taxes, and civil responsibility was conceived in communal terms. Consequently, payments and contributions for general welfare of the community were rendered in unit of lineages and villages. During this period, tax assessment of individual citizens was unknown while voluntary labour was available for public works, just as hunters were mobilised in times of crisis to perform enforcement duties (Asiwaju, 1976, p.22). In fact, whenever necessary, hunters voluntarily provided security services on rotational basis (Imoukhuede, 1950, p.3). In spite of these measures of enforcement and management of tax collection, there were still cases of theft. However, if such

this purpose (Rodney, 1976). As it became apparent that the lifeline of the nascent factories in nineteenth century Europe were the raw materials from colonial Africa, the colonized people were consequently compelled into the production of cash crops. In fact, the desire for steady production would later contribute to the surge of forced taxation. In point of fact, Marxists share no illusion in the ability of taxation provoking “national wealth and development”. Driven by a critical posture on the inherent contradictions of the capitalist social relations, Rodney contends that “Taxes do not produce national wealth and development. Wealth has to be produced out of nature...” (Rodney, 1976, p.33). The scholar-activist further declared that “...the colonial taxation system was to provide requisite funds for administering the colony as a field of exploitation” (Rodney, 1976, p.257).

Marx and Engels extensively engaged the intricacies of taxation, particularly as related to a class society, through newspaper articles, journals and personal letters. In the Communist Manifesto, Marx treated taxation, alongside other related class-motivated policies, as another channel of exploiting and oppressing the labour and surpluses created by the working class. Marx, in fact, was committed to an anti-tax posture so much so that he was prosecuted for igniting the masses against taxation. The dialectician once declared that “It is high treason to pay taxes” Retrieved from <https://www.panarchy.org/marx/taxation.html>. In spite of this conviction, Marx and Engels were clear on the possibility of progressive income taxes – built on direct taxes, equity and justice. Both philosophers were of the conviction that it is only through this progression that the burden of taxation can be lifted from the poor to the rich. The irredeemable income inequality that forms the bulwark of capitalism nevertheless is antagonistic to progressive taxes (Ireland, 2019, pp.188-221). Be that as it may, for Marxists, progressive taxes are only achievable in a socialist society.

Unlike the practices that encompassed the collection of tributes in pre-colonial African societies, the colonial money tax system was overwhelming, as lands, animals, properties, etc. and the colonized people themselves, were money taxed. The importance the colonial state placed on money taxation can also be premised on its indifference to the funding, of any kind, of the colony. Though the colonies are being exploited, the colonized subjects also had the duty of ensuring this possibility financially. Because Marxism teaches that social consciousness is being determined by social being, the colonized African subjects were bound to react to this form of dispossession. It thus becomes glaring how central anti-taxation movements in colonial Africa was to the overall subject of nationalism. In the context of radical nationalism in colonial Nigeria, Coleman has pointed out the firing and inspiring effects of the 1923 Aba Women Revolt (Coleman, 1958). As a matter of fact, this effort, and others, subsequently culminated in the end of colonialism. This outcome justifies the submission of Marxism on the role of social actions, revolutions, etc. in the transformation of societies.

The manipulation and corruption that accompanied the colonial taxation system, as this paper will unravel, indeed, lies within the framework of the prognoses of Marxism. So also, as argued so far, the reactions of the colonised Yoruba people against the draconian money tax system, an important aspect of the conclusions of Marxism, is brought to the front burner.

The Challenges of Taxation

The beginning of the nineteenth century also coincided with the period when Europe began to use income tax regularly. In the course of that century, taxes were formalized, 'modernized' and simplified everywhere while most countries of the world began to tilt towards incomes duties. But before long, taxation in South-western Nigeria ceased to be simply a source of revenue and became, instead, an instrument of social justice, welfare and economic management (Thomas, 1972, p.564). The advent of the British colonial administration led to a lot of fundamental changes in the African setting. In fact, after the imperialistic moves against Nigeria had been concluded in the late nineteenth century, the British imposed the Indirect Rule system to control the people of Southern Nigeria through the preexisting power structures.

Right from the time British colonial administration was established, the economic policy in South-western Nigeria was centrally based on the achieving the goals of deriving revenue for the mother country, and making the Crown Colony of Lagos and the Western Protectorate as financially self-sustaining as possible (Perham, 1960, 226). Lagos actually became a Crown Colony on the 6th of August 1861, Retrieved from <https://www.dictionary.com> , and as such, its legislation and administration were controlled from Britain since Lagos had no constitution. It is significant to note that although the obligation of direct taxation was already firmly established in Northern Nigeria by 1914, it was not collected in the Western Provinces before 1918 (Tamuno, 1972). The introduction of direct tax, generally inspired complaints and these complaints led to disturbances, protest movements and riots. Not surprisingly, the Yoruba speaking people, like other people across the globe, not only criticized the British colonial tax impositions, but they did not want to be taxed at all. Not surprisingly also, the inauguration of the Native Treasury by Lord Lugard, which enabled local authority to collect revenue in pursuance of pragmatic colonial economic and political interest, sputtered revolts across Southern Nigeria during the British rule in the area.

