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THE IMPACT OF INTERNALLY GENERATED REVENUE ON SERVICE DELIVERY IN SOKOTO STATE

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Abstract

The study examine the importance of internally generated revenue (IGR) on service delivery in Sokoto state. The study employed both primary and secondary methods of data collection. Primary data were obtained from the officials of the state board of internal revenue, while secondary data were sourced from the state's financial statements and reports.The study used regression analysis and correlation coefficients to evaluate the level of relationship between the variables. The finding, highlights how little internally generated revenue affects Sokoto State's service delivery, the inefficiencies and offering potential solutions. The study suggests that Sokoto State should enhance its IGR policy direction in order to provide good and services to the peoples. The study also recommended using all of the IGR's components to finance Sokoto State's capital expenditures, to lessen the impact of declining Federation account allocation.

Keywords: *Internally generated revenue and Service delivery.*

INTRODUCTION

Taxation is a means of raising revenue or income by the government be it the central, state or local government to fulfill their macro-economic goals within the realms of fiscal and monetary policies. The government uses the income it receives from taxes to carry out its mandate, which includes, among other things, enforcing laws and policies, protecting people and property, providing welfare benefits, and resolving conflicts. Tax is a compulsory levy imposed by government being a higher authority either directly or indirectly on incomes of individuals and corporate bodies and any refusal is meted with appropriate punishment.

Different scholarly view revenue differently. For instance, Sani (2019) recognizes tax revenue as a social engineering tool that can foster economic development and growth. It is essential to any country and a prerequisite for its development. Every state government must also prevent economic collapse by providing macroeconomic variables. According to Sani and Musbahu (2019), internally generated revenue is a outcome of economic activity. Identifying unrecorded activities and using the collected funds to improve the business environment can increase taxpayers' willingness to pay taxes. Because IGR is a key factor in determining a state's allocation of revenue from the federation account, the current revenue sharing formulae disfavor states when internally generated revenue is low.

Personal Income tax, licenses, fees and fines have been the bedrock of internally generated revenue (IGR) of Sokoto State. A large percentage of the IGR come from personal income tax (PAYE) deductions from employee's salary resident in the State.

As a result, it has become crucial for state and local governments to produce sufficient revenue from domestic sources. This requirement emphasizes how eager state, local, and even federal governments are to find new revenue streams or to become more aggressive and creative in their methods of obtaining funds from already-existing sources.

In order to conduct developmental activities in every corner of society, the Sokoto State Government is in charge of giving citizens direct development up to a particular point which include protecting peoples and there properties, enforcing law and policies, resolving issues, constructing accessible roads, public schools, health care facilities, and bridges were among the services delivery in the state. Therefore, without adequate financial resources, the Sokoto State Government cannot initiate, implement, and potentially sustain these initiatives.

The people from both the formal and informal sectors of the economy pay personal income tax, or PIT. Direct assessment (DA) immediately assesses people in the formal and informal sectors based on the revenue they earn from their entrepreneurial endeavors, while PAYE, or pay as you earn (PAYE), pays individuals based on their earnings. The Personal Income Tax Act 2011 as modified governs the assessment and collection of these taxes in Nigeria. This law provides the administrative authority and required procedures to impose and collect taxes from individuals, partnerships, executors, trustees, families, communities, corporations, sole proprietorships, and groups of individuals. Through the State Board of Internal Revenue (SBIR), the various state governments collect personal income tax from citizens who live within their respective tax territories, (Almustapha, 2018).

To fill this gaps in the literature, the study investigates the impact of IGR on service delivery in Sokoto State, as well as the perceptions of administrators and taxpayers regarding the factors that influence revenue generation in Sokoto State, all while considering the issue of insurgency in Sokoto State and its surrounding regions.

In Nigeria, the unorganized industry is a significant one. The informal sector has many participants, makes a lot of money, and pays little to no taxes. The state should incorporate this into its funding for development. If the state can identify these sector areas and have there businesses records of data, integrate them into the state economy, and collect taxes and use the money to improve the business environment, they will voluntarily pay them because they understand the value of the taxes.

The abundance of agricultural products, livestock, tenements, and other mineral resources and over-reliance on federal funding for development has left significant gaps in Sokoto State. As oil prices have dropped and state governments have had less revenue to work with, it is now crucial to generate enough revenue internally. This requirement highlights the state's desire to use creative methods of revenue collection.

Given Sokoto State's insecurity issue and the reduction in federation account allocation, it is necessary to revive IGR in order to free Sokoto State from the never-ending cycle of borrowing. The state depends on remittances from federal allocations to cover salaries. According to the National bureau of Statistics (2021), Sokoto State's monthly revenue generation is insufficient to cover its projected overhead costs and ongoing expenses. As a result, the state must borrow money to pay for its ongoing expenditures, which has significant financial ramifications.

