

TAX ADMINISTRATION IN NIGERIA'S LOCAL GOVERNMENT: CONSTRAINT OF INTERNALLY GENERATED REVENUE

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Abstract

The objective of this Paper is to determine the constraint confronting local government's tax administration and internally generated revenue empirically. The scope of the study is Gombe State Nigeria. The study is quantitative study that employed survey questionnaire. Three Local governments of Gombe State which are: Gombe, Yamaltu Deba, and Billiri were randomly selected to represent LGs in the State. 150 questionnaires were self-administered to the respondents and 123 were duly completed and used for data analyses. Data was analyzed using SPSS. The findings of the Paper show that income level and tax avoidance are positively but not significant with ineffective tax administration. However, tax fairness, tax evasion, tax knowledge and corruption, are positively significant with ineffective tax administration. This signifies that to enhance internally generated revenues in LGs there is a need to restructuring the LGs tax administration in an attempt to restore taxpayer's confidence in the LGs. The Paper therefore, recommend that there is a need for establishing new strategies and incentive that will create more enlightens among taxpayers to comply with tax payment voluntarily.

Keywords: tax revenue, administration, compliance, taxpayer

1. Introduction

Local governments in Nigeria are the third tier of government constituting the federal system of the country. Presently, in Nigeria, there are 36 states and 744 local governments' areas in the country. According to Adeyemi, Akindele, Aluko and Agesin (2012), local governments are anticipated to serve as the closet tier of government that will be least responsive to the needs of the grass root populace; and also expected to improve political participation of the common man. To understand its importance, the 1999 Constitution of the Federal Republic of Nigeria section 7(1) precisely, and schedule 4 of the same Constitution all explains clearly the functions of the local governments (Ikeanyibe, 2016; Gurama, Saidu & Yusuf, 2020; Erunke, 2010; Olusola, 2011; Michael, Ocheni & Nnamani, 2014; Abubakar, 2010).

The effect of its constitutionally certainty, governance structure and its nearness to the people is that, the anticipation of financial transparency, accountability and their customs in governance shall be more apparent at this level. But contrary to that, many local governments in the country are often seen as a nurturing place for obvious corruption and lack of financial

transparency and accountability in the face of governance (Sani, 2015; Abubakar, 2010). However, instead of acting on their functions as closet tier of government to the common man, local governments have taugt with bad reputation in terms of corruption, fiscal indiscipline and overall tax revenue irresponsibility (Gurama, Saidu & Yusuf, 2020; Adejoh & Sule, 2013; Uhunmwuango & Aibieyi,2013). The act of lacking integrity, transparent governance and financial accountability at the various parts of the levels of government (including local government tax administration) definitely constitutes a substantial backwardness of the ordinary well-being of the citizen (Abata, 2014; Sani, 2015; Adeyemi et al., 2012).

However, in Nigeria, tax administration is carried out by the various established tax authorities under the relevant tax laws. As stated in Section 100 of the Personal Income Tax Act, 1993 (as amended) tax authority is construed as Federal Board of Inland Revenue, State Board of Internal Revenue and Local Government Revenue Committee. The local government tax administration is headed by revenue officer (RO) under the section of revenue unit in the department of finance. This unit with it staff are held responsible for assessing, collecting, remitting and accounting for all revenues internally generated to the local council (Gurama, et al., 2020 Sani, 2015).

Low internally revenue generation at the local level is related to a number of constraints like tax avoidance and evasion, cultural and religious belief, occupation and income level of the taxpayer (Sani, 2015; Adejoh & Sule, 2013; Adesoji, 2013). Therefore, effective tax administration plays an important role in any economy at all level of government by putting in place efficient measures that can boost internal revenue generation (Enahoro1 & Jayeola 2012). Because any efficient, effective and capable tax administration, shall be able to mobilise internally fiscal resources, domestically used to generate revenue to relief itself from reliance on external assistant and over debt.

