

TITLE PAGE

**TAX CONSULTANT AND EFFECTIVE REVENUE MOBILIZATION AT THE
GRASSROOTS LEVEL (A CASE STUDY OF AREWA LOCAL GOVERNMENT
OF KEBBI STATE**

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APPROVAL PAGE

This project has been supervised and approved as having partially fulfilled one of the requirements for award of Bachelor of Science degree in political science.

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DEDICATION

This project is dedicated to my parents M. Abdullahi Sauwa and my mother Aishatu Muh'd Sauwa and my beloved wife M. Hauw'au Umaru Yeldu and the entire family members.

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I thank Almighty Allah for giving me good health and ensuring the success of this project.

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CHAPTER ONE

1.1 Introduction

Many African countries have adopted decentralization as the main instrument for transforming the rural areas. The forms adopted range from a high degree of central control to extensive devolution of powers to local government¹.

In Nigeria, Local Government has long been recognized as a veritable agent of local service delivery, mobilization of community based human and material resources, and organization of local initiative in responding to a wide variety of local needs and aspirations². As the tier of government closest to the grass roots local government is in a better position to create wealth for the rural poor through the initiation of various programmes that will increase local incomes and thereby expand local revenue base. For the local government system to continue to be relevant in the scheme of thing in Nigeria, they must evolve strategies for generating revenue base.

Local Governments in Nigeria in their present form started in 1976 “the guidelines for the 1976 local government reforms in Nigeria (1976) is comprehensive and aptly captures the essential features of local governments. According to the guideline

“Local government is government at the local level exercised through representative council established by law to exercise specific power within defined areas. Those powers should give the council substantial control over

local affairs as well as the staff and institutional and financial power to initiate and direct the provision of services and to determine and implement projects so as to compliment the activities of the state and federal government in their areas, and to ensure through active participation of the people and their traditional institutions that local initiatives and response to local needs are maximized”.

Part of the explanation for the reform are the problems of inadequate funding to local government, lack of appropriate structure, operational deficiency, insufficient manpower owing to poor salaries and unattractive condition of service, corruption, nepotism and politicization of the whole local government system.

Local government is justified on the ground that it is an efficient agent for providing services that are local in character. Local government exists to provide services and it must be judge...by its success in providing services up to a standard measured by a national inspectorate³. Because of its closeness to the grassroots, local government is in the best position to provide certain services for more efficiently than the federal and state government. Local government is a veritable instrument for development⁴.

Local government also serves to promote democracy at the grassroots. This is the view espoused by the democratic participatory school which argued that local government functions to bring about democracy and to afford opportunities for political participation to the citizen as well as to educate and

socialize him politically⁵. Similarly, the 1976 “guideline for local government stated that one of the main objective of local government is to facilitate the exercise of democratic self-government close to the grassroots of our society and encourage initiative and leadership potential.

Again, the 1976 “guideline for local government reform in Nigeria” states that local government exists for the following developmental reasons:

- (1) To make appropriate services and development activities responsive to local wishes and initiatives by developing or delegating them to local representative bodies, and
- (2) Mobilization of human and material resources through the involvement of members of the public in their development.

Among the many potential roles of local government in the development process are the following⁶.

- (1) Helping to inculcate in people citizenship attitudes such as consideration, self control, community responsibility and identity.
- (2) Providing basic community services which both improve the quality of people lives and enable the community to generate and attract economic activities, and
- (3) Helping people, especially in the rural areas to organize themselves for the mobilization and effective management of community resources and central government programmes respectively.

However, the aforementioned roles and objectives of the local government to perform have not been easy to meet due to their low financial resourcefulness. This element of finance has remained a problem and has continuously disallowed local government to engage towards the executing their roles expected from them. Identifies finance as exist necessary to break what in his terminology is, “the vicious circle of poverty of local government”. And make local governments relevant in the country’s development process⁷. Although the financial position of local governments in Nigeria has improved considerable, due to enhanced allocation from the federation accounts regrettably, the assurance of getting regular and substantial allocations from the federation account has made them to lose the incentive to explore new ways and method of boosting their revenue from domestic or independent sources. While statutory allocation remains the main source of revenue for funding development projects of the local level, internally generated revenue (IGR) remains critical for sustainable implementation of wealth creation at the grassroots by local government. The local government should improve their financial standings by diversifying their internal sources of revenue.

In addition to diversifying its revenue base, local government should also recruit qualified and competent manpower particularly professionals. There is no doubt that the ability of any organization to achieve its goals depends, to a large extent on the calibre and motivation of its human resoruce.⁸ In the light of the above, Arewa local government must find better ways and means

of generating adequate internal revenues which could at least cover all its recurrent expense and possibly other elements of capital projects.

Arewa local government is one of the twenty one (21) local governments in Kebbi state. Arewa local government border will Niger Republic in the North-West Arewa local government has twelve major markets which facilitate business transaction amongst the people and outside world. These are: Kangiwa, Gumki Amagwaro, Bui, yeldu, Dadin-kowa, bachaka and Hakimawa. And out of them (Bachaka, Dadinkowa, Gumki and Amgiwaro) are border markets with the Niger republic while the remaining eight are inland market.

In order to boost their internally generated revenues, the Arewa local government signed an agreement with external tax consultant popularly known as Salih B & Co. Tax consultants. Chartered Tax practitioners & consultants, for improving the local government internally generated revenue through the proper harnessing of the various revenue sources available to the local government and in particular the revenues occurring from Taxes, rates license levies etc. for the period of three years effective from December 2014-2016).

1.2 Statement of the Research Problem

Local government grapples with a lot of challenges in carrying out its roles and functions. These challenges revolve around ways of generating more revenues and it's efficient utilization for the overall development of their

localities. The proceeds from the collections are specifically meant to finance general administration, execution of developmental projects for the economic and social well-being of the rural populace, political mobilization and a host of others. These tasks cannot be accomplished without the necessary resources. In Nigeria, majority of the local governments cannot generate substantial amount of revenues from their internal sources. Local governments have been experiencing very poor finances and these made it very difficult for the local government executive their functional roles in terms of provision of basic amenities to the general populace. It is with a view to increasing its internally generated revenues through efficient tax administration and improving its finances and reducing fiscal imbalance that Arewa Local government employed the services of external tax consultant known as Salih B. and Co tax consultant.

This research work seeks to examine the existing local government revenue sources and to analyse their viability economically, and also identify other resourceful sources that have remained un-generated by the local government.

This research work seeks to appraise the challenges and prospects of the use of tax consultant in generating revenues at the grassroots level.

The study assesses the effects of the use of consultants for tax revenue generation in Arewa local government within the stipulated time, with a view to

confirming the contribution of the consultants to accelerated tax revenue generation during the period.

1.3 Objectives of the Study

The study has the following objectives:

1. To assess the continuous relevance of tax consultants in the Arewa local government tax system.
2. To determine the pattern of tax revenue collection profile relevant to the appointment of the tax consultant by the local government under study during the stipulated time.
3. To determine the conformity of the tax consultant to the principles of taxation in Arewa Local government.
4. To discuss major challenges against tax compliance and effective tax administration in Arewa local government.
5. To suggest ways of improving the revenue generation capacity of Arewa local government.
6. To identify the problems associated with revenue generation with use of tax consultants in Arewa Local Government Area.
7. A more efficient ways of generating the revenue locally and at least cost.