It was part of the task of the Native Administration that was instituted to find money in order to implement several projects. However, the tax department, which oversaw this effort, was under the direction of an efficient British officer (NAI, Oyo Prof. 1026/1924, 1145 - 46). What the British government did was to regularise the pre-existing system of arbitrary, irregular and uncertain tributes in order to achieve a fair system of direct taxation rather than introduce an alien taxation system to the people (Lady Lugard, 1964, 467). By doing so, it was expected that the burden of the indigenous Yoruba tax payers would be reduced and easier to pay. The Native Authorities proceeded to make tax rules, but unfortunately, the difference between the imposition of local rate and increase in the rate of tax was not readily grasped by the ordinary tax payer (NAI, Abe Prof. 2668).

There were therefore concerns about signs which were occasionally in evidence that tax rules were made by local authorities without full consultation with the maximum possible number of potential tax payers (NAI. Abe Prof. 2668). This further lends credence to the inherent danger in levying local rates without consulting widely. The derivable advantages in tax levies were usually not fully publicised before rules were

made, and this almost always led to protests and riots, which are not part of the focus of this study.

Therefore, recommendation was sent to the Ministry of Local Government, Western Region, Ibadan, that, the imposition of rates and the advantages therein were to be fully publicised before rules were made. Accordingly, the Ministry sent copies of the new policy to the Administrator of the Colony, Lagos, the Resident, Oyo Province, Oyo, the Resident, Benin Province, Benin City, the Resident, Delta Province, Warri, the Resident, Abeokuta Province, Abeokuta, the Resident, Ondo Province, Akure, the Resident, Ijebu Province, Ijebu-Ode and the Resident, Ibadan Province, Ibadan (NAI, Abe Prof, 2668). Copies of these letters, which were also sent to the district offices and native authorities in the Western Region, affirmed that it was 'lawful for water rate to be levied on capitation basis (NAI, Abe Prof, 2668). Local rates were also imposed in the western provinces in order to encourage local development and impart new life to the administration of towns and villages, and thus, rules were framed and rates were levied for specific purposes.

One could say that Lugard's Indirect Rule system simply created a separate but subordinate state structure for the people. It was a native administration that had the powers to make bylaws or rules and a treasury to pay its personnel and finance its activities. It was a state apparatus that was seemingly autonomous but actually dependent (Mamdani, 2004, p.62). The Native Authority was the visible Black Hand servicing the ostensibly inaudible voice of the white master. In other words, the white overlord was the whispering voice behind the throne.

The issue of taxes becomes germane owing to the fact that liberals who advocated it even made case for an easy and non-forceful way of obtaining it. To be sure, Smith (1776), in his seminal book: *The Wealth of Nations* noted that "little else is required to carry a state to the highest degree of opulence from the lowest barbarism, but peace, easy taxes and tolerable administration of justice; all the rest being brought about by the natural course of things" (Sambit, 2016, p.3). The overall impact of taxation on the colonial state was not development but rather poverty. Usuanlele also noted that one important but neglected issue with regard to poverty in colonial Africa is the changed role of indigenous political systems under colonial rule. The establishment and functioning of colonial rule in Nigeria required the existence of a stable political order facilitating the realization of British objectives of exploitation at minimal cost to the British taxpayers (Uyilawa, 2010).

While sometimes taxes were designed to favour domestic industry, usually there were specific recourses to raise funds to serve the state undertakings of which war and the servicing of debts could be most important. These were, however, not part of the considerations for British colonial Nigeria when Indirect Rule was inaugurated. The necessity of running a stable and efficient government without making any financial demand from the home government was of major concern to the British ruler, and their focus did not deviate, throughout the period of colonial rule, from the exigency of full exploitation of the resources of the land and expropriation of such to the metropolis. One could say that even from the early days of colonial rule, there had always been a nexus between British colonial expropriation and pilfering by government officials from state

coffers, both of which this study found to be un-dignifying and morally unacceptable conducts.

Tax was the first charge on people's incomes for the basic amenities of law, order and social services. Local rates were for 'extra amenities' which communities desired and which they were able to afford over and above their tax liabilities. The British levied local rates with a view to encouraging local development and impartation of good life to the administration of towns in Western Nigeria in general. In fact, local taxes such as education, water and road rates were generally considered when fixing tax rates. Funds were thus raised through the levying of rates with a view to executing projects in all parts of Yorubaland.