Tax administration is a dynamic area which required continuous improvement especially in local council in order to coup up with the movement of economic changes and perception of taxpayers toward the tax system. Improvements as such is very essential and needed in local government so as to the local councils could remain vibrant and competent to discharge their primary responsibilities and relevant within their jurisdiction. *The objective of this paper is to examine the constraint confronting local government's tax administration and internally generated revenue empirically from Gombe State Nigeria.* Therefore this study is design to examine the challenges of tax administration and low internally generated revenue in local government empirically. The rest of the paper is structured as: 2 literature review, 3 research methodology, 4 data analysis, interpretation, 5. Conclusion and recommendation, 6. references.

2. Literature Review

This study reviewed relevant literature both conceptually and empirically in the interest of study variables as follows: The concept of Local Government, challenges of tax administration in Local Governments, tax avoidance, tax evasion, income level, tax fairness corruption, and tax knowledge.

2.1 The Concept of Local Government

Concept of Local government has created an excitement scholarship and practicing within the world of administration. Usman (2014), Akindele, Adeyemo and, Olaopa, (1997) and Akindele, (1995) state that the concept of local government has attracted the attention of various scholars within the academic world who have truly analysed into the in depth genesis, meaning, and the need for its being within the political arrangements of the global affairs. Conversely, the concept of local government has been define and given different meanings by various scholars and researchers. According to Abubakar (2010) and Sani (2015) local government can be defines as a governmental administrative unit that is more closet to the citizen, or in particular to the common man from the grassroots. In addition, local government also according to him acts as a proper agent of local services delivery, organises of community grounded material and human resources, and coordinating of local initiatives in reacting to a wide diversity of local needs and aspirations.

However, Akindele Olaipa and Obiyan (2009) and Ekpo and Ndebbio (1998) view local government as a government at local level performing through council representative recognized by law to carry out specific power within a define areas. Powers exercise by the council such as considerable control over local affairs, the staff, developmental institution, and financial resources to initiate, determine and implement projects that would complement the actions of the federal and state government within their governorate. Adeyeye, (2000) explain local government as a government by local builds, freely elected and subject to the supremacy of the federal (or state) government and are endowed with some respect of power, decision and responsibility which they can apply without the control over their discretion by the higher authority. Meaning that local government has some statutory legitimacy and power to exercise the authority and responsibility vested in it to some certain degree of policy and decision taking. However, from this discussion and interpretation of the local government concept, we observed that the following characteristics are attributed to the local governments in Nigeria. These are; Local government is a unique legal institution, a specific territory with given population, an entity structure for government, executive and administrative responsibility, and finally institution with a range of authorized power and functions.

2.2 Challenges of Tax Administration in Local Governments

In Nigeria, at all levels of government, tax administration is one of the most difficult to administer because of the problems and challenges related to the area. Challenges that may include low level of literacy and record keeping, inadequate tax officials, ill equipped, corruption, badly paid and inadequate training (Usman, 2014; Chartered Institute of Taxation in Nigeria 2002).

Local government tax administrations in the country are facing various challenges and difficulties in tax income generation and its administration both internally and externally. Odusola (2002) is of the view that the tax administrations in local governments are all similar to what is been found in other parts of the country. The tax administration challenges

encountered from one local council are also the same throughout the Federation. The need for continuous review of revenue generation of all revenue units and sources is a main challenge which has obstructed negatively on efficient collection of tax in local governments (Olaoye, Asaolu & Adewoye, 2009; Enahoro & Jayeola 2012). Naiyeju (2005) in his regard state that most of the tax administrators in Local Government lack the required institutional ability to administer tax system efficiently and effectively. The burden of tax today in most local councils is paid largely by the employees and less privileged individuals in the local areas. But big politicians, the rich individuals, the professionals and influential figures in the society and the high privileged personalities are not equitably taxed (Enahoro & Jayeola 2012). On the other hand, Fashola (2009) postulated that at the Local Governments level, the risk of corruption has eroded the tax yield and also the confidence in the tax system which leaves lack of suitable hands to administer the related tax provisions efficiently.