Internally Generated Revenue (IGR) is a revenue that come to the state and local governments from within as a result of their internal efforts, rather than allocations received from the federation account, including taxes, pay-as-you-earn, direct assessments, capital gain tax, and motor vehicle licenses, is referred to as internally generated revenue. However, personal income tax stands out as one of the most effective sources of internally generated revenue due to its known collection amount. However, only salary earners in Nigeria faithfully pay personal income tax under the pay as you earn system, and it has proven difficult, if not impossible, to get self-employed people to pay taxes. Almustapha (2018) Identify that lack of self employed individuals information, under reporting of income of some tax payers, absent of business record and lack of attitude by some tax collectors were among the issues impede of tax revenue generation, the study identify that because the government hasn't been able to determine the income of those who are evading taxes, they are living freely on the streets without paying, which further contributes to Sokoto State's insufficient internally generated revenue.

Best on the review study's which include, Almustapha (2018), Afuberoh and Okoye (2014), Samuel and Tyokoso (2014), Nassar and Fasina (2008). None of these studies introduced bonus systems, e-payments, or insecurity issues as factors of internally generated revenue and affecting services delivery in Sokoto State. These studies, conducted in various states with varying levels of development under various concepts, found that factors such as a lack of adequate data base, noncompliance, corruption, logistical issues, lack of qualified staff, and lack of patriotism affected tax revenue collection. The same research conducted by Nassar and Fasina (2008) was replicated in this study, but from the viewpoint of Sokoto State, which has a different environment, culture, resources, and growth environment, the introduction of a bonus system, e-payments, and insecurity were added as factors. Additionally, the study only examined the impact of low tax income on service delivery in terms of the total amount of internally generated revenue, ignoring the issue of insecurity it currently faces. The goal of this study is to delve into the effects of low internally generated revenue on service delivery in Sokoto State, an area that previous research on the contribution of personal income tax to internally generated revenue has not extensively explored.

H0: Internally generated revenue does not have any significant effects on service delivery in Sokoto State.

LITERATURE REVIEW

This section presents a review on the conceptual literature that illustrates the relationship between the key variables. The dependent variables include internally generated revenue, while the independent variables are

1. **Concept of Internally Generated Revenue**

Internally Generated Revenue (IGR) is usually used to describe the revenue generated by States and LGs from sources independent of the federal government and other external sources. IGR comprises of taxes, fines and fees, licences, sales and earnings, rent on government property, revenue from Ministries, Departments and Agencies (Agnes et al., 2023). These can be classified into tax revenue and non-tax revenue. Tax revenue is basically government revenue generated from taxation. Tax is a compulsory levy by government on income, goods and services. When the compulsory levy is on the income of individuals and corporations, it is called direct taxation, whereas where the compulsory levy is on goods and services, it is referred to as indirect taxation. Osho, et al., (2019) alludes to the fact that there are two forms of taxes; direct taxes, which include taxes levied directly on individuals and business firms and indirect taxes, which include taxes levied on goods and services.

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Examples of direct taxes at states level include Personal Income Tax (PIT) – taxes on the income of individual persons and unincorporated businesses (such as sole proprietorships and partnerships) and other direct taxes such as CGT on individuals, which are taxes collected by State governments (Nwaiwu, 2019).. Examples of indirect taxes include CED – taxes on imported goods and exported goods (custom duties), and taxes on goods manufactured within a country (excise duty) in which the excise duty is now abolished in Nigeria, and value added tax (VAT) was introduced – taxes on goods and services sold (Mamidu, 2022). Indirect taxes are majorly collected by the FG into the Federation Account and later shared to the three tiers of government. Non-tax IGR to the States includes fines, fees, licences, sales, earnings, rent on government property that are collected by States Internal Revenue Service (SIRS) and other Ministries, Departments and Agencies (MDAs). Tax States' IGR are categorised into PAYE (Personal Income Tax) and Direct Assessment (Personal Income Tax). Non-tax States' IGR are categorised into Motor Licences and Fees, and Other Revenues from MDAs. These tax and non-tax IGR of States in addition to States' share of Federation Account and other sources, constitute the total revenue spent for infrastructure development at the State level, which stimulates the economy to economic growth. Economic growth is the rate of increase in real GDP (RGDP). GDP is gross domestic product and is defined as total value of the production of goods and services in an economy within a period. Investopedia (2017), defines GDP as the total measure of the flow of goods and services at market value resulting from current production during a year in a country. Economic growth refers to the rise, over a period, of a country's capacity to produce goods and services required to enhance the well-being of the people Growth is usually calculated in real terms, that is, inflation- adjusted terms, in order to net out the effect of inflation on the price of the goods and services produced (Sani. 2019). The growth of the real Gross Domestic Product, RGDP can be influenced by government spending at all tiers of government levels, which is financed by revenue generated from both external sources and internal sources.