On the whole, the level of personal income was low and so, collection proved exceedingly difficult, particularly in the 1933/34 financial year. There was also the problem of defining 'a taxable adult' since there was no birth register, except in Lagos. Considering that scenario, everything depended on the quality of personal contact between tax officials and the people. In fact, tax was collected as 'a capitation levy and not as a true income tax' (NAI, 1904/1937). Consequently, not only was it that the British colonial tax demands were generally not within the paying capacity of the poor people, (NAK/366 ; 12976, pp.12-41) some rich and powerful groups also managed to get reprieve from the taxes they should have borne. In order to meet their obligations, tax administrators and collectors found it necessary to adopt some coercive means. As exposed previously, the colonial establishment, could not have done any better because it was unapologetically created to exploit and oppress the labour and resources of the colonised subjects. Taxation understandably would become one of the tools enacted by the colonial state to facilitate, adequately, this process. As juxtaposed hitherto, the unbearable fangs of the colonial money tax, however, as in other colonies, forced the reaction of the colonized Yoruba subjects who were under the whims and caprices of the British colonial state.

Theoretical Framework

There are many theories that address exploitations. This article adopted Karl Marx's theory of exploitation. Karl Marx (1818-1883) is believed to be one the founding fathers of sociology and his work in the mid-nineteen hundred is still discussed and taught today throughout the world. While Marx discourses did not exclusively dwell on taxation, his writings focus on exploitations through capitalism. Any wonder then why the crux of Marx's dictum is on exploitation as the central categorisation of class society (Lawrence, 1972). To exploit anyone is to take unfair advantage of them by using another person's vulnerability for one's own benefit. Karl Marx believed that the economic and political institutions of capitalism were exploitative in this sense.

In reality, Marx thought that workers' labour under capitalism is neither truly voluntary nor entirely for the benefit of the workers themselves. It is not truly voluntary because workers are *forced* by their lack of ownership of the means of production to sell their labour power to capitalists or else starve. And workers do not labour entirely for their own benefit because the capitalists use their privileged position to *exploit* workers, appropriating for themselves some of the value created by workers' labour. In this sense,

the taxes collected by the British colonial government were akin to the bourgeoisie-proletariat relationship. This is so because the tax collectors and the authorities they represented worked in tandem to collect from the poor, but less from the rich. Thus, through the introduction of Indirect Rule system, the colonial state turned the indigenous rulers into tax collectors and suppliers of labour for the colonial state. However, we have no evidence to show that the British colonial officers paid their taxes to the government or to Nigeria. The Europeans generally demonstrated their superiority and over-lordship by dictating who paid what, and where it was channelled into. As Boating rightly observed:

owing to the greatly superior economic and technological advantages which the developed nations enjoy, they are still in a position to determine or even to dictate to a large extent, the economic fortunes of the developing nations which depend on them for the very things, such as capital goods, technical know-how and entrepreneurial skills, which they need in order to modernise and upgrade their fragile economies (Boating, 1978, p.78).

Marx's analysis of the rate of profit seems to entail that labour-intensive industries will be more profitable than industries that rely to a greater extent on constant capital. But this conclusion is clearly empirically false (Böhm-Bawerk, 1949) and moreover incompatible with Marx's assumption of a competitive economy in which investments will adjust so as to equalize the rate of profit between industries (Buchanan, 1985; Arnold, 1990). This was done by subordinating the people to their whims and caprices. Thus, in order to sustain their domination, they seized the lands of people, settled there and imposed various forms of taxes.

The above shows that there was a correlation between the colonial tax regime and poverty. This article will bring to the fore the discourse on how this led to taxation and the psychosis of fraud in colonial Nigeria.

Coercing the Powerless People into Compliance: Assessment and Collection Strategies

It is important to look into the assessment and collection procedures that the local tax office adopted in preparing the nominal roll of all taxpayers and the procedure for its annual revision. The roll reflected the names, addresses and professions of the tax payers in the various wards and quarters. An assessment committee was then expected to send a letter requiring tax payers to send returns of their income (Orewa, 1962, 16). It was on such returns that the committee based their assessments. Some people still succeeded in avoiding and evading the payment of taxes in spite of the authority's efforts at ensuring that all possible loopholes were blocked. In its bid to ensure a successful implementation of its new tax system, the British colonial government put in place new measures, which took the form of ordinances and outright coercion to give bite to their policies. Their determination, therefore, led them to support all objectives that were geared towards its accomplishment, not excluding the application of enforcement through coercion.

When direct tax was, therefore, collected for the first time throughout the southern provinces in 1918, (Orewa, 1962) it did not record any serious disturbances as had been anticipated, although the process witnessed its fair share of difficulties (Ubok, 1968, 15). In the western provinces, however, the Native Authorities instructed the police to stop adult males and ask for their tax tickets with a view to instituting prosecutions, if not produced (NAI, Ondo Prof. 1.1, p.665). Direct police involvement was, however, relatively rare and generally at the instance of the responsible Native Authority. The institution of tax ordinances, legislations and rules meant to guide the British authority in the business of revenue generation for administrative purposes was of paramount importance.