According to Sunday, Ocheni and Okechuku (2014), other challenges in the local government tax administration are related to inadequate and qualified tax personnel in terms of quantity and quality. This led to partly poor performance in enforcement and collection of the due taxes. Additionally, Enahoro & Jayeola (2012) noted that in some of the local governments, tax collectors may include messengers and some daily regarded employees and are directed by the tax clerks who are even not knowledgeable about the tax practices. It was observed also that due to their low level of knowledge, mostly, tax officials are not familiar with the tax laws and regulations (Olaoye, Asaolu & Adewoye, 2009; Uhummwangho 2013). The harsh and dishonest practices and behaviour by some tax officials, at the local government level, posture a serious challenge to tax administration in Nigeria (Adeyemi, et. al., 2012). The above mention challenges and other related practices are perhaps the reasons capable of having a discouraging effect on the taxpayers who may fill evading taxes as a very interesting. According to Enahoro & Jayeola (2012), the searching of tax defaulters by the local government tax administrators and employees has become a source of corruption by some tax officials. A tax defaulter who is not ready for litigation may negotiate with tax administrators on an agreed amount which at the long run the proceeds entirely consummated by those corrupt official. Even though there are honest and accountable tax administrators in the local government but when compared with the bad seed their number is inadequate (Abubakar, 2010; Uhummwangho 2013).

However, despite all these characteristics and attributes of LG, the tax administrations in the local council, beyond any reasonable doubt are confronted with various issues and challenge that under capacitate its performance about revenue generation. The factors responsible for, low revenue generation may include; tax avoidance, tax evasion, income level, tax fairness corruption, and tax knowledge among others (Gurama, et al., 2020; Sani, 2015; Adejoh & Sule 2013; Oviasuyi, et al., 2010; Hallsworth, List, Metcalfe, & Vlaev, 2017; Akindele, et al., 2009; Akindel, et. al., 1997; Abubakar, 2010; Uhummwangho 2013). These factors are the variables of interest in this study as suggested in the literature.

2.3 Tax Avoidance

Tax avoidance contains an active means to minimize or eradicate altogether the expense of tax (Olubukunola, 2011). It is typically done through utilizing advantage of the weaknesses in the tax laws without essentially breaking the laws. According to Michael, Ocheni and Nnamani (2014), tax avoidance is a term used to show the various ways which have been adapted with the aim of saving tax and hence securing the taxpayer's incomes from greater burden which would have been incurred otherwise. It said also as a legitimate utilization of the tax regime to personal benefit so as to minimize the amount of taxes one must pay using process that are allowed by the law (Al-Ttaffi & Abdul-Jabbar, 2020; Al-Ttaffi&Abdul-Jabbar, 2016; Gurama et al. 2020; Moore, 2020). Basically, it is only going through the tax provisions and takes advantage of the loophole in the tax laws and utilized it to benefit the taxpayer (Ya'u, Sa'ad & Mas'ud, 2020). For example, in a state where a taxpayer made an investment in a qualifying capital expenditure therefore he may request capital allowances grant. From there he may do some manipulation to reduce the earnings and increase the expenses to reflect the tax liabilities. Therefore,

H1: *Tax avoidance has significant positive relationship with ineffective tax administration in LGs*

2.4 Tax evasion

Tax evasion is a word used when individuals and organizations are engage towards unlawful reduction of tax liabilities. Aljaaidi, Manaf and Karlinsky, (2011) define tax evasion as a willingly and voluntary practices of not disclosing comprehensive taxable income by taxpayer in other to pay slighter tax. This shows that tax evasion is unlawful in the views of the law. It involves the taxpayers intentionally distorting and hiding the state of affairs in order to lessen tax payment to the tax authorities and in particular it includes dishonest tax reporting. A taxpayer may views evading taxes if he perceived the cost of persuading a tax auditor is lower than the likely benefit is greater from tax evasion (Al-Ttaffi & Abdul-Jabbar, 2016;Gupta & McGee, 2010). The practice of evading taxes in local councils pose the serious challenge to the tax administration and how to overcome the challenge also become another topical issue. Gupta and McGee (2010), Gurama, Mansor and Adamu (2015), Kafkalas, Kalaitzidakis and Tzouvelekas (2014) as well as Moore, (2020) conclude that tax evasion is an act of fraudulent, deliberate and dishonest, concealment of realities in other to reduce tax payable that would negatively affect the income tax generation and effectiveness of tax administration. This study hypothesized that:

H2: *Tax evasion has positive significant relation with ineffective tax administration in LGs*

2.5 Income level

Income is the main source of earnings of which taxpayer is been taxed for the purpose of government expenditure. Different methods are used to determine how much individual is to be taxed according to their earnings. Some literature postulates that low income earners are mostly reluctant in paying taxes as such it cripple the internally revenue generation (Al-Ttaffi

& Abdul-Jabbar 2020; John & Slemrod, 2008). Furthermore, they show that a number of substantial underreported taxes arise from low income taxpayers. According to Alm, McKee and Schulze (1992), high incomes tax payers are said to be high tax compliance i.e. taxpayer level of income determine his willingness to pay taxes. The literature therefore, indicates that income level of taxpayer determine the readiness of his relationship with the internally revenue generation and tax administrators. However, Lutfi, (2009) as well as Al-Ttaffi, Bin-Nashwan and Amrah (2020) in their different studies indicate that income level has no substantial relationship with taxpayer decision to pay tax. The high or low income levels may not influence the taxpayer's decision to his commitment toward revenue generation. Accordingly, rather other factors are to be taking into consideration are motivate taxpayers decision. In this study, we hypothesized:

H3: *Income level has positive relationship with ineffective tax administration in LGs*

2.6 Tax Fairness

According to Qibthiyyah (2013), the most essential principle in the perspective of successful tax collection is the fairness in taxation. Fairness is expressed by an account that every citizen must participate in the supporting of the government, in proportion as far as possible to their respective abilities. This is to be done by comparing the individual income with the protection they are enjoying from the government. Some ideologies have been developed thus; some provide structure of reference that may be used as the principle of fairness in taxation practice (Oladipupo & Obazee, 2016). An example some perceived tax fairness dimension as one of the positive influence about the taxpayers attitude toward tax compliance (Umar & Mas'ud, 2020; Richardson, 2006; Azmi & Perumal, 2008). Among the major factors that might influence taxpayer mind by tax authority is the fairness of government and reasonable consideration of taxpayer income and prevailing economic forces before imposing tax. In other words, taxpayer will be convinced that the tax they paid to government in the past is being efficiently and effectively utilised so that the taxpayer could perceive the fairness and justification of the tax system. Ya'u, Sa'ad and Mas'ud (2020) argued that without perceived value and convincing evidence the taxpayer effective utilization of their paid taxes concerning the government fairness and the tax system, tax administrators can find it difficult to minimize the level of tax evasion among individual taxpayers. On the other hand, enhancing the principles of equity and fairness in the tax system is expected to restore and improve taxpayers' confidence in government and tax administrators at the long run. Thus, we hypothesized that:

H4: *Tax fairness has significant positive relationship with ineffective tax administration in LGs*

2.7 Corruption

According to Mansor and Gurama (2016), corruption is a form of dishonest and unethical attitude by a person entrusted with power, authority, and responsibility, often misused it to his personal benefits. Adejoh and Sule (2013) argued that corruption is one of

the factor that triggered local government tax administration and adequate revenue generation in Nigeria. However, corruption in local tax administration might entail different forms of activities like mismanagement of public fund, bribery, discrimination, favouritism and any other unethical practice. Gurama et al. (2020) contented that prevalent of corruption among some local government tax administrators is one of the primary reason for taxpayers not to disclosed their tax liabilities and under reporting their actual earnings when its came to tax compliance. This because taxpayers are on the view that persevered level of corruption among the tax system as well as tax administration is a discouraging factor to voluntarily compliance. As indicated by Tijani and Mathias (2013) positive association exist between corruption and tax compliance. This is because; corrupt tax collectors and administrators are demoralizing taxpayers not to comply. In reality, many previous studies reveal that high rate of corruption among the tax administrators and tax collectors is positively the primary reason for tax noncompliance (Gurama et al. 2020; Moore, 2020; Al-Ttaffi & Abdul-Jabbar, 2020; Al-Ttaffi i&Abdul-Jabbar, 2016; Helhel & Ahmed, 2014; Nwidobie., 2018; Alm, Martinez-Vazquez & McClellan 2016). Therefore, this study hypothesized that:

H5: *Corruption has positive significant relation with ineffective tax administration in LGs*

2.8 Tax Knowledge

Newman, Charity and Onyagi (2018) viewed tax knowledge as apprehending of tax policy implemented within a specific tax jurisdiction in a country. Tax knowledge is an ability of taxpayer to know and understand the prevailing tax laws and how to arrive at its tax liabilities (Al-Ttaffi, Bin-Nashwan & Amrah, 2020). To Pertiwi, Iqbal and Baridwan (2020) tax knowledge could anything known and understood by taxpayer in relation to tax laws, and tax policies of a country. On this note, tax knowledge could be identified as procedural knowledge and declarative knowledge needed in taxation by the taxpayer (Spilker, 1995). Procedural tax knowledge detailed knowledge regarding how to perform a function in the taxation. Such kind of knowledge could be accumulated through training and experience of the taxpayer while declarative tax knowledge is the knowledge regarding tax concepts and facts about the tax system. The above views are expressing the cruciality of tax knowledge in determining the tax compliance among the tax payers. Loo (2016) contented that the most influential variable to determine tax compliance is level of taxpayer tax knowledge. Kasippalai and Abdul-Jabbar (2013) added that adequate tax knowledge could definitely increase the rate of tax compliance behaviour. However, Haris (2013), Fauziati et al., (2014) as well as Nyamwanza, mavhiki, Mapetere and Nyamwanza (2014) all empirically reported that tax knowledge does not significantly influence tax compliance behaviour among the taxpayers. On the other hand, Mustafa (1997), Mckerchar and Handsford (2015), Al-Ttaffi, et al. (2020), Masari and Suartana (2019), Pertiwi et al., (2020), as well as Oktaviani et al. (2020) empirical findings show that tax knowledge has significant influence on tax compliance behaviours among taxpayers. Therefore,

H6: *Tax knowledge has significant positive relationship with ineffective tax administration in LGs*

3. Methodology

This paper is quantitative study that adopts survey research design. Survey research design will allow a researcher to collect data on many variables or factors to achieve research objectives (Sekaran & Roger, 2013). Also, it is used in causal or descriptive research to collect data on people, events or situation such as in this study. Five-point Likert-scale structured questionnaire ranging from Strongly Disagree (SD), Disagree (D), Neutral (N), Agree (A) and Strongly Agree (SA) was used to collect the data. The scope of the study is individual tax officials randomly selected from Billiri, Gombe and YamaltuDeba local government councils of Gombe state. The tax officials were selected in this study because of their vast knowledge and experience on tax administration, collection and challenges in local government councils. One hundred and fifty (150) questionnaires were self-administered to the randomly selected respondent and one hundred and twenty three (123) were duly completed and used for analysis. The collected data was analysed using statistical package for social science (SPSS) version 21. The following analyses were achieved on the data: reliability test, multicollinearity test, and descriptive statistics to ascertain the representation of the data and its quality to capture the required information. Multiple regression model was also achieved to analyse the data collected. The model for this study is as follows:

$$TAdmin = (\text{Constant}) \beta_0 + \beta_1\text{avoidance} + \beta_2\text{evasion} + \beta_3 \text{ income} + \beta_4 + \beta_5\text{fairness} + \beta\text{corruption} + \beta\text{knowledge} + \varepsilon$$

Where,

TAdmin= tax administration, β_0 = variables that are held constant, avoidance= tax avoidance, evasion= tax evasion, income= income level, fairness= tax fairness, corruption = corruption, knowledge= tax knowledge, and ε = other variables not tested in the study.