2. **Empirical Review**

3. Several studies were conducted on the impact of IGR on economic development and service delivery in the Nigerian's state. Since the majority of states are now turning inward and working toward better internally generated revenue to fund government spending, these studies are now essential. This section discusses some of the relevant earlier research.

Agnes et al., (2023) examined the impact of internally generated revenue at the national and regional levels in Nigeria, which are dealing with significant development obstacles. The study is a conceptual paper that aims to identify the strategies and resources employed by the Kaduna State Government to significantly increase its revenue from domestic production. As a result of these efforts, the state's ranking rose from 11th in 2016 to 6th in 2021, surpassing Kano, which according to the 2019 census is the most densely populated state in Nigeria and the main economic hub of the northern region.

The data used in this study was sourced from credible publications, published studies, and other media outlets. To increase its internally generated income (IGR), the Kaduna state administration came up with a comprehensive plan. This required a thorough overhaul of the entire governmental structure, which included changing the tax code, restructuring and modernizing all branches of government, allocating funds for the advancement of human capital, and setting up an organization to foster an environment that would attract investments. This led to a significant increase in Internal Generated Revenue (IGR), an unavoidable outcome that revolutionized revenue creation in Nigeria's Kaduna State. Therefore, the study anticipate

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that the recently formed Kaduna State government, assuming office on May 29, 2023, will safeguard and enhance the substantial potential it inherited. Supporting initiatives that have already garnered interest is crucial because their successes will boost the confidence of possible investors. The seamless payment procedure for taxpayers and other revenue sources depends on automated revenue collection systems operating consistently. To ensure a sustained growth trajectory, the state's government must prioritize a performance-driven approach in which the leaders of ministries that generate money adopt an entrepreneurial mindset to improve service delivery.

Sani and Ahmad (2019), examined the impact of aggregate and disaggregate tax income on economic growth in Nigeria between 1979 and 2018 using a purposive sample technique. They employed the ARDL model. The findings showed that PPT significantly affects the gross domestic product, with a coefficient of 0.4675 at the 5% significance level. Furthermore, there is a substantial positive correlation between corporation income tax and economic growth (coefficient 0.1975, p-value of 5% significant). The aggregate result showed that tax revenue significantly influenced economic growth. The report suggests that the government should strive for economic diversification, as it must leverage petroleum profits to broaden its income streams. Overall, the results showed that tax income significantly influenced overall economic growth. Therefore, the analysis concluded that, given the ongoing decline in petroleum revenue, the government urgently needs to prioritize its needs to other sources of revenue at state's level in order to improved the revenue and provide goods and services delivery to the peoples.

Almustapha (2018) used a field survey research design to investigate the factors that contribute to tax evasion in the informal sector in the Northwestern states of Nigeria. The study used regression analysis to examine the 300 returned questionnaires, following the distribution of 317 to respondents in Nigeria's Northwestern states. The study found that a number of factors, including fiscal and tax issues, economic and administrative issues, and others, statistically influence tax evasion behavior. The study's conclusions also showed that underreported income by certain taxpayers, a lack of company records, and a lack of information about self-employed individuals were among the issues impeding tax revenue in Nigeria's Northwestern states. Tax authorities should propose policies to assist taxpayers in increasing their income levels rather than increasing administrative costs, as this could potentially lead to increased tax compliance.

Michael (2018), examined the effect of internally generated income (IGR) on Nigeria's economic growth. In Nigeria, the issue of states' and local governments' insufficient income collection, which makes it difficult for them to meet their spending commitments, has gained significant attention. Misappropriation of internally generated income (IGR) and widespread corruption have consistently hampered Nigeria's economic progress, which has fueled the people's strong desire for reform. This study used an ex post facto research design to find out how total intergovernmental revenue (TIGR), federal government independent revenue (FGIR), state intergovernmental revenue (SIGR), and local intergovernmental revenue (LIGR) affect the real gross domestic product (RGDP), which is a measure of the growth of the economy as a whole. The Central Bank of Nigeria's (CBN) Statistical Bulletin provided the temporal data used in this study, which covered the years 1981–2016. To evaluate hypotheses, the data analysis employed the statistical techniques of t-tests and multiple regression. The results of the study show that TIGR, SIGR, and LIGR have a strong and statistically significant positive effect on RGDP (p-value = 0.000 < 0.05). Additionally, FGIR significantly and favorably affects RGDP.

The study found a clear correlation between the dependent and independent variables. The study's findings suggest that while the benefits of IGR are not unfounded, there doesn't appear to be much tangible evidence to support these claims. Therefore, enforcement of government legislation is imperative to eradicate corrupt activities within the governmental system. According to the study, those with a history of corruption in government positions should also be subject to enforcement. If they lack the necessary integrity, the study suggest that government should not allow them to assume ongoing duties. On the other hand, the government should give those who demonstrate exceptional integrity the opportunity to hold sensitive government jobs where they can contribute to achieving economic development goals.