During this period, assessment and collection procedures were designed to block all loopholes that could lead to inadequate tax returns. The local tax office was required to prepare the nominal roll of all taxpayers in the area and was expected to revise it annually. The roll reflected the names, addresses and professions of the tax payers in the various wards and quarters. An assessment committee then sent a letter requiring tax payers to send returns of their income (Orewa, 1962, p.16). It was on such returns that the committee based their assessments. In spite of the colonial authority's efforts at ensuring that all possible loopholes were blocked, some people still succeeded in avoiding and evading the payment of taxes.

It is significant to note that the imposition of local rates led to development in the administration of towns and villages as rules were framed and rates levied for specific purpose(s). Unfortunately, Native Authorities made tax rules without full consultation with the potential tax payers; the reasons/differences between the imposition of rates and the advantages (Abe Prof. 2668), that were expected from the tax burdens were not fully publicised before rules were made, and this ultimately led to protests and riots. Although, these adopted strategies led to increase revenue in early 1923 in Ibadan; but by this time too, it became obvious that taxation constituted a serious burden to many people while issuance of a receipt was already an important document in 1924 (Oyo Prof/187/1924). Before then, however, it was sufficient to refer to a chief or compound head as evidence of payment. The introduction of receipt was, indeed, a revolutionary innovation that made evasion more difficult (Orewa, 1962, p.16).

Although capitation tax was not a Hut or Land tax, it was also demanded in the early days of colonialism. It was levied on each individual in proportion to the wealth of his community and not on his hut or land. And although craftsmen as well as 'cultivators of the soil' were not exempted from this levy, it is difficult to draw a distinction between a capitation and a poll tax. A capitation tax may be a rough income tax when levied on a community subject to communal tenure. There were, largely, active oppositions to capitation tax, which were brought about by self-seeking irresponsible individuals, who were motivated by hopes of their own financial gains by taking advantage of the existing situation of the time to deceive people with propaganda against the capitation tax (NAI, C16/1937).

Such self-seeking agitators did not bring about all active opposition to capitation tax. In few cases, there were genuine bewilderment over the wider introduction of schedule 2, which required that flat rate of tax paid in the Western Region be

substantially increased. Also, revenue from liquor generated a lot of problems for Sirs Ralph Moor, William Macgregor, Walter Egerton and even their predecessors. They were all, however, unable to find an easy alternative source of revenue. The revenue from custom duties on spirit was considerable (Tamuno, 1972, p.291), though it generated a lot of controversies. The colonial government did not consider to end the 'drink' traffic in Southern Nigeria during this period and the public was opposed to direct taxation. Egerton even considered that, in the absence of direct taxation, the people's land should constitute the main basis of agricultural production and revenue for the government (Tamuno, 1972, p.310). Although unpopular, the system of forced labour turned out to be a much more convenient alternative to direct taxation because it was less detested by the people. Taxation was, without doubt, a device used by the British colonial government to raise the level of agricultural production and it was also an important source of revenue for the government (Tamuno, 1972, p.310).

The methods adopted by the British colonial authority in order to circumvent tax evasion were not, and could not have been full proof. For example, the tax accounting methods that were operative, for instance, in 1935/36, made no provision for computation, at any stage of the true total assessment of tax for any of the administrative units of the colony. Street register that contained the names of all adult males was used for assessment, although there were a large number of people who were not legally liable to taxation. In the colony districts, between 5 and 10 shillings were levied on income exceeding 50 pounds, but not exceeding 100 pounds. However, this position was soon recognised and considered rigid as the decision to give the tax authorities power to apply intermediate rate, where necessary, was proposed. This new position was ultimately approved and adopted (NAI, *Comcol.* 1.1899). Tax authority referred to the financial secretary and included any other person authorized in writing by the financial secretary to perform any duty imposed upon the tax authority by ordinance.

Significantly, when Mr. Dods, a British Colonial District Officer (DO), was posted to Ibadan in 1936/37 in connection with tax assessment, he introduced a card index of tax payers which was approved by Sir William Hunt on the 5th October, 1936 (NAI/C16/1937). Hunt, the Chairman of directors, was appointed a knight Bachelor for public service and was awarded the King George V Silver Jubilee medal in 1935 (en.m.wikipedia.org Retrieved 1 March 2021). With Hunt's approval, it became possible to see at a glance whether a tax payer had paid his tax or not. However, it was soon discovered in the 1939/40 audit report that the card index had become a mere duplication of the nominal roll that was no longer serving any useful purpose. It was therefore recommended that the application of card index method be discontinued. In reality, however, the alphabetical arrangement of card index gave it an advantage over nominal roll books (NAI, 1937, 1, (1904/1), p.46).