8. To ensure continuous community mobilization for prompt payment of taxes, rates and levied on the when due.

1.4 Research Questions

In order to achieve the above objectives, the answers to the following research questions are relevant:

1. How efficient and sustainable revenues generation and its impact on the development of Arewa Local Government area? How is revenue generation conducted in Arewa local government.
2. What are the factors responsible for the success or failure of the revenue generation in Arewa local government.
3. Are tax consultants continuously relevant for the Arewa Local Government to re-engage for tax revenue generation.
4. Are tax consultants conforming with principles of taxation in providing their services to Arewa Local government.

1.5 Significance of the Study

The ultimate aim of this research work is to identify the problems that militate against effective mobilization and generation of internal revenue that were left hidden and not generated by the local government.

The study may as serve as a standard for assessment of performance and also ascertain the effectiveness of local government regard to their main purpose and objective.

The study will be a great important to these who wish to know other sources of revenue available to the local government beside the statutory allocation from the federal account. The research will be a great assistance to the revenue section of Arewa local government.

The study also serve as reference material for tax practitioners, students, researchers and the general public on the subject matter.

1.6 Scope and Limitations of the Study

The research work is limited to management of internal revenue generation in Arewa Local Government in Kebbi State. The work actually centers on Arewa local government due to accessibility of the researcher who is indigene of the local government. This research study is an attempt to examine and analyse the effect of using tax consultants for tax revenue generation by Arewa local government for the stipulated period. The research work would analyse the revenue generation of the local government under study. And also the research would cover the importance of the use of external tax consultants in the affairs of the generation of revenues in the local government.

This research work also brings to the fore the role of relevant stakeholders in Arewa local government tax system, such as the revenue

department tax payers, tax consultants. The study also serves as reference material for tax practitioners, students, researchers local government and the general public on the subject matter. The research work has the following limitation; the major constraints encountered in the study include:

1. Time constraint- considering the limited time give for the study, the researcher could not get all the information needed for the study.
2. Financial constraint the researcher did not have sufficient money to carryout the study due to financial constraint, the researcher could not visit all the places where information relevant to the study could be obtained.
3. Attitude of the respondents: Some of the respondents were reluctant to cooperate with the researcher as they felt there is nothing to benefit from the study.

1.7 Hypotheses of the study

Inorder to make the research analytical in nature, the following hypothesis have been advanced. It was purposed that:

- (1) The inability of local government to adequately exploit their internal revenue sources is due to the inadequate trained revenue personnel.
- (2) The low level of the local government internally generated revenues is due to correction and crook method or tax collection.

- (3) The use tax consultant had expected to provide adequate revenue generation to local government and provide ways of sourcing of unhidden revenue generation.
- (4) People evade paying their taxes because of the inability of local government to provide them with the necessary amenities
- (5) Local government show lack of concern on the generation of their internal revenues because of the regular flow of the federal statutory allocation that accrues to them.

1.8 **Research Methodology and Chapterization**

The research would work on two source of data. These are the primary and secondary sources of data. The primary source of data was mainly through oral interviews with the administrative staffs of finance department and other staff engaged in revenue generation of the Arewa local government. the other are the Salih B & Co Tax consultants, marketers, shop owners and other who believes that they are in position of having information of revenue generation in Arewa local government area. The responses of the respondents would analysed. The secondary data on the other hand was sources from some documented literature on revenue generation and related statistical data obtained from the related journal and account books would also been analysed.

This research work will contain five (5) chapters-chapter one serves as the main introduction to the project. It gives the general background to the study,

objectives of the study, statement of the problems, significant of the study and definition of the concepts.

Chapter two(2) is the literature review that is the views of work of other authors as to what local government internal revenue and how it was managed. It also comprise the roles or functions of the external tax consultant that is Salih B and co tax consultant, and various sources of revenues to the local government and ways of improving the internal revenues in the local government. The chapter also examined the problems of revenue generation in Arewa local government and contribution of tax consultants in Arewa Local Government.

The chapter three (3) consist of the historical background of Arewa local government area of kebbi state.

Chapter four (4) deal with data presentation and major finding and also analysis. While chapter five comprising summary conclusion and recommendation.

1.9 Definition OF the Concepts

There are some important concepts which need to be defines for clear understanding:

- (1) **Revenue Generation:** This is the ability of both revenue collectors and the management to collect the due while on the hand the ability to pay tax payer when it is due for payment.

- (2) **Internal Revenue:** This refers to all money that is receivable from the existing sources of revenue of revenue by the local Government area.
- (3) **External Source of Revenue:** This is the statutory allocation from the federal government and 10% state contribution from its internal generated revenue (I.G.R) to local government stipulated by Nigerian constitution on monthly basis and other aid by the non governmental organization i.e UN, UNICEF and other agencies in support of the development programme by the local government.
- (4) **Tax:** Has been defined as compulsory contribution made by individual and organization toward defraying government expenditure.⁹
- (5) **Tax consultant:** In Wikipedia. Org (2011), a tax consultant was described as a financial expert who is specifically trained in tax law and tax practice.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The use of consultants for tax revenue generation has been a very contentious and controversial issue in the Nigerian tax system since the 1990's when Lagos State pioneered the exercise. The controversies generated by the use of tax consultants by the various tiers of government in Nigeria for revenue generation are based on the legality constitutionality, mode of operation, the amount of revenue generated and conformity with the principles of taxation.

Nigeria operates federation, which is a political system in which the ordinary power of sovereignty is distributed among the three tiers of government Federal, state and local governments. The federally generated revenue all over the country is pooled into the federation account before making a location between the federal, state and local governments, based on the principle of equity, derivation, even development, independent revenue, population, geographical peculiarities and national interest. The use of external tax consultants was introduced by the federal and state governments in Nigeria to boost revenue generation under the accelerated revenue generation programme.² While the federal appointed consultants for valued added Tax (VAT) and withholding tax (WHT) in the oil industry, and professional import duties, and some state governments and local government on the other hand, appointed consultants to boost their internally generated revenues since then,

the use of consultants for tax revenue generation has been a very contentious and controversial issue in the Nigeria Tax system. Despite the controversies, some state and local governments have made remarkable improvements in their tax revenue using consultants, as pioneered by Lagos state in 1990s’.

Tax has been defined as compulsory contribution made by individuals and organizations towards defraying government expenditure.³ A tax is a liability to pay an amount on account of the fact that the tax payers have income of a minimum amount and from a certain specified tangible or intangible property, or that they carry on certain economic activities which have been chosen for taxation⁴. Tax revenue is the income earned by government through taxation and a limiting factor in determining the size of a budget in public sector is the capacity to utilize taxation to generate revenue.⁵ Thus, the main purpose of taxation are revenue generation to meet government expenditure and ensuring wealth redistribution in the economy.

