

TAX MORALITY AND REVENUE GENERATION IN BAYELSA STATE

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ABSTRACT

This study examined Tax Morality and Revenue Generation in Bayelsa State. The objectives of this study were to examine the relationship between Tax Morality and Revenue Generation. The effectiveness of Tax System within the State and its leakages. Data source were from eight primary schools across four (4) Local Government Area of Bayelsa State. The findings also revealed that the chi square computed was greater than the chi-square table. Adequate recommendations were included after proper analysis of the data generated for proper implementation training and retraining of staff with better reforms are also suggested.

Keywords: Tax, Morality, Revenue Generation Leakages.

INTRODUCTION

The Federal Government had the intension to maintain a uniform tax system but the economic condition of various states has created room for divergence system. The most important thing one should have in mind is that taxation is supposed to be an instrument of social change which is not answering as much as it should be doing in Bayelsa State. Tax is a civil duty and right to the tax payer and in the other side of the coin it is imposed contribution by government on her subjects and companies to enable her finance projects and on social activity for the state.

Furthermore the greatest challenge in the state is lack of awareness due to limited area offices. Better penalties were not put in place that has lead to some persons working on the loopholes found in the tax system. Tax avoidance and Tax Evasion. Morality don't play any significant role again as people intend to cheat at all levels. Just like the two invisible forces of market; demand and supply tax evasion and tax avoidance are in place like two unidentical twins. The later tax avoidance has eaten dip into our economic system by which the tax payers seek to reduce or remove altogether his tax liability without necessarily breaking the laws. On the contrary tax evasion is the willful and deliberate violations of the law in order to escape payment of tax which is imposed by government.

Since these two unidentical twins operate in Bayelsa State it is actually difficult. Government and its agencies both at Federal and State level are planning to improve and develop, morality has disappeared just a handful obey the law by paying their taxes accurately, efficiently and effectively. The Federal Government has come up with the (STA) which tax authorities are also adopting before revenue receipts and tax credit notes are issued to the approved tax revenue collector and the beneficiary. The PAYE Form of tax is deducted from source it will not be a burden on the tax authority only the private sector indulges in tax evasion. This has also led to sealing of some business premises which may not be the solution.

It has been argued that the ability of government to generate sufficient revenue to meet their demands depends on the political structure, the type of society, and the perceptions of citizens and business of the ruling elite. (Bakre 2006 Olusanya 2010) Taxation has been fingered as the most viable option and major source of revenue to replace revenue from crude oil (Financial standard 17 November 2008). This article considers some of the practices which determine tax revenue in Bayelsa State. The lack of planning tools put in place by government to boost her revenue and the morality exhibited by tax payers as well. The loss of tax revenue has significant impact on all internally generated revenue (IGR) to meet up government investment and social responsibility.

Bayelsa State requires a lot of revenue to be able to provide and maintain essential services for its citizens. One ready means of revenue for the government is through the imposition of tax. Since taxation is one of the most important sources of revenue for the various tiers of government; it is of paramount importance that tax evasion and avoidance is discouraged with every conceivable means. The purpose of this study therefore is to investigate Tax Morality and Revenue Generation in Bayelsa State, the relationship between Tax policies and Economic growth within the State "To what extent has Tax Morality added revenue generation and to what extent has morality helped tax payers to respond to tax payment in the State".

In line with the above objective the following null hypothesis were formulated.

Ho1: There is no significant relationship between Tax Morality and Revenue Generation.

Based on these formulated hypotheses. The tax system in the State is it effective and efficient as regards the compliance rate of its law and regulations. The outcome associated with loss of tax revenue, who is responsible?

REVIEW OF RELATED LITERATURE

Moral Values

Moral Values (MV) refer to those things in human character, conduct and social relations which we judge as good or bad, right or wrong, progress and reaction, noble and ignoble etc. They are an integral element of our economic and social conditions. These values taught in schools, churches help the society. MVs. Depend on the social structures of that society. Our MVs have changed due to development from our colonial masters.