But without question, the Colony Taxation Ordinance of 1937 required that every employer of labour, head of family, householder and every person 'who may be required so to do shall give all such information (verbally or in writing) as may be required of him by the tax authority or any of his assistants, with a view to obtaining information for the assessment or collection of the tax, and anyone who wilfully misled the tax authority or any of his assistants on any matter connected with the assessment or collection of the tax

were to be considered guilty of an offence' (NAI/C16/1937; *Nigeria Gazette*, 1960). In places such as Epe, Ikeja area and Badagry, the Commissioner for the Colony, Mr. J.J. Emberton, held that since headmen were obliged by public opinion to share fees with the village councils without whose assistance they were unable to carry out their duties, the names of village councils should be associated with those headmen named. The Income Tax Ordinance No. 4 of 1937 recommended the above guideline as part of the procedure to be followed in implementing the taxation policy of the time in the above mentioned places (NAI, 1904, C.16/1937). These arrangements were expected to lead to improvement in the process of collection of income tax.

It was, however, found that the colonial tax demands were too heavy and were not being readily met by the people. It became increasingly necessary for the government to devise new ways that would facilitate easy payment. Thus, in 1938, a scheme that was meant to bring relief to the low-income classes in the Lagos municipal residence, so that they could meet their tax obligations without having their personal budgets dislocated was proposed. This new scheme was therefore designed to facilitate a form of instalment payment of tax. It was a system intended to assist the low-income earners in the Lagos Township, through the buying and affixation of stamps, meet their tax obligations. It was hoped that the scheme would appeal to those people whose annual chargeable income did not exceed 50 pounds and were therefore assessed at what was practically a poll tax of five shillings per annum (NAI/C.16/Vol. II/1937).

Apart from that, all 'householders' were expected to render a return showing the names of adult males residing in the house, their occupations and the name of the government department or firm, if any, where they worked. The tax staff assisted the illiterate house owners in order to ensure accuracy in the information supplied. These were entered into the ledgers in which each house was shown separately and each individual assessed in accordance with their trades and occupation. Individuals were ordered to attend the tax office for examination regarding his income and/or even required to render a return of his income in writing (NAI. Oyo Prof. 1. 1927).

Accountants also kept separate registers for Europeans, Syrians, African professional men and other Africans in the higher grades of society. Their returns were kept confidential and the DO in charge of tax fixed their assessments. The following under-noted list were used in fixing assessment: owners of canoes, owners of motor vehicles, rate payers and property owners, license retailers of spirits, beer and wine, money lenders and voters (NAI. Comcol. 1. 1938 - 1939). Foreigners such as: Syrians, Lebanese and Indians, who resided in Ibadan division, also paid their taxes to the native administration (NAI Oyo Prof. III).

During the same period, in their desperation to generate tax from all available sources, the British Colonial Authority insisted that young secondary school boys in Lagos should pay tax. It was proposed that tax should be demanded from boys of Igbo College, among others, who were under the Church and Methodist Missionary Society in Lagos. This idea was only annulled when a draft bill under the Colony Taxation Ordinance No 4 of 1937 (NAI. Oyo Prof. II), which exempted all males under the age of eighteen from paying tax, was promulgated. Section 8 (a) of the ordinance was drafted on

the incorrect assumption that there would be no male over the age of sixteen in the primary school.

How would it have been possible for anyone to guess, correctly, the ages of the pupils? In fact, the heads of schools did not relish the invidious task of deciding who was, and who was not to pay tax. It was certainly inequitable to expect a resource poor peasant farmer to pay tax for his son who helped in the farm work, when, for instance, a clerk, who could afford to conveniently educate his son, was not required to pay his boys' tax. Ideally, the guiding principle on the issue of tax should have been whether the person concerned had any income and not what his age was. This view was supported by section six (6) of the Colony Taxation Ordinance, (No 4 of 1937) legislation enacted in 1939, page A.16, which read that:

There shall be due, payable by and collected from every (male adult in Nigeria) from whom no tax is due or has been received in respect of the year of assessment a tax of five shillings (NAI. Oyo Prof. II).

It was also noticed that the Ibadan Native Authority was collecting illegal tax from certain women in 1945/46: (a) 66 women, having an accessible income of over £50 paid a total of £40:14:7 under section 2 of the schedule. These were the "bigger women traders". (b) 844 women paid a total of £124:5: =, trade tax under section 3 of the schedule. These were palm wine and kola traders. They paid the trade tax but not the flat rate. (c) 46 women paid a total of £39:8: = under section five of the schedule (NAI. Oyo Prof. II). This appears to be legal as the word "male" does not appear in this section. The question, which came up, was whether the taxation of these women should cease or be legalised.

The Olubadan in Council strongly favoured legalisation and recommended that the minimum income (24 pounds) should be applied for both men and women. The observation then was that the 1945/46 taxes was illegally collected and that the matter should be allowed to rest as there was little likelihood of any claims for refund being preferred. During this period, the disposition of the Native Authorities in Ibadan and Oyo divisions was one in favour of women paying tax where it was shown by assessment that their income exceeded £24 per annum (NAI. (NAI. Oyo Prof. II) and as far as there was no real objection to such a course.