A tax consultant was described as financial expert who is specifically trained in tax laws and tax practice⁶. Tax authorities in some countries of the world require the services of tax consultants to verify the balance sheets and income statements of companies in the form of back duty investigations, while individual tax payers usually require the services of tax consultants to minimize tax liability. The problems of tax planning and administrating coupled with the gap in tax compliance have adversely affected revenue generation at all levels of government in Nigeria. Among the various strategies

to cope with the dwindling federal revenue allocation and challenges of tax administration in Nigeria is the appointment of tax consultants for accelerated tax revenue generation.

2.2 Functions of Tax Consultants

The tax consultant has the following functions:

1. The consultant company is to collect and manage revenue on the behalf of local government.
2. To deal with revenue matters of common interest to the local government
3. The consultant is authorized to assess and enforce payment of due taxes, levies, fees and charges.
4. The consultant was corporate body with sole responsibility for effective collection and management of revenues.
5. The tax consultants practitioner will not impose fresh taxes on individuals and businesses.
6. Tax consultant has the responsibility of training research and computerization.
7. Tax consultants has the responsible for assessment and collection of taxes.

8. The tax consultant is to improve the internally generated revenue through the proper harassing the various revenue sources.

2.3 The Concept of Revenue

Generation of revenue by every entity is a paramount important. This cuts across house hold, firms, state and nations. Every country of the world today is striving to achieve rapid socio-economic growth and development through optimum tax assessment, collection and utilization. Government at every level (federal, state or local) is expected to discharge certain functions to its populace which include the provision of basic infrastructure and social amenities⁷. The generation of adequate revenue is therefore, very important for the effective discharge of the functions of government as no meaning development can be achieved in the absence of revenue.

Revenue is defined as the receipt of a government, state or firm⁸. In accounting terms, revenue means gross income received before any deduction for expenses incurred in generating the income. The 1999 constitution of the federal republic of Nigeria, section 162 (10) (1) defined revenue as any income or return accruing to or derived by the government from any source (internal or external). Revenue as the fund required by the government to finance its activities⁹. These funds are generated from different sources such as taxes, borrowing fine, fees etc. It is also depend as the total amount of income that accrues to an organization (public or private) within a specific period of time.¹⁰ Revenue comprises receipt from taxation as well as those which hare at the

proceeds of taxation, but of either the realization from the sale of government properties or other interests and returns from loans and investment earning¹¹. and also revenue receipt include “routine” and “earned” income. For these reasons, according to him revenue do not include borrowing and recovery of loans from other parties, but it include tax receipt donations, grants fees and fines and so on. Government revenue as all the money received other than from issue of and debt, liquidation of investments. Government revenue include tax collections charges and miscellaneous revenues, utility and insurance trust revenue for all funds and agencies of government. public revenue is concerned with various ways in which the government raises revenue¹². From the above definitions, it can be said that revenue is the total amount of income accruing to a state from various sources within a specified period of time.

2.4 Local Government Finance

Local government need financial resources in order to finance the services and activities for which they are responsible. Local governments also have the variety of regulatory roles, such as building and development control, and consumer protection, which have to be financed. They need adequate funding to service these functions assigned to it by the constitution and the higher tiers of government.

Local government funds are raised in different ways. Local governments in Nigeria derive their revenues from two major sources viz internal and external.

Internal revenue are those revenues that are derived internally and from various sources within a local government. The sources include pay-as-you-Earn (PAYE) direct assessment, capital gains tax, with holding tax on rent, motor vehicles license stamp duties, earning and sales of government properties etc.¹³ while external source of revenue is the statutory allocation from the federation account and 10% state contribution from its internally generated revenue (I.G.R) to local government stipulated by Nigeria constitution on monthly basis and other aid and donors agencies such as UNICEF UNITED etc.

The following are major revenue sources for local government in Nigeria.

- A- **Local Taxes:** These are in principle the main sources of revenue for local government. Capitation rate is a form of local tax and one of independent revenue sources to the local governments. Other types of local taxes are property rate and special rates.
- B- **Fees and charges:** These are payments which local governments impose for certain services provided where service is provided and exclusively to the payer. Such services include registration of births death marriages etc.
- C- **Fines:** Fines are the financial penalties, imposed on individuals for a breach of bye-law of the local government.

- D- **Profits from Local Enterprise:** Where the local government owns an enterprise, any profits from that enterprise would accrue to the local government.
- E- **Borrowing:** Borrowing to finance capital expenditure, from various sources such as Bank, government, donors etc however, strictly speaking borrowing is not a revenue source but a financing mechanism, since the money has to be repaid.
- F- **Statutory Revenue Allocation:** It is the share of revenue from the state and federal government as fixed by law. Local governments share of the federation account in Nigeria is 20%
- G- **Grants:** This is financial aid which is given to the local government by the federal or state governments for special projects or as equalizing resources among local government.

2.5 **Responsibilities of Revenue Collectors**

The following are the responsibilities of the revenue collectors:

1. To ensure that all revenue and other monies collected are collected in full.
2. To submit used and unused revenue earning books, licenses books and relevant document of the treasury.
3. To report to his immediate superior any instance of default in payment or sum due to the local government.

4. To record, in revenue collectors cash book details of all receipts of revenue and the payment of such revenue collection to the treasury or bank.
5. Each revenue collector must keep prescribed records that can ease and facilitate collection and custody of funds and accountability in event of loss or misappropriation. This record include the revenue collectors cash book and receipt books, revenue payers register.

2.6 Importance of Internal Revenue

Finance is without doubt is the back-borne of any organization more so when such organization is charged with responsibilities for promoting and administration of soci-economic development at the grassroots level and the provision of wide range of services and infrastructure such as primary education, basic health care and social welfare among others. Therefore the extent to which local government council is able to perform its statutory function and discharge its responsibilities depend very much on the amount of financial resource at its disposal. The internal revenue generated in local government is used like any other source of revenue in the provision of basic social amenities to the local community, such as primary education, health care, and road network among others. It is also uses as counter fund for financial capital project in local government.

2.7 Controlling Local Government Finance

Controlling is a management function which means ensuring that the performance in an organization take place in accordance with planned performance and standards. It is an evaluation of performance and if necessary apply corrective measures so that performance take place according plan. Sees it as the regulation of work activities in accordance with predetermined plans so as to ensure the accomplishment of organization objectives¹⁴. According to him, it operates through established standards set as part of the planning function, compares actual work performances against standards and corrects deviation from standards.

In the case of local government finance, controlling is the matching of the plans (budgets) with actual performance to know if there are deviations and collection made. Financial control as the process which ensures that financial resources are obtained economically and used efficiently and effectively in the accomplishment of desired goals¹⁵. It would be found that the control parameters bench marked which become the standards against which subsequent actions are compared are themselves the product of financial planning decisions. The following are some characteristics of a financial control system.

1. It permeates all aspect of financial management functions

2. It is concerned with the resources and expenditure which can be expressed in monetary terms or can be combined with other quantitative data to express some e.g personal, materials etc.
3. It follows a definite cycle i.e it is rhythmic as in the budget cycle.