Morufu and Babatope (2017), evaluates the impact of internally generated revenue on the revenue profile of Nigeria's south-western state governments and how it has affected the states' capital expenditures, among other things, between 2006 and 2015. The study employed the Expos factor and descriptive research design. The study gathered secondary data from three states to extract particular variables, such as state IGRs, revenue profile/total revenue, and capital expenditure, from the financial statements of the chosen states. The study's conclusions indicate that, with the exception of taxes, there were notable differences among the studied states' main IGR components. The study's findings also showed that the revenue profiles of Ekiti State (P-value 0.641), Osun State (P-value 0.925), and Ondo State (P-value of 0.559) significantly positively correlate with internally produced revenue. With P-values of 0.158 and 0.510, respectively, the study also demonstrated that the IGR had no discernible impact on Ekiti and Ondo State's capital expenditures.

With a P-value of 0.045, Osun State's IGR has a significant impact on capital expenditure. Therefore, to mitigate the impact of the Federation account's declining allocation, the study advise using all of IGR's components to fund the capital expenditures of the state governments in the southwest. The report by Xu and Cui (2009) acknowledged that China's revenue system has seen a sharp increase in personal income tax. The first half of 2008 saw almost 2 trillion yuan in personal income tax revenue, a 27% increase over the same period in 2007. Furthermore, although China and the United States have certain commonalities, they also differ in certain ways. The researchers emphasize how important it is for China to implement fair personal income tax reform.

Onakoya et al., (2016) examine the co-integration relationship between tax revenue and economic growth in Nigeria from 1980 to 2013. They conducted numerous preliminary tests, including trend analysis and descriptive statistics. The study used the Engle-Granger co-integration test to determine if there was a long-term link between the variables. The study utilized the vector error correction model to ascertain the short-term dynamics between the variables and validate the long-term link. The results show that taxes and economic growth in Nigeria have a long-term (but not a short-term) link. Additionally, the results showed a negative correlation between economic growth and customs and excise taxes but a substantial positive correlation between petroleum profit tax, business income tax, and economic growth at the 5% level of significance. Nevertheless, the combined effect of the tax components on Nigeria's economic growth is negligible.

Muhammad (2015), evaluate how much revenue Nigerian state governments receive from personal income taxes. Published secondary sources provided the data for the analysis. The research reveals a significant disparity between the amount of money generated internally and the insufficient revenue to meet the states' overall spending profiles. Additionally, the analysis indicates that the States' revenue profile is more dependent on the federation account. It suggested that, in light of the recent decline in oil prices on the global market, the States should

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examine themselves and devise fresh plans to strengthen their domestically produced revenue base in order to provide good and services to it citizen which include protecting peoples and there properties, paying social benefit, enforcing laws and policies, having access to good roads, health education and portable drinking water.

2.2 Review of Theory

Public expenditure theory was selected to serve as the foundation for this study investigation this is because, the theory increasing state activities. This is because the theory clarifies how public revenue managers act as representatives of the broader public. The theory may be broadly classified into two main categories: Wagner's theory of public spending and Peacock-Wiseman's theory of expenditures this study consider expenditures and public spending which will helps to increased state activities for service delivery.

Wagner's noted that, there is a positive relationship between economic development and the expansion of governmental operations and services function. The state expenditure may be attributed to three primary factors. Wagner himself categorised the tasks as (i) social activities of the state, (ii) administrative and protective acts, and (iii) welfare duties. Mohammed (2016), provides justification for this postulation by presenting three pieces of evidence. The allocation of significant capital expenditures is necessary to support the administrative and protective functions of the government. Additionally, as the industrial sector expands, there is a corresponding requirement to enhance the provision of social and cultural goods and services. Furthermore, government expenditure is essential for the management and financing of natural monopolies, as well as to facilitate the efficient operation of market forces. Moreover, the private sector's established sectors anticipate the government's engagement in guaranteeing sustainability and efficacy by providing essential amenities, including infrastructure, healthcare services, and security. The implementation of these facilities will require a rise in government spending. Hence, the primary proposition put forth by Wagner's thesis posits that government spending tends to rise in tandem with the growth rate of a nation's industrial sector.

Peacock and Wiseman theory is focused on the pattern of public expenditure, which asserts that public expenditure is not constant but rather increases in steps. Osho et al. (2019) opined that the theory is known as the displacement hypothesis and is based on the experience of Great Britain. Peacock and Wiseman performed research that built upon Wagner's theoretical framework, focusing specifically on the analysis of public spending. Mohammed (2016), Peacock and Wiseman believe that in times of social, political, and economic upheaval, it is advisable for a nation to increase its government spending. The theory is based on three fundamental assumptions. Firstly, it posits that the government has the ability to consistently identify and implement financially advantageous strategies that would garner support from voters, hence increasing the available funds for services delivery. Secondly, it assumes that people, as a collective, are prone to accepting increased tax burdens. Lastly, the theory asserts that the government is obligated to be receptive and responsive to the desires and preferences of its residents in governmental spending is heavily contingent upon the collection of revenue. However, a notable disparity exists between the public's expectations for public expenditure and their willingness to tolerate higher levels of revenue. Hence, it is essential for governments to address the requests put forward by individuals pertaining to diverse services, particularly in instances when revenue income is consistently growing.