Aside that, the District Officer of Ife/Ilesha also demanded that income derived from cocoa farms in Ife, Ilesha and Illa should not be exempted from taxation and that such income should also be subjected to special assessment in the same way as income from various other trades were. Having regard to the rise in the price of cocoa, he was confidently hopeful that the income tax yield from cocoa farmers was going to exceed that which was collected in 1945 in the form of special cocoa tax (*Southern Nigeria Defender Newspaper*, 1948).

The British colonial policy was bound to elicit some reactions from the colonised subject people. As envisaged, the submissions of Marxism on class struggle will subsequently provoke the era of radical nationalism across colonial Nigeria. Though the resistance of the colonised Yoruba people to the oppressive colonial taxation system took different shapes and strategies, it was clear to the colonial state that the people were not subjects of docility.

Public Reactions to British Colonial Taxation Manoeuvres

Taxation was naturally not welcomed by the Yoruba people, particularly because colonial tax demands were exorbitant. It is a universal truth that when taxes are too high, people usually devise dishonest means of evading them. This explains why governments often find it hard to devise effective policies on income. Psychosis of fraud, therefore, characterised the entire process of tax generation in colonial Yorubaland. Indeed, tax evasion is the grandfather of 'smuggling', and it affects democracies and authoritarian governments alike (Thomas, 1972). It is, therefore, not surprising that the Yoruba speaking people of South-western Nigeria wasted no time in devising new ways to circumvent the tax demands of the colonial state. In doing so, the people, at times, adopted reluctant compliance to British tax demands, a position that fell short of overt defiance. These 'poor history losers' of colonial South-western Nigeria just happened to find themselves in 'the ironic position of having to help to power' the British whose plans for taxation and collectivization were very much at odds with the goal peasants would have preferred to be pursuing (James, 1985, 29). They, therefore, did not give full cooperation to the British taxation policy.

The possible loss of revenue to the council was substantial. This was because, the people generally tried to avoid and evade tax as a response to British colonial demands. However, tax evaders were not only mercilessly punished, they were regarded as debtors, and were forced to pay the tax as well as additional fine to cover the expenses incurred in 'flushing them out' (NAI. Ondo Prof. D. 28, 1948). Although, unpopular, it paid off because, the British colonial government's progressive adoption of measures, which were designed to coerce the indigenous people into compliance in order to generate more funds, was largely successful to the extent that they were able to implement social and economic programmes that turned out to be beneficial to Yorubaland. Meanwhile, the indigenous poor peasants, artisans and other powerless people in Yorubaland, on their part, adopted all methods opened to them such as evasion, avoidance, subterfuge, and even direct aggressive confrontation to frustrate the British colonial unfriendly taxation policies and centralised state domination and control.

The British colonial government knew that there were discrepancies in the whole process of tax collection and that evasion represented a form of resistance against their economic system. They therefore realised the necessity to put in place measures to discourage it. But, on the other hand, from 1918, the indigenous people too began to see payment of tax and participation in forced labour as 'double punishment' (NAI. Oyo Prof. II. *Schedule III*; NAI. 1924. Enclosure). Although propaganda was put into circulation that taxes were willingly and readily paid, particularly after the 1916 Isehin/Okeiho riots when the impression was created by Lugard that it was, but he soon dismissed the anti-tax disturbances in Isehin in 1916 and Abeokuta in 1918, alleging that they could not be ascribed 'to any one motive' (Atanda 1969, p.497; Perham, 1960, p.226).

It is significant to note that taxes collected were, at times, lost as a result of theft by officials in charge of collection. The loss of considerable tax revenue was prevalent in cities like Ibadan in the Western Region because some women were able to register as many as four taxicabs in their names, and these taxi cabs were each bringing in about £225 pounds annually. Some astute men were also able to hide the size and identity of

their business by taking to enterprises that had no need for permanent address, such as commercial transport business (Orewa, 1962, p.77). Indeed, as early as 1919, Yorubaland had begun to record cases of defalcation of money from the treasury. For instance, a substantial sum of five thousand (£5000) pounds disappeared from the Native Treasury as a result of theft by officials in charge of council collection.

There were also times when colonial tax defaulters were tracked down by tax collectors in order to forcefully obtain tax returns. The tax season during which people were hunted to pay was politically tense. Only a few saw payments as a civic responsibility, and many, up to 25 percent by official reckoning, always evaded as escape was regarded as an act of valour, which tax evaders loudly and proudly boasted about amidst friends and family members (NAI. Oyo Prof. II. *Schedule III*; NAI. 1924. Enclosure).