2.8 Types of Financial Control

1. **External Control:** It is a control system operating independently of an organization or a system. It focuses on accountability and stewardship. At the local government level the external controls are the state auditor general, public Accounts committee for the state house of assembly, the office of the governor of the state and the president who issue circulars from time to time to the local government.

The state auditor general is empowered to audit the account of the local governments in their states. This is constitutional mandate given to the auditor general of states. Public account committee (PAC) of the state house of assembly receives financial statement of local governments and reports of the auditor general. PAC reviews the statements and reports and can call any officer found wanting to appear before it to explain themselves.

The office in the governor's office or the president's office on local government matters, from time to time issue circulars to local government on how to utilize financial resources.

2- **Internal Control:** This refers to a whole system of controls, financial or otherwise established by management to assist it in carrying out its functions in an orderly manner, safeguard its assets, secure as far as possible the accuracy and reliability of its records; promote operational efficiency and encourage adherence to policies¹⁶.

It focuses on controllability orderliness of operations, protection of assets and assurance of accuracy and reliability of records. Its tools include internal audit, internal check and other accounting techniques. Every local government has an internal audit unit saddled with responsibility of objectively examining, evaluating and reporting on the adequacy of internal control to the proper economic efficient and effective use of resources. The internal audit is a service to management. It is established by the management.

3- **Budgetary Control:** Budgets are plans for sourcing and utilization of financial resources, the process has to be controlled to ensure that the process is strictly adhered to and any deviation corrected. It should be noted that any deviation from the budget cycle will have the spiral effect on the effectiveness of the budget and its implementation.

2.9 The Management of Local Government Finance in Nigeria

The following are the challenges affecting local governments in managing their finance:

1. Poor Tax Base: The tax base of local government is poor. The federal and state governments have taken the choicer taxes and easy to collect taxes such as income, custom duties, VAT etc. local government are left to collect taxes on property and other difficult to collect taxes. This adversely affects their revenue base and financial planning.

2- **Corruption:** This is the cankerworm that has eaten up the virtuous societal values observed that corruption is rife in areas of revenue declaration by collectors award of contracts and embezzlement of local government funds by chairmen, counselors and other officials. Corruption in the local government level takes different dimensions such as embezzlement of fund, misappropriation, misapplication of funds, over invoicing, inclusion of ghost workers in the salary, voucher, and collusion. Collusion is one of the major forms of corruption. It erodes into all forms of controls (Internal and external) common forms of collusion are:

(1) Collusion between state auditors and local government officials.

(2) Collusion between contractors and local government officials to inflate contracts.

(3) Collusion between the state governors and local government chairmen to share or divert local government funds.

3- Suffocating Control by Higher Tiers of Government

Financial crisis or stress being suffered by local governments in Nigeria is further worsened by the erosion of their financial autonomy due to frequent

interference by state governments on their finance.¹⁹ Section 162 (8) of the 1999 constitution provides that the state house of assembly should approved local government budgets. The local governments are required to operate a joint account with the state. In the two condition, the state determines how much the local governments should spend. There is also a limit or ceiling to the amount local governments can spend without approval from the state.

4- Personnel Problems: This is more pronounced in the death of qualified professionals such as engineers, architects, accounts, doctors, Nurses, Agricultural extension workers and others who are necessary for the execution of any wealth creation projects at the local level. The poor financial position of many local governments in Nigeria particularly the rural ones, makes it difficult for them to recruit and retain these professionals. In this sense, local government it is non-career service.

5- **Political Problems:** This manifested since the creation of emasculated new development centers-so-called new local governments known as area development which are incapable of initiating, implementing and sustaining development programmes/projects.

6- **Executive Dominance:** The chairman of local governments dominant local government like a colossus¹⁹. This in effect, affects the legislative arm not to perform its statutory function of providing checks and balances on the excesses of the executive. Executive dominance reduces the roles of the legislature in planning and controlling of local government finance.

CHAPTER THREE

HISTORICAL BACKGROUND OF AREWA LOCAL GOVERNMENT

3.1 Ethnic Composition

The Arewa owes its identity to one ARI of Borno Origin¹. The Arewa community is the predominant tribe of Arewa local government and was said to have originated from Kenem Borno empire in the 17th century and settle at a village called Birni Fala and Dogon Dutse of Niger republic public². From that period a segment of the community moved from Birnin-Fala to village called Tullum Dabaga now in Nigeria while another segment of the community moved from Dogon dutse to a village called Takatsaba in Niger Republic. It is their traditional royal house that emerged with a chieftaincy that is called mai Arewan Gabas and mai Arewan Yamma. They were from Tullun Dabaga and Takatsaba and they moved to other villages called laima and bui respectively³. In present day Nigeria on request of white men and they were finally moved to yeldu and kangiwa in the 19th century⁴.

There are also other minority ethnic groups in the local governments; this includes Fulani, zabarmawa, Buzaye Igbo and Yoruba. But Gobirawa Kanawa, kurfiyawa and Barebari are predominantly Hausa speaking people. Each of this ethnic group inter-married with one another as there is common affinity in their custom values, belief and other social activities.

Arewa local government was created in 1980 with headquarter at kangiwa as Arewa Dandi local govenrment.⁵ It comprises three districts that is Kamba, Kangiwa and Yeldu respectively. The local government ceased to be when the military took over in 1983 and concealed all local governments, created by civilian administration. Arewa Dandi local government was re-created by the president Ibrahim Bangida's regime with the headquarter as till at kangiwa.

However, in 17 August 1991when federal government created additional states and local governments Arewa Dandi was divided into two, that is Arewa and Dandi each serve as a local government area⁶.

As it was mentioned earlier, the local government comprises two district heads that is Mai Arewan Gabas as a district head of Yeldu and Mai Arewan Yamma as district head of Kangiwa.

The list of mai Arewan Gabas as well as ther year in which each ruled are as follows:

- | | | |
|----|--------------------------|-----------|
| 1. | Mai Arewa Maidoka | 1910-1915 |
| 2. | Mai Arewa Abarshi | 1915-1919 |
| 3. | Mai Arewa Durumbu | 1919-1928 |
| 4. | Mai Arewa Sumana | 1928-1951 |
| 5. | Mai Arewa Muhammadu Yaji | 1951-1954 |

6.	Mai Arewa Hassan	1954-1956
7.	Mai Arewa Arzika	1956-1959
8.	Mai Arewa Muhammadu Nabassawa	1459-1979
9.	Mai Arewa Haruna	1979-1984
10.	Mai Arewa Yakubu	1984-2007
11.	Mai Arewa Lauwali Yakubu	2007-date

The list of mai Arewa Yauma as well as the year in which each are as follows:

1.	Maia Arewa Aliyu Gwaji	1916-1928
2.	Mai Arewa Muhammadu Kaka	1928-1946
3.	Mai Arewa Arzika	1946-1954
4.	Mai Arewa Haliru Nagwandu	1954-1955
5.	Mai Arewa Yakubu Bako	1955-1967
6.	Mai Arewa Muhammadu Ibn Kaka	1967-1995
7.	Mai Arewa Yusuf Suleman Zango	1995-date