Our traditional society saw agricultural tools producing canoe, hoe, basket, etc. with technology chemicals are produced with modern farm tools like tractor, sewing machine etc. as commercial farming takes over the primitive way of farming. Market squares are not kept clean any longer waiting for government which was the duty of girls, clearing of water fronts by the married women while the men clear tract roads leading to other communities as the boys

(Youths) join them. Voluntary services are not seen in our communities which governments translate to taxes before these same services can be rendered in the state.

However, penalties were given to all defaulters without sympathy but it is not the case with our government, as some are above the law. Anyone who fell a bush mango is banned from picking from any other tree but now some sell the one in their land before coming to pick from another person's land. Where is our moral value now? A popular town crier from Odi town in Kolokuma clan Mr. Osisa often narrate the message he was sent adds; that even the eye witness is involved and those who overheard the plan but for the fear of the gods quick confession was made over the stolen item.

Izon: "Toru neri be kpo suo

Ma beri ana bo kpo suo.

MVs develop negatively as we can see the trend. Our moral fade when we embrace colonialism. Since the change the new generation is trying to improve but our MVs are often changed by the ruling class, the vocal in society or the stubborn ones at the expense of the society at large. The extents to which a government can perform its functions depend largely on the ability to design tax plans and administration as well as the willingness and patriotism of the governed. Taxes are compulsory levies imposed by the state government on individuals, institutions, corporate bodies, expenditures, etc for which no direct benefits are received. Taxes collectible by the State Government includes: Personal income tax: Pay –As-You –Earn (PAYE) Withholding tax (individuals only); Capital gains tax; stamp duties (instruments executed by individuals), casino taxes, Road taxes; etc. These constitute major source of IGR to the State. mismanagement of Tax Collected often occur due to lack of moral. The payees complain lack of public awareness including non-remittance of income collected.

Tax Revenue Generation.

In the arithmetic effect, if tax rates are lowered, tax revenue will increase by the amount of increase in the rate. The reverse is true for a decrease in tax rates. The effect of low tax rate on work, output and employment and there by the tax rate base used in providing incentives these activities whereas raising tax rates or penalizing participation in the taxed activities. At a very high tax rate, negative economic effect dominates positive arithmetic effect, thereby, the tax revenue declines as stated.

Any tax administration is the total set up of the tax system in the State. The department in charge of this administration is regulated by tax legislation. Tax administration is the process of assessing and collecting taxes from tax individuals and companies by the SBIR in such a way that correct amount is collected efficiently and effectively, with minimum tax avoidance or tax evasion. The broad objectives of a tax system guarantee fiscal soundness of the policies and programmes of government while the purpose of tax administration is to fully implement the system. Tax laws should be simple for a successful tax administration.

Tax is generally considered as a civic duty, these with better morals or values pay tax without being compelled both in the private and public sector. The imposition of tax is expected to yield income which should be utilized in the provision of amenities, both social and security and creates conditions for the economic growth of the state. The role of the tax administrator in this matter is a crucial one. They device taxes to conform with the principles that will raise revenues sufficient to meet the needs of the state to establish the basis of

assessment and a procedure for collection that are as simple, effective and economical as possible and to develop auditing and other procedures.

Tax administrators ensure full compliance and effective enforcement of tax matters by tax payers. Tax administration is confronted with problems of personnel; poor pay, lack of training and retraining for professionalism inefficiency and understaffing. Lack of experienced personnel to man the various relevant tax authorities, inadequate penalties for tax defaulters, attitudinal problem and cumbersome process of payment.

Sample Procedure

The simple Random Sampling (SRS) method was used to enable each element of the sample have equal chance to be selected in the population under study. The ministry of education will be considered with the State University Basic Education Board (SUBEB) as my focal point. A total of eight schools were selected two from Yenagoa Local Government Area, Kolokuma/Opokuma Local Government Area, Southern Ijaw Local Government Area and Sagbama Local Government Area of the State. Ten questionnaires will be administered to each school summary up to (80) eighty. All staff considered will be class room teachers, to enable me access the impact of morality as they are characterized literate.