Indeed, a tense situation was also recorded during the annual Gbara social festival in Ago-Iwoye, Ijebu area in 1954 where matters affecting members such as new childbirths, age grade, funerals, etc. were deliberated on (NAI. Ije Prof. 1, 3008/5). The year festival provided an occasion when tax collectors and policemen disrupted the gathering of indigenous people by beating up anyone caught in their bid to forcefully obtain tax. It was an opportunity for these government officials to indulge in petty bribes.

Most people did not realise then that flight and evasion limited the ambition and reach of the state, be it pre-colonial, colonial or independent. The tax resistance capacity of subject people generally made it impossible for the colonial state to attain its fullest potentials in terms of development. It was also a limiting factor for the subject people in the area of social and economic growth. In Ibadan, however, as well as in some other Yoruba speaking areas, violence did not erupt. Opposition simply took the form of refusal to pay, evasions, complaints about extortions, etc. which pervaded the entire towns and villages.

It is significant to note that the British colonial government's adoption of propaganda machinery was found to be grossly insufficient to discourage a people who were not persuaded that tax should be paid in the first instance. Measures, more concrete than words of admonition and appeal were, therefore, taken; the first of these measures was to establish a firm grip on the principal tax collectors, the chiefs, who were only considered good if their views on taxation coincided with those of the colonial officials, but were punished, sometimes, severely, when they showed lapses in collection (NAI. *Comcol.1.* 4, 1937).

Under the Income Tax (Colony) Ordinance 22 of 1931, the government had difficulties in getting a true assessment. The householder's returns were usually inaccurate because names were omitted and persons in regular jobs presented as unemployed. Individuals frequently changed their places of residence or their names, or quite frequently both, between the return of form 1 and the assessment. Unfortunately, taxes collected were sometimes lost through careless handling. For instance, a sum of forty-eight pounds and four shillings, which was the tax returns from Itawikin and Oriba districts was stolen from the clerk on the 21st January, 1932 (NAI. *Comcol.* 1. 1333/12). Although administrative officers were responsible for the monitoring of fiscal matters,

this did not deter occasional losses or even fraud. However, the District Officers simply ensured that the position of the *Obas*, the *Baales* and the Quarter chiefs remained unchanged as far as tax collection was concerned.

The 1955 anti-tax protest movement in Ogbomoso recorded significant cases of defalcation of tax monies. In fact, about twenty temporary tax clerks that were recruited to assist in tax collection were alleged (*Daily Times*, 1955, 2, p.6) to have defrauded the council by embezzling tax money (Afolabi, 2015, pp.28-29). It was discovered that a sum of six hundred and sixty-eight pounds, seven shillings and eleven pence (£668: 7s: 11p) was not accounted for by the collectors in *Ijeru* in *Ogbomoso*. In fact, it was found that although receipts were issued for monies received, there was a shortfall in the amount remitted to the government treasury. The government auditors from Ibadan reported that the total amount embezzled in the council was one thousand and forty-two pounds, three shillings and two pence. The report of this theft, which amply showed that a lot of under hand activities went on during the tax collection process, was made to the Resident in Ibadan on the 22nd April 1955 by the Assistant Local Government Inspector (NAI. Iba Prof. 1/1, 75/8/5, 668:7:11, 23 - 26).

As a result, a number of council officials were arrested and detained. Police investigation revealed more frauds as one Mr. Samuel Larinde Akerele, a Senior Tax Clerk in the council, was also alleged to have defrauded the council of the sum of eight hundred and seventy-one pounds, eight shillings and eleven pence (£871: 8s: 11p) (Afolabi, 2015). Consequently, those that were suspected to be involved such as Mr. Larinde Akerele and some other council officials were arraigned before the court. But for the intervention of Mr D. A. Murphy, the Ibadan Provincial adviser, Mr. S. O. Ogundipe, Chairman of the *Ogbomoso* Native Authority Council and Councilor in charge of tax, would have remained in office (NAI. Iba Prof. 1/1, 75/8/5, 668:7:11, 23 - 26). One may not be able to exonerate Mr. Ogundipe because he actually acknowledged the receipt of cash that was meant to be paid directly to the Senior Tax Collector by the temporary clerks (Afolabi, 2015). This must have led to the discrepancies that resulted in loss of recorded tax money.

Indeed, resource poor peasants, who were forced to pay poll tax after the 1955 tax riot, had the impression that the councillors, council officials and the *Baale* intended to share the six shillings increase on individual tax payers (poll tax) among themselves after the collection (Ajani & Olatunbosun, 2014, Personal Interview). The colonial government, however, erred by not condemning and going ahead to dismiss all those who were found culpable in the alleged loss of public funds. The chairman of council should have resigned honourably the moment such a serious allegation was levelled against him (NAI. 668: 7:11) In fact, one may not be able to divorce the sit-tight syndrome after indictment that came to characterise the Nigerian Civil Service after independence to the experiences that took roots in colonial Yorubaland and other places across Nigeria.