As it was mentioned above, Arewa Local Government comprises two districts that is mai Arewan Gabas as a district head of Yeldu and mai Arewan Yamma as a district head of Kangiwa. By the year 2007, the above districts were further subdivided into nine (9) districts due to the increase

population and development of the area. The following are the district head of the recreated district in Arewa Local Government:

1. Alh. Yakubu Tsamiya as district head of Bachaka
2. Alh. Abubakar Danmalan as mai Areawa Bui
3. Alh. Musa Maina as mai Arewan Jantallu
4. Alh. Abubakar Muh'd Yeldu as mai Arewan Iaima
5. Alh. Abubakar Chadi-kangiwa as mai Arewan Gumandai
6. Alh. Garba Usman as mai Arewan Jefeji/gorin Dikko
7. Alh. Muhammadu kangiwa maiarewan chi-bike

3.2 Geographical Location

Arewa is one of the prominent local governments in Kebbi, State which has its headquarter at Kangiwa. It is bordered in the North-East by Tangaza local government in Sokoto State. It is bordered in the east by Argungu local government while from the south it is bordered by Bunza and Birnin Kebbi local government areas of Kebbi State, and from the west it is bordered by Dandi local government area. Arewa local government also has an international border with Niger Republic in the North-West. It is located at a distance of 54km from State headquarter. The local government has a total land area of 684 kilometers, and about 50% of this land space is used for residential farming and grazing purposes. There are also forest reserves and mountains across the land area of Arewa Local Government.

The local government has a total land area of 648 miles and was projected to have an appropriate population of 350, 654 people in the area⁹.

3.3 Social Activities

In Arewa Local Government social activities is highly appreciated by its people, more especially during the dry season and harvesting period. At that time in almost all the villages you would find them performing cultural dances and drumming, among the popular ones were local dance, wrestling and share similarly, hospitality to guests and neighbours is highly upheld by Arewa people entirely.

Moreover, social activities in Arewa local government have suffered a tremendous set back owing to lack of electricity supply. In the parts social, activities such as wedding ceremony, football match between some town and villages of the Arewa local government, traditional drama for the enlightenment of the people were very prominent especially during holidays, when students are at home.

The community of Arewa always gives priority to social activities. The Youths of several cities and villages came to kangiwa and Yeldul for exchanges of friendship. And the youths of kangiwa and yeldu respectively also visit their friends at Birnin-kebbi, Argungu, kamba and their neighboring Niger Republic.

During the long breaks the youths of Arewa exchange social activities such as friendly football match, inter-marriages between people of Arewa local

government and their counterparts from Niger republic in the following towns such as Jinju, Gyasheme, Birnin-Fala, Dosso, Tchibiri Dogon dutsi etc. between August, September and October each year.

One of the most important social activities of Arewa Local Government is the traditional and cultural festival which is organized between the Arewa and Niger Republic. The activities include the Arrow and Bow competition, cultural dance, catapult competition. The Arewa people in Arewa local government play an important role in Argungu international fishing and cultural festival, by involving in various activities which include the arrow competition, catapult competition, agricultural show among other competitions.

3.4 Economic Activities

Arewa local government blessed with abundant land favorable for crop production and animal rearing. The people of this local government area predominantly farmers. Agriculture remains the major source of revenue and indeed the backbone of the economy of the local government. The major food crops in the area are millet, Guinea corn, late millet, beans, Acca, Cassava etc, while the cash crops including wheat, groundnut, Bambaranut, cotton, mango, shea-nut cashew nut are produced in the area these cash crops are sold to a various areas and its neighboring Niger Republic.

Arewa local government is endowed with abundant land and it is one of the highly concentrated animal ranching areas as cattle ranchers from Niger and Mali republic made the local government to be one of the big routes in

cattle movement to southern part of Nigeria. Besides farming which is the bedrock of the area, there are twelve major markets in the local government which facilitate business transaction amongst the people and its neighboring Niger Republic. These markets are located at Yeldu, Kangiwa, Bachaka, Dadinkowa, Amagwaro, Gumki, Biu, Hakimawa, Goru, Bagiza Jarkuka and Rofin-Tsaka. And out of these markets (Bachaka, Dadinkowa, Gumki and Amagwaro) are border market with the Niger Republic while the remaining eight markets are inland markets; they constitute greater percentage of internally-generated revenue in the local government.

In addition, there are various sources of revenue to the local government such as community tax, cattle tax, motor parks and market stall fees, buy or license. Others are measure due, registration of clubs and societies, animal sales etc. all these provide the local government with potential revenue internally.

3.5 Religious Activities

Islam is the main religious practice of the people of Arewa local government. Both Muslims and the minority non Muslim communities practice their religious belief without any hindrance and molestation and both engage in their religious activities freely and peacefully. There is religion tolerance.

In Arewa local government, there are two major Muslim organizations which carryout their religious activities in different perspective these are:

1. Izala movement
2. Tijjaniya Sufi order

(1) Izala movement: the major activities of this movement include the following:

- (a) Da'awa activities: The movement of Izala conducts Da'awah activities in every nooks and cranny of the local government. They organize daily, weekly and monthly preaching depending on the needs and circumstances of the situation. This activity helped in educating the Ummah on the proper teaching and values of Islam.
- (b) Construction of Islamiyyah schools and Majajid (Mosque). Is one of the religious activities of Izala movement in the area. In many area, Islamic schools were built for the teaching of children, the basic knowledge of Islam.

Tijjaniyya Sufi order-This movement also conduct some religion activities in the area which includes

- a. Zikiri activities
- b. Mauludun-Nabiyy celebration
- c. Wazifah

Zikiri activities: They conducts zikiri in different places such as Kangiwa, Yeldu, Laima and Madanfara. Zikiri is normally organizes during some important celebration such as wedding fatihah, naming ceremony among others.

Mauludun-Nabiy: This normally takes place yearly in commemoration of the births of the prophet (peace be upon him). However, each shaykh of the Sufi order has his own Maulud to be celebrated at his residence.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

As pointed out earlier, local government was created to enhance the lives of people at the grass root level with the support of federal and state government in the area of fundraising and its administration. Local Government are empowered to raise internal revenue base, so as to enable the local government to accomplish their aims and objectives.

This study assesses the effect of the use of tax consultant for tax generation in Arewa Local Government for the four years period 2014-2017, with a view to confirming the contribution of the consultants to accelerated tax revenue generation during their engagement. The study utilize the primary and secondary sources of data. The secondary sources of data are sourcing from local government treasury department and other accounting books. While the primary data was sourcing from respondents interviewed to elicit their perception on the employment of the services of tax consultants in enhancing the internally generated revenue (1GR.) in Arewa Local Government and other relevant information on the revenue generation in the Arewa local government. All these respondents are drawn from the simple Random sampling.

4.2 Presentation and Analysis of Data

The seventy (70) respondents were interviewed on the role of tax consultants effective revenue generation in Arewa local government. Those interviewed are drawn from local government staffs of treasury department, agent of tax consultant, local government staff of different departments, cattle sellers, shop owners, restaurant owners, viewing centre owners general hospital and health centres, micro finance bank and other banking institution exist in the local government etc.