4. Result and Discussion

The questionnaires used for this study were administered to the targeted tax officials accordingly. Out of the (150) questionnaires were administered but, only (123) representing about 82% of the questionnaires by the respondent were correctly completed, returned and available for analysis. The result of the reliability test, multicollinearity test and descriptive statistics are elaborated in subsequent sections.

Table 1: Reliability Test

Variables	No. of items	Cronbach's Alpha
Tax avoidance	5	0.896
Tax evasion	5	0.738
Income level	5	0.809
Tax fairness	5	0.865
Corruption	5	0.812
Tax knowledge	5	0.881

Table 1 above, highlights the reliability test of this study. It is suggested that a good reliability analysis is correct and well established if the Cronbach's Alpha coefficient is maintained between 0.6 and 1.0 (Maslach & Jackson, 1986). From the Table 1 above, the results point out that the Cronbach's Alpha for tax avoidance, tax evasion, income level, tax fairness, corruption, and tax knowledge are 0.896, 0.738, 0.809, 0.865, 0.812, and 0.881 respectively. This postulates that the statements presented in the questionnaire are all valid, consistent and have achieved the information required about the variables under study.

Table 2: Multicollinearity Test

Variables	VIF
Tax avoidance	1.112
Tax evasion	1.141
Income level	1.156
Tax fairness	1.173
Corruption	1.082
Tax knowledge	1.067

Above, Table 2 presented the multicollinearity test result of the variables. To ascertain the multicollinearity exist among the variables, Variance Inflation Factor (VIF) was used to checkmate the effect of the multicollinearity between the independence variables of this study. Independent variables are regarded as related if their VIF is above 10 (Sekaran & Roger, 2013). Pallant (2005) added that result of multicollinearity test is in order provided the values of VIF are less than 10. Accordingly, the findings of the VIF test in this study variables; tax avoidance, tax evasion, income level, tax fairness, corruption, and tax knowledge were 1.112, 1.141, 1.156, 1.173, 1.082, and 1.067 respectively. This result indicated that there is no collinearity among the study variables. Similarly, the study variables are not affected with issue of multicollinearity among the independent variables.

Table 3: Descriptive Statistics

Variables	N	Mean	Standard Deviation
Tax avoidance	123	4.43	0.49
Tax evasion	123	4.25	0.53
Income level	123	4.34	0.42
Tax fairness	123	4.36	0.45
Corruption	123	4.56	0.68
Tax knowledge	123	4.60	0.73

Table 3 above provided the descriptive statistics result in this study. The result indicates that tax avoidance has a mean of 4.43 and a standard deviation of 0.49, tax evasion has a mean value of 4.25 and a standard deviation of 0.53, and income level has a mean value 4.34 and a standard deviation of 0.42. Additionally, tax fairness has a mean value of 4.36 and a standard deviation of 0.45, corruption has a mean figure of 4.56 and a standard deviation of 0.68, and finally tax knowledge has a mean value of 4.60 and a standard deviation of 0.73. This result implied that all the variables of the study a within the range of good condition fairly distributed in representing the respondent agreement with the items of the questionnaire as well.

Table 4: Analysis of Multiple Regression Result

Model	Unstandardized Coefficients		Standardized Coefficient	T	Sig.
B		Std. Error	Beta		
1 (Constant)		0.438	0.694	0.199	0.028
Tax avoidance	0.118	0.152	0.182	1.148	0.107
Tax evasion	0.307	0.113	0.161	3.132	0.004
Income level	0.211	0.123	0.167	2.131	0.059
Tax fairness	0.246	0.180	0.192	3.671	0.006
Corruption	0.343	0.109	0.182	3.148	0.002
Tax knowledge	0.433	0.103	0.169	3.247	0.001

The regression result presented above in Table 4 reveals that tax evasion, tax fairness, corruption, and tax knowledge all have positive significant relationship with effective tax administration in local governments. On the other hand, tax avoidance and income level are positive but not significant with effective tax administration in local governments. This implied that, all the variables are important in determining tax compliance behaviour and effective tax administered in local governments. Even though, tax avoidance and income level are not statistically significant but, they are positively related to effective tax administration as well as tax compliance.