2.3 Research Gaps

The study has highlighted many research gaps, including geographical, theoretical, temporal, and methodological aspects. The objective of this research is to examined the impact of internally generated revenue on services delivery in Sokoto State. The majority of the research reviews focus their studies on various geographical locations. The reviewed literature reveals that the majority of the studies pertaining to internally generated revenue (IGR) are focused on specific areas, which include investigating the effects of IGR on infrastructural development, current and capital expenditures, the influence of IGR on overall revenue, the contribution of PAYE (Pay as You Earn) to revenue, and the proportion of IGR in relation to total revenue, among other relevant factors. However, none of the evaluated studies specifically addressed the impact of internally generated revenue in services delivery in Sokoto State.

This research is a pioneering effort in examining the underlying the impact internally generated revenue in services delivery. Moreover, this study represents a pioneering effort in using sokoto state of Nigeria as the research setting to investigate the impact of internally generated revenue (IGR) on services delivery. The conceptual study offers a detailed description and conceptualization of tax revenue and domestically generated income, along with an examination of the inherent issues associated with these notions. Additionally, the review explores the contributions made by scholars thus far in understanding and analysing these concepts.

The research period extended from 2011 to 2020, including a duration of twelve (10) years. This is because of the decrease in revenue allocation to the state government from the federation account as a result of decline in oil prices in the oil market, this lead to abandon many developmental project in Sokoto state. Also, to justify the selection of 2011 is do to the former president of Nigeria granted the approval of the personal income tax legislation of the 2011 Amendment Act in order to improved tax revenue in such away that the government can generate a IGR that can be utilise to provided services delivery.

3.1 Research Methods

This study utilized a combination of survey and *ex post facto* research designs. The population consisted of staff from five selected Ministries, Departments, and Agencies (MDAs) in Sokoto State, which are directly responsible for internal revenue generation. The sample size was specifically focused on experts familiar with the subject matter, selected based on their knowledge and positions within these MDAs. A total of 50 structured questionnaires were administered to respondents, which formed the basis of the primary data used in this research.

The sampling technique employed was judgmental sampling, also known as purposive sampling. This approach was used to select employees of the Sokoto State Board of Internal Revenue who were considered to have relevant expertise and experience related to internally generated revenue.

Both primary and secondary data were utilized in this study. The primary data were collected through structured questionnaires administered to staff members of the Sokoto State Board of Internal Revenue. The secondary data were sourced from audited annual reports of the Sokoto State Board of Internal Revenue, annual reports from the State Accountant General, and other related documents. These datasets provided a comprehensive basis for analyzing the parameters under study.

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Ordinary Least Squares (OLS) regression techniques were employed for data analysis. The dependent variable for the study was Internally Generated Revenue (IGR), which was measured using a dummy variable. For the primary data analysis, the independent variables included adequate staff training (ADSTAFF), improper application and utilization of IGR (IMPAP), bribery and corruption (CURR), tax avoidance and evasion (TAXAV), absence of business records (ABURS), dependence on revenue from the federation account (DEPEN), and poverty and unemployment (POVENEMP). For the secondary data, the independent variables were Pay-As-You-Earn (PAYE), Direct Assessment (DAS), miscellaneous income (MSC), and licenses (LSN).

Two models were developed and employed in the study. The first model analyzed the primary data and was specified as:

IGR=β0+β1adstaff+β2impap+β3curr+β4taxav+β5aburs+β6depen+β7povem+ε... (I)

The second model analyzed the secondary data and was specified as:

IGR = β0 + β1PAYE + β2DAS + β3MSC + ε …………………………………… (ii)

3.2 Model Details

With certain modifications, the study used two models: the first model used primary data, and the second model used secondary data. The changed model fits with what Kiabel and Nwokah (2009), Nzotta (2007), Sani (2005), and Muhammad (2012) found about how direct assessment tax affects the amount of money that Zamfara State makes on its own.

Model 1 Adstaff, impap, curr, taxav, aburs, depen, and povenemp = f is what IGR is. (1)

The equation above can also be written as: The formula for IGR is β0+β1adstaff+β2impap+β3curr+β4taxav+β5aburs+β6depen+β7povem+ε. (2)

where β0 is a constant parameter and IGR is low internal generated income. The regression coefficient of the independent variables is equal to β1-β7. ε = disturbance term or error term

Model 2 The IGR is equal to F (PAYE, DAS, MSC, LNS) (3).

There is another way to express the equation above:

IGR is equal to β0 + β1PAYE + β2DAS + β3MSC + ε (4).