Thirty (30) staffs of treasury department and other departments were interviewed among them twenty one (21) are junior staffs, while the Nine (9) are senior staffs, out of thee staffs eight (8) are female staffs drawn from both junior and senior staffs category and are interviewed.

Another thirty-five (35) people are drawn from the general public. Among them are shop owners, cattle sellers, lorry and bus drivers, owners of the viewing centres, general hospital and various health centers, banking institutions etc. the respondents (interviewers) were drawn from the various markets, towns and villages across the local government. The remaining five(5) persons are tax consultant agents.

Quesiton1:

Are Activities of tax Consultant will lead to increase in revenue Generation:

The responses from those are interviewed are in the view that the activities of tax consultant (Salih B. and Co. tax consultants) in generation of revenue in the local government it improve the revenue base in the local government area.

Majority of people interviewed are in the view that with engagement of tax consultant in the accelerated revenue generation in the local government will increase the revenue generation in the local government.

According to Salihu Yahaiya Yeldu, 32 years, was in the view that the tax consultant contribute enormously in the generation of revenue in Arewa local government. He also added that with employment of tax consultant the local government revenue was highly increase generation was highly increase. He also said that the people or tax payers are paying their taxes, rates promptly and regularly because the tax system was handle by the tax consultant.

According to Lauwali Suleman 35 years, is on the viewed that the engagement of tax consultant in generation of revenues in the local government will not increase the revenue base in the local government area. He suggested that, the revenues generated by the tax consultants, are used to pay the consultants after their engagement, if you deducted the amount generated by

consultants and their payment it will not increase anything in the revenue generation in the Arewa Local Government. with the view of the majority people interviewed are suggested that the activities of tax consultants is lead to increase revenue base in the local government because the tax consultant are expert on the collection assessment and accounting of the revenue generation for local government for effective mobilization and performance.

Question 2: Are inability of the local government to generate adequate revenue internally make them to depend almost entirely on statutory allocation from the federation account.

Majority the responses of the interviewed in the senior staff category view that inability of the local government to generate a adequate revenue internally make them to depend almost entirely on the statutory allocation from the federation account while minority of the interviewed believes that inability of the local government to generate adequate revenue internally does not make them to depend almost entirely on statutory allocation from the federation account. They stated that local government has the mandatory duties and responsibilities assigned to them by the constitution such as provision of infrastructural development and to pay the salaries and wages of their personnels. In order the local government in carried out their responsibilities and duties the local government must rely on the federal government to provide them with money to finance their project and pay their staffs salaries.

Arewa Local Government internal generated revenue was characterized by low revenue yield, low compliance level and inefficient administration, that make the local government to relied on the federation account and other external source of revenue.

While, minority of the interviewed believe that the local government inability to generate revenue internally and relied on the federal allocation was due to certain arrangements such as:

a) Nigerian Federal Arrangement: The Nigerian Federal arrangement which comprise three tiers of government i.e federal, state and local government. This arrangement make local government to drive their allocation from the federation account in order to finance their developmental projects and pay their staffs salaries. The internal generated revenue is very low and insufficient to carried out any developmental project or even to pay their worker's salaries because of the inability of the local government to generate revenue make them to depend entirely to the federation allocation.

b) Secondly, the constitution of the federal republic or Nigeria. The constitution has specified certain duties and responsibilities a local government can exercise, these include of provision of social amenities, developmental projects and paying the salaries to their staffs, all these functions need huge amount of money, and their internal generated could not be very sufficient and must rely depend on the federal government for provision

of finances to carryout their functional roles that are enshrined in the federal constitution.

Although, Arewa Local Government has been making concerted effort to shore up its internal revenue base through setting up of machineries to tackle tax evasion, re-structuring of the revenue department and as well as engaging a number of expert and tax consultants. With all these effort by the Arewa Local Government by engaging the service of tax consultant for accelerated revenue generated internally, their internally generated revenue was very low for the execution of developmental projects or even to pay their salaries and this make the local government to almost depend on the federal allocation.

Q3: Are you familiar with roles of tax of tax consultant in revenue generation in Arewa Local Government.

Majority of those interviewed are viewed that the tax consultant played on important roles in accelerated revenue generation internally to the local government. thus, the engagement of Salih B and Co. tax consultants and practitioners generating revenue internally, was improve and enhance the revenue base in the local government.

According Tujjani Usman Kangiwa, 40 years, viewed that with employment of the service of tax consultants in accelerating revenue generation in the local government, the local government internally generated revenue was highly increased and improved. The tax consultants contribute immensely to the generation of revenue in the local government. While few are in the

viewed that the roles played by the tax consultant in generating revenue are very minimal means that it will not generating much needed revenue to the Arewa Local Government.

It is deduced that for those interviewed, majority believed that the employment of tax consultant in generating revenue internally. It will lead to increase the revenue base to the Arewa local government internal revenue generation. The tax consultants contributed the revenue generation in the local government by introduced Direct Bank Lodgment system (DBLS). The coming of Salih B and co. tax consultant introduced the direct Bank lodgment system in order to ensure the confidence of tax revenue payers that the amount paid reaches the coffers of the local government prior to the introduction of the direct bank lodgment system the general complaints from the public is that tax officials were diverting funds meant for public use to personal use, thereby denying the local government of funds in meeting its obligation of their citizens.

The local government has show very impact on the engagement of tax consultants to handle the internally revenue generation, thus, the consultants provide the various ways of tapping the unhidden revenue in the local government area. The tax consultant has made an effort to plug the revenue leakages in the Arewa local government area. The tax consultant played a significant roles for internally generated revenues in the local government area.

Question 4: Are inadequate internal revenue generation affect the performance of local government to executive viable project in order to promote and provide social amenities of their citizenry.

Majority interviewed believed that inadequate internal revenue generation affect the performance of local government in execution of viable projects so as to improve the living condition of their citizens while other few disagreed with this idea.

One can rightly understand that majority of the interviewed are of the view that inadequate internal revenue generation is the main reasons that make the local government to be ineffective and inefficient in the provision of social services in order to enhance and promote the welfare and well being of their teeming population.

According to them, the actual implementation of projects required a huge amount of money, and its internal revenue generation is inadequate to execute this projects and make the local government depend on federal allocation in the execution of people oriented projects.

Minority of the interviewed however disagreed with this perception. They argued that inadequate internal revenue generation is not only the problems that affect the performance of local government in execution of viable project to their teeming population . According to them there are some other setbacks which include corruption, misplace priority, poor leadership, inexperience and unqualified personnel misappropriation and mismanagement of generated

revenue, poor maintenance of public infrastructure among others. Although, Arewa Local government are making efforts to make their revenue generated internally more effective and efficient by engaging the service of tax consultant to improve the revenue base to the local government for effective and efficient mobilization and utilization. The monies derived from internal revenue generation by tax consultant are mainly used for supplementing the federal allocation in the provision of social services and executive viable projects and paying the salaries of the local government staffs.

Question 5: Are failure and poor attitude of the tax payers to pay their taxes properly and regularly affect the performance of local government in area of internal revenue generation.