METHODOLOGY

Research Design

The exploratory design will be adopted to gather relevant materials from text books, journals, internet and other relevant publications. To safe guard this study the ex-post facto design was adopted because some variables used cannot be altered or manipulated. Method and sources of data: Basically, two source of data exit. The Primary source and Secondary source of data. The primary source is gotten from staff of the Eight Primary Schools. Observation is taken before oral interview was conducted as well with classroom teachers. The secondary source will be gotten from text books, journals, magazines, newspapers and periodicals. The secondary data gives direction and is reliable; for some specialist have made their contribution earlier.

Sample Procedure

Data Analysis Technique

In analysis the data collected for this study the chi-square statistic was employed to establish the relationship between Revenue Generation and Tax Morality. A simple percentage was chosen to determine the quantity of questionnaires issued and returned with both the chi-square statistic and the simple percentage adopted the hypothesis earlier formulated was tested.

DATA ANALYSIS TWO FINDINGS

The data generated in chapter 3 from both the Primary and Secondary sources will be analyzed; it will be tabulated with a narration. This is to facilitate clarity of interpretation and also to show significance of the response provided by the respondents. A total of eighty (80) copies of questionnaires were administered to staff of SUBEB. However, out of eighty (80) about sixty eight (68) which is 85% of the questionnaire were retrieved while 12 copies representing 15% were not retrieved.

Table 4.1

This table shows the number of questionnaires administered and its percentage.

	Total issued questionnaire	Total retrieved	Percentage	Valid percentage	Total not retrieved	percentage
Can primary School Agudama Epie	10	9	11.25	11.25	1	1.25
CPS Akenfa	10	8	10.00	21.25	2	2.50
Amasain PS Odi	10	9	11.25	32.50	1	1.25
Imgbla PS Odi	10	9	11.25	43.75	1	1.25
St. Stephen SP Ouama	10	8	10.00	53.75	2	2.50
Okpodu PS Amassoma	10	9	11.25	65.00	1	1.25
CPS Elenebiri	10	7	8.75	73.00	3	3.75
CPS Ekperiwari	10	9	11.25	85.00	1	1.25
Total	80	68	85.00		12	15.00

Source: Data Analysis 2019

Table 4.2 Computation of χ^2 statistic

	F0	Fe	Fo-fe2	Fo-fe2	Fo-fe2/fe
CPS Agudama Epie	3	4	-1	1	0.23
CPS Akenfa	4	5	-1	1	0.20
Amasain PS Odi	4	5	-1	1	0.20
Imgbla PS Odi	2	3	-1	1	0.33
St. Stephen SP Ouama	3	4	-1	1	0.25
Okpodu PS Amassoma	4	5	-1	1	0.20
CPS Elenebiri	4	5	-1	1	0.20
CPS Ekperiwari	2	3	-1	1	0.33
Total					1.96

Source: Data Analysis 2019

$$\chi^2 = \frac{\sum fo - fe^2/fe}{\sum fe}$$

Application for decision rule

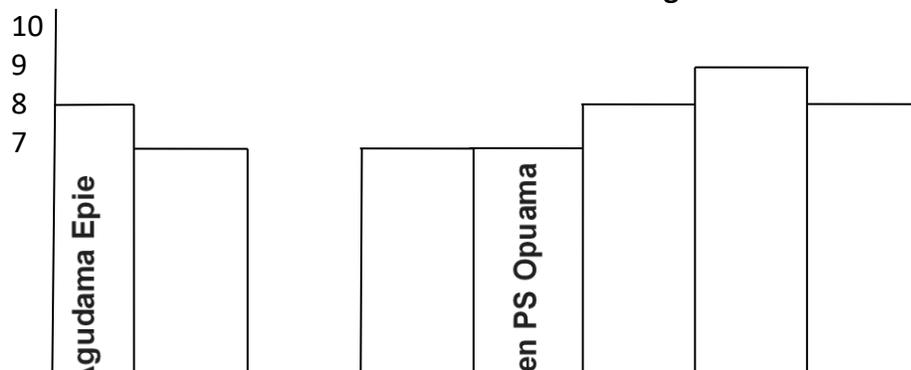
$$\chi^2 \text{ cal} \geq \chi^2 \text{ table}$$