Internal-generated revenue is known as IGR. A constant parameter is β0. The regression coefficient of the independent variables is equal to β1-β3. ε = disturbance term or error term

ANALYSIS AND DISCUSSION OF THE DATA

4.1 Test of Descriptive Statistics

The study conducted an analysis of the relevant data on the impact of internal produced revenue on service delivery in Sokoto State, using the descriptive statistics tool that provides information on frequency distribution tables and simple percentages. This study completed the analysis with the help of SPSS version 22.

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The study utilized the descriptive statistics tool, which includes a frequency distribution table and a simple percentage, to examine the impact of internal revenue on service delivery in Sokoto State. The study conducted the analysis using SPSS version 22.

Table 1: Results of the Descriptive Statistics Test

Varbs.	Mean	Median	Max	Min	Std. Dev	Skew	Kurt	JB	P-Val.
Igr	0.50	0.50	1.00	0.00	0.50	0.00	1.00	6.67	0.30
Adstaff	3.07	3.00	5.00	1.00	1.42	0.09	1.49	3.79	0.14
Impap	2.15	2.00	4.00	1.00	0.92	0.69	2.80	3.29	0.14
Curr	2.35	2.00	5.00	1.00	1.25	0.66	2.42	3.48	0.17
Taxas	2.02	2.00	4.00	1.00	0.89	1.05	3.67	8.12	0.01
Aburs	2.15	2.00	5.00	1.00	1.00	1.40	4.77	18.33	0.00
Depen	3.08	3.00	5.00	1.00	1.42	0.02	1.49	3.79	0.14
povemp	2.90	2	5	1	1.35	0.37	1.66	3.87	0.14

Sources: Author's Computation Eviews version 10

Table 1 the descriptive statistics test provides information about the mean, median, maximum value, minimum value, standard deviation, skewness, kurtosis, J-Bera, and the P-value. The mean values LOWIGR, ADSTAFF, IMPAP, CURR, TAXAV, ABURS, DEPEN, AND POVENEMP include 0.50, 3.07, 2.15, 2.35, 2.02, 2.15, 3.08, and 2.90; the standard deviation is 0.50, 1.42, 0.92, 1.25, 0.89, 1.00, 1.42, and 1.35, respectively.

Throughout the sample period, applying a one standard deviation shock to ADSTAFF resulted in the impact of internal revenue on service delivery in Sokoto State. This suggests that there is evidence to support either a positive or negative impact of ADSTAFF on low internal generated revenue in service delivery in Sokoto State. A one-standard deviation shock to IMPAP has noticeable effects on internal-generated revenue over the sample period in Sokoto State. Also, one standard deviation shock to CURR engenders a significant effect of internal generated revenue throughout the sample period on service delivery in Sokoto State. However, a one standard deviation shock to ABURS has no effect on internal generated revenue during the short term of the sample period in Sokoto State. But the effect becomes visible in the long run. In the short run over the sample period, a one standard deviation shock to DEPEN has no effect on the service delivery of internally generated revenue in Sokoto State. But the effect becomes apparent in the long run.

Internal generated revenue has been rising at an average rate of 0.50, as have ADSTAFF, IMPAP, CURR, TAXAV, ABURS, DEPEN, AND POVENEMP at an average rate of 3.07, 2.15, 2.35, 2.02, 2.15, 3.08, and 2.90, respectively, throughout the sample period. The ranges of all the variables start from 0.00 to 5. The skewness values of IGR, ADSTAFF, IMPAP, CURR, TAXAV, ABURS, DEPEN, AND POVENEMP all point towards the right. This suggests that IGR, ADSTAFF, IMPAP, CURR, TAXAV, ABURS, DEPEN, AND POVENEMP exhibit a positive skew, with probability values of 0.03, 0.14, 0.19, 0.17, 0.01, 0.00, 0.14, and 0.14. J argue Bera has statistics of 6.67, 3.79, 3.29, 3.48, 8.12, 18.33, 3.79, and 3.87, indicating that its errors follow a normal distribution. However, the kurtosis statistics indicate a flat distribution for IGR, ADSTAFF, IMPAP, CURR, DEPEN, and POVENEMP, with kurtosis values less than 3, and a peaked distribution for TAXAV and ABURS, with kurtosis values greater than 3. The descriptive statistic demonstrates the normal distribution of ADSTAFF, IMPAP, CURR, DEPEN, AND POVENEMP, as the probability value of the J argue-Bera exceeds 5%. Since the probability value of the J argue-Bera of all the variables is less than 5%, IGR, TAXAV, and ABURS did not follow a normal distribution.

4.2 Inferential Statistics for the Primary Data

This section deals with inferential statistics for the primary data. The study utilized an ordinary least squares regression estimator and correlation analysis techniques to examine the factors contributing to Sokoto State's internal revenue and services delivery.