Majority interviewed are of the view that failure and poor attitude of the individual tax payers, business and corporate bodies to pay their taxes regularly and properly seriously affect the overall performance of the local government in area of internal revenue generation.

However, minority are disagreed with above assertion.

You can clearly note that, majority of the interviewees are of the view that failure and poor attitude of the tax payers to pay their taxes properly and regularly seriously undermine the overall performance of the local government in area of internal revenue generation. They point out the huge amount of money our local government are missing from those who deliberately refuse to pay their taxes despite the fact that they are living within the territorial

jurisdiction of the local government which provide them with basic amenities for their welfare and providing conducive environment to carryout their businesses and economic activities from which they realize profit and get their earning. They argued that if all the tax payers, business, corporate bodies are to pay their taxes properly and regularly, local government can generate adequate and sufficient revenue internally.

In order to plug the leakages of the internal revenue generation and missing of huge amount of money by those who refuse to pay taxes and nonchalant attitude of the tax payers, business and corporate bodies to pay their taxes, Arewa Local Government make an agreement with tax consultant known as Salih B and co. tax consultants to over comes of all these problems of failure and poor attitude of tax payers. Salih B and co tax consultant are making effort to make sure al eligible tax payers are pay their tax promptly and regularly. They finally suggest the imposition of serious punishment or sanction on those who refuse to pay their taxes properly and regularly. Such sanction should range from ban to carryout economic activities, closure of their business, fine, imprisonment among others.

While few are view that poor attitude and failure of the tax payers to pay their taxes properly and regularly does not affect the performance of local government in area of internal revenue generation but there are some other problems in relation to internal revenue generation which are serious that serve as setback and major bottle neck on the performacne of local government

in term of internal revenue generation and indeed made them unable to generate adequate revenue internally.

Although they believe that there some others tax payers who response harshly when they are approach to pay their taxes, some intentionally refuse to pay they taxes while some traders and businessmen avoid entering market through the main gate just to avoid paying their taxes. They conclude that if all collected revenues will go to local government account, these are effective and efficient internal revenue generation machineries that will ensure all approve public revenue are collected and safety keep, the tradition of crook method of revenue collection is avoided, creating awareness to the tax payer so as toe enable them to know the important of paying their taxes and ranges of services government provided with the collected taxes, they also suggested imposition of appropriate secretion on these who deliberately refuse to pay their taxes.

Question 6: Are the inexperience and unqualified personal make the local government to employed the tax consultant in generating revenue internally.

These show that majority of the interviewed are up the view that inexperience and unqualified personnel affect the performance of local government in term of revenue generation internally.

According to them most of the tax collectors in local govenrment are junior staffs below the grade level 06, they don't have adequate knowledge and experience of the ways of sourcing internal revenue generation. This make the

Arewa Local Government to employed the tax consultant (Salih B and Co tax consultant) for collection and acceleration of internal revenue generation and also for effective and efficient mobilization of revenue generated internally in the local government. Tax consultants are expert on the tax law and its operation and make them to generate adequate revenue internally. They therefore suggest that local government need to embark on regular and constant training and retraining of their personnel to have requisite knowledge and experience on tax collection so as to avoid neglect of some other sources of revenue and ensure all approve public revenue are collected properly for local government to be able to generate adequate revenue internally.

While the few are view that un-experience and unqualified personnel do not make the local to employed tax consultant for generation of adequate revenue internally. They stated that the problems of internal revenue generation is not tax collection but safe keeping of the collected revenue. Another problems include corruption and crook method of internal revenue generated. They stress that if all approve public revenue are collected and safely keep, it is undoubtedly that local government can generate adequate revenue internally and be able to finance all their capital and recurrent expenditure without necessarily relying on statutory allocation from the federation account. But very unfortunate according to them at least 1/3 of the generated revenue will go to local government account while remaining revenue are unlawfully share between tax collectors and those charge of responsibility of safe keeping of the collected tax. They finally suggested that local government to be able to

generate adequate revenue internally the whole system of revenue generation in local government need to be enhance improve and transform into higher level.

4.3 **Testing Hypothesis**

There are five hypothesis that will be tested as it is contained in chapter one item. The statistical table to be use in testing such hypothesis is spear man row which is measuring the significant correlation between the variable, these hypothesis will be tested below:

Hypothesis one

Inability of local government to adequately exploit their internal revenue generation is due to unqualified and in experience revenue personnel.

This hypothesis is prove that majority of the interviewers clearly stated that inexperience and unqualified personnel affect the local government in area of internal revenue generation driven. They added that most of the revenue collectors are lack adequate knowledge and experience to providing various means of sourcing internal revenue generation and majority of the revenue personnel are junior cadre.

Hypothesis two

The low level of the local government internally generated revenues is due to corruption and crook method of tax collection. Corruption and crook method of tax collection makes the local government unable to generate adequate revenue internally.

This hypothesis is prove to be right by the majority of the interviewed people, stated that corruption and crook method seriously affect the local government in generating adequate revenue internally. They stated that most of the internal revenue drive are diverting by various personnel's in the revenue collection and safe keeping.

Hypothesis three

The use of tax consultants had expected to provide adequate revenue generation to the Arewa Local Government.

This hypothesis is prove to be rightly the majority of the interviewers that the tax consultant increase the internally generated revenue to the local government and improve accounting for taxes collected. This means that tax consultant reduce the high rate of corruption by the revenue collectors and other personnel in line with revenue section in the local government. The tax consultant also improved internal generated revenue by providing various ways of sourcing of unhidden internal revenue generation in the local government. The engagement of tax consultants in accelerated revenue generation in Arewa

local government strategically improved the revenue base to the local government and made the local government to generate adequate internal revenue.

Hypothesis four

People evade paying taxes because inability of the local government to provide them with necessary infrastructural facilities.

This hypothesis is prove right beyond reasonable doubt by the majority of the interviewed argued that people are not paying their taxes because the local government don't provided them with necessary infrastructural facilities such as pipe borne water, market stalls, shops and fencing of the markets. They believed that most marketers are sitting under the trees and some living on the sun light, no drinking water etc. they argues that the revenue collected from them as form of taxes are not used for any viable projects. This show that they not fell right to pay their taxes properly and regularly.

Hypothesis five

Local Government lack of concern on generating revenue internally because of regular flow of statutory allocation from the federation account.

This hypothesis is prove right by the majority of the interviewed from both categories of staffs believed that lack of concern of local government in generating revenue internally is because of the statutory allocation received

from the federation account. Most of local government in Nigeria relied solely on statutory allocation from the federation account. These make the majority of the local government to neglect their internal revenue generation.

Hypothesis six

Local government can stand on their internal revenue generation with engagement of tax consultants.

This hypothesis proves that a minority of both categories of staffs believed that the local government cannot stand on their internal revenue generation even with employment of the tax consultant. The Arewa local government tax system is characterized by low revenue yield, low compliance level, and inefficient administration. These problems make the local government depend solely on the federal allocation to execute viable projects for their citizenry.

4.4 Testing Hypothesis by Using Statistical Form

The statistical form to be used in testing the above hypothesis is Spearman's rank correlation coefficient. This is because all the above hypotheses, with the exception of the last hypothesis, are proved right and the researcher concluded that all the identified problems mentioned above, with respect to which the respondents were interviewed, have believed the use of tax consultants for generation of revenue internally has improved the performance of local government in terms of internal revenue driven.