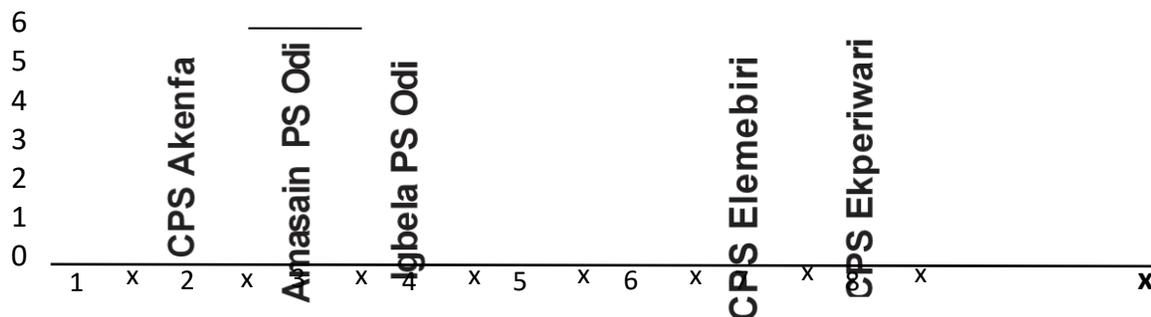
$$1.96 \geq 1.95$$

@ 0.05 level of significance

Table 4.3

This table shows the reaction of the new tax rate government.





Source Data 2019

Note 1 cm = 10 person in the X axis

Table 4.4

Tax Morality is increasing as tax evasion and box avoidance is reduced in Bayelsa State.

	Frequency	Morality increase	Percentage	Morality decline	Percentage
CPS Agudama Epie	10	5	6.25	5	6.25
CPS Akenfa	10	6	7.5	4	5
Amasain PS Odi	10	6	7.5	4	5
Imgbela PS Odi	10	6	7.5	4	5
St. Stephen SP Ouama	10	5	6.25	5	6.25
Okpodu PS Amassoma	10	5	6.25	5	6.25
CPS Elenebiri	10	5	6.25	5	6.25
CPS Ekperiwari	10	6	7.5	4	5
Total	80	44	55	36	45

Source Data 2019

Data Analysis and Findings

The analyses of data show clearly that a total of eighty questionnaires were administered to the eight schools picked in our population sample. About sixty eight of them were returned summing up to 85% of the questionnaires while twelve of them were not returned about 15%. The chi-square statistical tool that was compacted and the null hypothesis was rejected the decision rule states that

$$X^2 \text{ Cal} \geq x^2 \text{ table}$$

$$1.96 \geq 1.95$$

However it became clear that

Ha: There is no significant relationship between Tax Morality and Revenue Generation:

For the private sector this is trace based on personal interview conducted.

Summary, Conclusion & Recommendation

However major findings of this article revealed that there is no significant relationship between Tax Morality and Revenue Generation in Bayelsa State. It is certain that the place of Taxation in Bayelsa State has been described as irreplaceable. According to experts view taxation remains a viable tool in Socio-political and economic growth for the state. Despite these leakages in tax system, we saw corrupt practices, but is a principal source of revenue; on

the other hand a loss will show loss of tax revenue. Tax enable any government to provide basic infrastructure for the State Government, should minimize the leakages in the tax system by instituting proper tax reforms. In addition, this article reveals that the most experienced challenge with respect to tax leakage(s) certainly is the lack of good governance on the part of government which highly discourages (Morality) the masses from complying willingly with its tax obligations.

Specifically, if the private sector that was observed are willing to pay without any falsification of data, the better it is for the state revenue. Due to the leakages in the tax system the IGR is not fully exploited.

- An ideal tax system to be introduced is reform to enable tax payee pay without grumbling.
- Tax notice should be communicated across the state yearly even in our local languages like; Izon, Atissa-Epie, Isoko, Urobo, Nembe, Ogbia etc.
- The state should borrow from the Federal Government to establish a revenue court for offenders in the State.
- Conscious efforts should be made for training and retraining of staff
- Government should endeavour to provide social amenities to all nocks and crannies of the state as morality of tax payers will be boasted as they comply to the tax payment

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