Table. 2 OLS Regression Techniques Coefficient Estimate Result

Dependent variable: IGR

Inde. Variables	Coefficient	Std. Error	t-statistics	P-value
ADSTAFF	-0.0392	0.0623	-0.6286	0.5340
IMPAP	0.1073	0.0990	1.0845	0.2862
CURR	0.0166	0.0741	0.2234	0.8246
TAXAV	-0.0383	0.1119	-0.3431	0.7338
ABUSR	0.1207	0.0904	1.3344	0.1915
DEPEN	0.0381	0.0847	0.4501	0.6557
POVENEMP	-0.0281	0.0899	-0.3133	0.7561

Eviews 10, R-square = 0.119, Durbin-Watson = 3.540, F-statistic = 0.617 (0.737)

Source: Author's Computation Eviews version 10.

Table 2 demonstrates a positive correlation between IMPAP, CURR, ABURS, DEPEN, and IGR in service delivery in Sokoto State over the course of the sample period. This implies that a 1% increase or decrease in IMPAP, CURR, ABURS, and DEPEN will lead to approximately a 0.10%, 0.01%, 0.12%, and 0.03% increase or decrease in internal generated revenue in service delivery in Sokoto State. Empirical findings also revealed that there is a negative relationship between ADSTAFF, TAXAS, POVENEMP, and IGR in service delivery in Sokoto State over the sample period. This implies that a 5% decrease (increase) in ADSTAFF, TAXAS, and POVENEMP will lead to a 5% decrease (increase) in low internal generated revenue and service delivery in Sokoto State. The OLS regression model validates the negative coefficients of -0.0392, -0.0383, and -0.0281, which indicate that a unit decrease in ADSTAFF, TAXAS, and POVENEMP will result in Sokoto State internal revenue fragility by -3.9, -3.8, and -2.8 on service delivery.

4.3 Inferential Statistics Test

This section deals with inferential test statistics for secondary data. A simple least squares regression estimator was used to look at how pay as you earn (PAYE), direct assessment (DAS), miscellaneous (MSC), and licenses (LNS) affected Sokoto's internal generated revenue (IGR) and service delivery.

4.3.1 Diagnostic Test

This section presents and interprets the results of diagnostic tests conducted on the collected data. We conducted a diagnostic test using serial correlation, heteroskedasticity, the histogram-normality test, and the correlogram to determine the presence of autocorrelation in the model.

Table 3. Serial Correlations, Heteroskedasticity

Test	f-statistics	P-value
Serial correlation test	0.1953	0.1843
Heteroskedasticity	0.8051	0.7961

Source: Author's Computation Eviews version 10.

Table 3 displays both serial correlation and heteroskedasticity. The serial correlation test (LM) yielded a statistically insignificant P-value of 0.1843, leading to the acceptance of the null hypothesis that no serial correlation exists, and the rejection of the alternative hypothesis that a serial correlation exists, as the P-value exceeded 5%. Therefore, the model is free from autocorrelation. The heteroskedasticity test P-value of 0.7961 is statistically insignificant, allowing us to accept the null hypothesis of no heteroskedasticity and reject the alternative hypothesis of heteroskedasticity. This is because the P-Value is greater than 5%, indicating the model's freedom from autocorrelation and its desirable nature.

4.3.2 Stability Test

We employed CUSUM test techniques to test the stability of the estimated parameter. We say the parameters under study are stable if the sum of recursive errors falls within the two critical lines.