4.5 Summary of the Findings

The tax consultant has contributed immensely to the local government. The responses from the various stakeholders interviewed are view that the tax consultants has improve the internal revenue generation to Arewa local government compared prior to the engagement of tax consultants. The generation of revenue base was highly increase with employment of tax consultants in the collection and accounting of taxes in the local government.

Moreover, the inability of local government to generate adequate revenue internally affect their performances in provision and execution of social services so as to improve and promote the welfare and well being of their teeming population.

The hypothesis tested also shows clearly that poor performance of the local government in area of internal revenue generation make them to depend almost entirely on statutory allocation from federation account.

Finally, the level of performance of local government in the promotion of social services is not encouraging due to poor internal revenue generation, as a result of this make the local government to employed the tax consultants so as to ensure all approve public revenue are collected and safely keep. This will make the local government to generate adequate revenue internally so as to become financially independent in order to be able to finance both their capital and recurrent expenditure without necessarily relying on statutory allocation from the federation account.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATION

5.1 Summary

This study is undertaken in order to critically study the tax consultants and effective revenue mobilization in Arewa Local government in Kebbi State with a view to studying how revenue generation has become a tool for improvement in the local government and how it can be effective. The research study reveals that the local government has two source of revenue the study centred on how internal source of revenue generation operates in the local government with engagement of tax consultant. With the increasing running cost of government coupled with rapid infrastructural requirement to meet expanding social needs of citizenry has left various government with formulating strategies to improve revenue base. One of which is accelerated revenue generation programme (AGRP). The use of tax consultant one of the strategies adopted to raise revenue base internally in Arewa Local Government.

The tax consultant has the following uses in the internally, generated revenue. The tax consultant increasing internally generated revenue, the engagement of tax consultant in local government lead to huge increase on revenue generation despite high incidence of tax irregularities in tax administration before the involvement of tax consultants. Another use of tax consultant is better accountability for tax collected. The advent of tax consultant improved accounting for taxes collected as consultants were paid

base on taxes collected. The tax consultants engage in staff improvement. The consultants initiated positive changes on the lives of revenue staffs as well as improve their training and development. Another contribution of tax consultants in accelerated revenue generation was better tax payers records up dates. The practice of standard master register of tax payers which hitherto eluded treasury department office was reinforces by the consultant.

Consequently, this work examines the existing source and the duties of tax agents, the process of revenue collection and the responses of the staff and property owners. The study has been able to reveal success and weakness encountered during this process.

The last stage of revenue generation is the stage where the performance is analysed and the responses of the people interviewed were presented. The overall process of revenue generation and utilization was also scrutinized thereby extracting success and short coming.

5.2 Conclusion

The generation of adequate revenue is therefore very important for the effective discharge of the functions of government, as no meaningful development can be achieved without adequate revenue. Revenue is necessary for effective functioning of the government machinery as no government can survive without adequate revenue. Local government being the third tier of governments in Nigeria has over the years shown sheer laxity toward enhancing internally generated revenue.

Although, Arewa local government has been making concerted effort in shore-up its internal revenue base through setting up of machineries to tackle tax evasion, restructuring the revenue department and as well as engaging a number of experts and tax consultants.

The revenue generation seems to be an important phenomenon in Nigerian local government over the year. Holding the fact that the local government has many obligation, therefore in order to perform its statutory function as stated in 1999 constitution of the federal republic of Nigeria, the local government must improve its internal revenue generation so as to enhance the living standard of the people at the grassroot level. They have found it necessary to employ ways through which the available ways of success will be improve and tackled in order to help by intention of contributing to have an effective and efficient management towards service delivery to the common man.

This work researched indepthly into how Arewa local government revenue generation is undertaken by tax consultant, the systems and ways adopted in the revenue generation, the level of effectiveness and its shortcomings. Having done a critical analysis of revenue generation carryout by tax consultants in Arewa Local Government, it is discovered that there are many short comings. Those short comings are as follows:

1. General apathy and unwillingness to pay tax. Tax payers are generally apprehensive and unwilling to pay tax because they do not see the

justification or proof form governments utilization of the tax revenue for intended purposes.

2. Inadequate data on tax payers. There is lack of data about tax payers and economic activities carried out by them.
3. Inadequacy of qualified manpower. The treasury department lacks adequate qualified professional personnel to interpret and enforce the tax laws effectively. This has resulted in the engagement of tax consultants by local government.
4. Poor working condition of tax officials. Most tax officials are not well remunerated and they operate form poorly equipped offices. Others shortcomings include poor attitude of tax payers, corruption and mismanagement of public fund, inadequate internal revenue generation machineries, local government dependency on statutory allocation. These shortcoming mentioned above form the major constraints to the effective performance of local government in area of internal revenue generation. Therefore for local government to be effective and efficient in area of internal revenue generation which will invariably lead to rapid and suitable socio-economic and political development. These militating shortcomings or factors have to be address or reduce to the minima level.

5.3 Recommendations

From the finding made in this research project under study, it has become tradition and practice to offer certain recommendations though which

the local government can enhance and promote its performance in ensuring effective and adequate internal revenue generation which will invariably make the local government capable of executing viable projects so as to ensure rapid socio-economic and political development at grassroots level. The following recommendations are hereby made as a guide for the appropriate usage of tax consultants and to encourage the empowerment for the treasury department staffs for enhanced performance.

1. The local government should endeavour to utilize the tax revenue judiciously for the provision of essential economic and social amenities such as market stalls, medical services, water and other infrastructure.
2. Tax payers education. The tax payers should be adequately educated on the objectives of taxation and need to pay their taxes promptly and properly.
3. Training of revenue officials. The tax officials should be adequately trained to cope effectively with tax administration and best practices.
4. Funding of the tax authorities. A certain proportion for the tax revenue collected should be provided to cater for its administration.
5. Periodic review of tax laws. The existing tax laws should be reviewed periodically in tandem with the dictates of economic realities, in order to provide appropriate tax relief and incentives to tax payers.
6. Setting performance targets in revenue collection. This will encourage efficiency and effectiveness in revenue assessment and collection.

7. Local government to be financially autonomous which will invariably promote and enhance their performance in the execution of viable projects there is need to ensure adequate internal revenue generation which can only be achieved if corruption are totally eliminated or at least reduce to the barest minimum. There is also need to attract and retain the right calibers of staff in order to ensure effective internal revenue generation. The employees engaged in tax collection and safe keeping of the collected tax need to be trained and retrained in efficient financial management system so as to serve as an effective tool of tax collection and safe keeping of such tax. Tax payer also need to be enlightened in order to know the meaningful projects government are providing with the collected tax.
8. Sanctions for tax defaults and evasion. The penalties and sanctions provided by the laws should be enforced on confirmed cases of tax defaults and evasion, to serve as deterrent to others.
9. Finally, the revenue base of the local government must be improved by creating enabling investment environment to generate employment and production from which appropriate taxes can be collected.

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