There were also some rich individuals in colonial South-western Nigeria who devised ingenious ways of circumventing tax dues by deliberately choosing to distort information. It was a well-known fact that distorting or omitting a source or sources of income in the government form A was rampant (NAI. Iba Prof. 1/1, 75/8/5, 668:7:11, 40, pp.23-26) despite the fact that it was designated as an illegal method of reducing one's

tax liability. This is a clever way of evading tax, but the legal methods of achieving the same purpose with a view to splitting one's income with anyone other than one's wife and children etc. is known as tax avoidance (Ola, 1980, 1; Falola, 1987, 16). Complete tax evasion is a situation where a person deliberately escapes from the payment of tax due from him each year and this was very common in colonial and early post-independence south-western Nigeria. In the case of tax avoidance, the tax authority under-assessed potential tax payers whereas in tax evasion, even after being properly assessed, the individual avoided the payment due to him. In 1957, an estimated 'four hundred thousand people evaded tax' completely in south-western Nigeria (Orewa, 1962, 16). Evasion in this regard was treated as a form of resistance against the colonial economic system.

Tax avoidance and evasion were two of the most serious problems that confronted the colonial administrators. Tax avoidance was a means whereby a man arranges his business in a way as to attract less tax under the existing tax rate (Orewa, 1962). The only form of tax avoidance which was prevalent during the colonial era in Yorubaland was that in which salaried men registered their private business in the names of their wives. This was possible because, up to April 1960, when payment of tax by women whose income was below £300 was abolished, many local authorities in the region did not tax self-employed women, (Orewa, 1962, 16) and when they were eventually taxed, it was illegally done, without remittances into government coffer.

Conclusion

Five trends were evident in the colonial taxation policies and other matters concerning the defalcation of tax monies as espoused by this study. To begin with, this study revealed that payment of taxes in traditional Yorubaland was not at all cumbersome; the people paid their tributes to kings willingly and efficiently. To its credit, the pre-colonial taxation system was efficient to the extent that it rarely degenerated into the kind of crisis situations that were experienced in colonial Yorubaland.

Secondly, unlike the pre-colonial leadership that managed taxation to an appreciable degree, the British colonial government conducted their tax system in a way that turned out to be burdensome for the people. Without doubt, the modification of the traditional tax system and the generation of funds through the direct tax system were accompanied by high-handedness of some native authorities. The lesson to note here is that although the state should always seek to generate tax for developmental purposes, it must also strive to avoid stifling its people with excessive tax demands. This study has unequivocally established that the British colonial tax system generated animosity and discomfort between the Native Authority and the indigenous people. In fact, the introduction of British colonial tax policy brought in its wake mutual distrust and disrespect between the ruler and the ruled within the Yoruba society, a situation that climaxed in chaos and social unrest. It meant that the political and economic policies championed by the British government and ran by the Native Authority reduced chiefs and kings to mere agents whose appointment, promotion, demotion and dismissal were dependent on the whims and caprices of those who paid their stipends. The socio-cultural

relevance of traditional political institutions was thus questioned when it became obvious that they had become tools in the hands of the British colonialists and mere members of advisory councils to them. For example, the abdication of *Oba* Ladapo Ademola II, the Alake of Abeokuta (1920 - 1962) from the throne in January 1949 is a pointer to this fact (Thompson, et al., 2019).

Thirdly, this article underpinned that although the ‘men on the spot’ (Tamuno, 1972, p.108), that is, the British and the Native Authority designed measures (revised annually), which were intended to assist them in effective assessment, collection and appropriation, they were unable to effectively stop tax evasion, avoidance and misappropriation in colonial Yorubaland. However, measures such as the introduction of receipt as evidence of payment, installmental payment for low income earners, etc. helped significantly in improving tax returns.

Fourthly, this study also brought to the fore the ‘unscrupulous tendencies of government officials and tax collectors’ (Christian, 2004, pp.279-303) whose kleptocratic conducts exposed the underbelly of a colonial taxation system. The incidences of malpractices in the collection processes, the arbitrary nature of the taxes demanded and embezzlement characterized the entire colonial tax system in Yorubaland, particularly from 1918 when income tax was first levied in Southern Nigeria. For instance, inefficiency, irregularities and embezzlement by tax collectors were experiences which obtained and pervaded the entire South-western Nigeria geographical landscape from 1918, and were some of the reasons behind the Ogbomoso riot in 1955 (NAI. Iba Prof. 1/1, 75/8/5, 668:7:11, 40, pp.23-26). In fact, one could not agree more that the “leading vice in the British colonial administration was one of good intention, ill directed and a restless desire in governing too much”. The hand of British authority practically manifested in everything and every place, and as it is always the case in such “official universal interference”, what usually began in repulsive power ended always, usually without exception, in “contemptible imbecility” (Edmund, 1795).

Finally, this study’s appraisal of deficiencies of tax assessment and collection processes in colonial Yorubaland has shown that these issues have remained intractable even in post-colonial Nigeria.

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