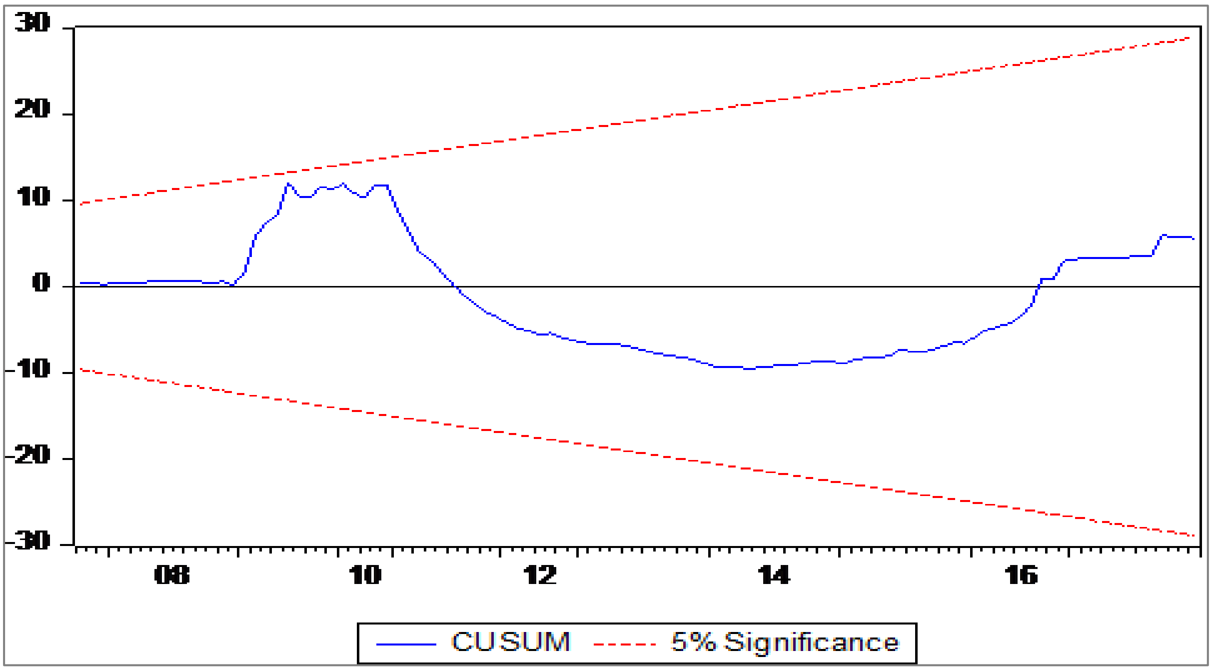

Figure 1: Cumulative sum of Recursive Residual Test

The result from Figure 1 shows that parameters under study were stable; this is because the sums of recursive errors fall between the two critical lines of the CUSUM.

4.3.3. Ordinary Least Square Regression

Table 4 demonstrates a significant and positive relationship between PAYE and IGR in service delivery in Sokoto State over the entire sample period. This implies that a 1% increase (or decrease) in PAYE will lead to an approximate 0.83% increase (or decrease) in internal generated revenue and service delivery in Sokoto State. Empirical findings also revealed that

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there is a positive and insignificant relationship between DAS, MSC, LNS, and IGR in Sokoto State over the sample period. This implies that a 5% decrease (increase) in DAS, MSC, and LNS will lead to a 5% decrease (increase) in low internal generated revenue and service delivery in Sokoto State.

Table 4. OLS Regression Techniques Coefficient Estimate Result

Dependent variable: IGR

Inde. variables	Coefficient	Std. Error	t-statistics	P-value
PAYE	0.874920	0.064366	13.59287	0.0000
DAS	0.007503	0.025328	0.296240	0.7676
MSC	0.039876	0.057385	0.694897	0.4887
LNS	0.043110	0.076511	0.563451	0.5744
Eviews 10, R-square = 0.651132, Durbin-Watson = 1.660672, F-statistic = 48.06006 (0.000)				

Source: Author's Computation Eviews version 10.

4.4 Discussion of Results of the Primary Data

The empirical results from the OLS techniques reveal that there is a positive association between IMPAP, CURR, ABURS, DEPEN, and LIGR and revenue service delivery in Sokoto State throughout the sample period. Other findings from the study revealed that there is a negative relationship between ADSTAFF, TAXAS, POVENEMP, and IGR in service delivery in Sokoto State over the sample period. The study found the relationship between ADSTAFF, IMPAP, CURR, TAXAV, ABURS, DEPEN, AND POVENEMP, and IGR to be statistically insignificant throughout the sample period. This indicates that internal generated revenue in Sokoto State does not significantly impact ADSTAFF, IMPAP, CURR, TAXAV, ABURS, DEPEN, and POVENEM.

4.5 Discussion of Results of the Secondary Data

Throughout the sample period, Sokoto State observed a significant and positive relationship between PAYE and LIGR. The pay-as-you-earn model significantly influences internal generated revenue. Empirical findings also reveal a positive and insignificant association between DAS, MSC, LNS, and LIGR and service delivery in Sokoto State over the sample period.

CONCLUSION.

Based on the findings of this work, the following conclusions are hereby drawn: PAYE has a significant and positive relationship with IGR and service delivery in sokoto state; other variables have no significant relationship with it. The results reveal that Pay as You Earn (PAYE) is the main driver of internally generated revenue in Sokoto State. About 87% of Sokoto State's internal revenue comes from PAYE this would also boost the services delivery in the state.

RECOMMENDATIONS

The study's findings led to the following recommendations:

It is recommended that the Sokoto States put in place measures that would enhance and increase the pay-as-you-earn (PAYE) collection system in order to improve and provide service delivery.

The focus should be on improving direct assessment by identifying all eligible tax payers in the informal sector and boosting tax collection. This includes fostering public confidence by promoting tax payment as a civic responsibility, rather than a compulsion. This can be achieved by improving service delivery, simplifying and transparent tax procedures, and enhancing taxpayer education. Additionally, the implementation of automated systems, particularly in the clearing system and refund claim monitoring, is crucial. Finally, bolstering tax administration capabilities is crucial, as it addresses the issues of insecurity in Sokoto State, which hinder revenue generation and negatively impact service delivery. This approach would provide a clear direction for all stakeholders involved and enable the tax payer to understand the rationale behind paying their taxes on time, without any coercion.

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