Hypotheses	Statements	Findings/Decision
H1	<i>Tax avoidance has significant positive relationship with ineffective tax administration in LGs</i>	Rejected
H2	Tax evasion has a positive significant relation with ineffective tax administration in LGs.	Accepted
H3	Income level has a positive relation with ineffective tax administration in LGs.	Rejected
H4	<i>Tax fairness has significant positive relationship with ineffective tax administration in LGs</i>	Accepted
H5	Corruption has a positive significant relation with ineffective tax administration in LGs.	Accepted
H6	<i>Tax knowledge has significant positive relationship with ineffective tax administration in LGs</i>	Accepted

Based on the hypotheses result presented in Table 5 above, hypotheses 2, 4, 5, and 6 are accepted while hypotheses 1 and 3 are rejected. This indicated that what was predicted in the hypotheses 1 and 3 are not in line with the result even though they are positive but not significant related. On the other hand the stated hypotheses 2, 4, 5, and 6 are proven right by the study result which implied that, the variables are positively significant in determining tax compliance behaviour in relation to ineffective tax administration. Similarly, the result indicates that effective tax administration is positively determined by the extent to which taxpayers are enlightened on the negative effect of tax evasion on government side. Additionally, effective tax administration will endure in enlightening taxpayers on issues related to tax fairness, corruption, and tax knowledge to improve their awareness and important for voluntary compliance.

The findings of this paper based on hypothesis 1 show that tax avoidance is positive but not significant with ineffective tax administration in LGs. The result implied that taxpayers in the LGs often avoid paying their taxes due to ineffectiveness of the tax administration. Meaning that if the tax administrators at LGs are effective in collecting and managing taxes it is expected that most taxpayers will not engage in avoiding their tax. But if contrary the case, taxpayers will continue avoiding paying tax at LGs.

From the findings of this paper based on hypothesis 2 i.e. tax evasion, it indicated positive significant relationship with ineffective tax administration. This highlights that tax evasion is increasing among taxpayers in LGs as a result of ineffective tax administration. The more ineffective persisted the higher the tax evasion rate among the LGs taxpayers. This result is somewhat similar to the finding of Al-Ttaffi and Abdul-Jabbar (2016),Aljaaidi, Manaf and Karlinsky (2011) and Gupta and McGee, (2010)who augured that poor tax administration will lead to more tax evaders at all level.

On the other hand, the result of income level of this paper based on hypothesis 3 shows a positive but not significant relationship with ineffective tax administration. This means that, even though, income level of taxpayer in some studies is a significant determinant factor for tax compliance but, in terms of ineffective tax administration the relationship is not significant. Nevertheless, the result shows that income level exerts some influence in the relationship between taxpayers and ineffective tax administration. This result is supported by what Lutfi, (2009) as well as Al-Ttaffi, Bin-Nashwan and Amrah (2020) called it an important factor I determining tax revenue generation with sensible influence but not statistically significant.

Tax fairness result of this paper based on hypothesis 4 in this study indicates that there is positive significant relationship between tax fairness and ineffective tax administration in LGs. This indicates that when the volumes of inequalities and injustice or bias increase in the tax system the more it will reveal the weaknesses and ineffectiveness of the tax administration. This situation will possibly leads to low revenue generation to LGs coffers. This finding is in line with the study of Umar and Mas'ud (2020), Richardson (2006) and Azmi and Perumal (2008) who maintained that lack of fairness in the tax system and tax administration will discourage taxpayers from complying with the tax provisions and laws.

The corruption result of this paper based on hypothesis 5 reveals a positive significant relationship with ineffective tax administration. That is whenever there is an increase in the corruption the more poor and ineffective administration will be experience in managing the taxes at LG level. This could be vice versa. Therefore, to be effective in administering LG tax revenue, LGs must ensure corruption and corrupt practices are at lower level as possible. Downsizing the corrupt practice will restore confidence in the taxpayers' reasoning toward tax administration at LG. This result is supported by the studies of Gurama et al. (2020), Moore (2020), Al-Ttaffi and Abdul-Jabbar (2016), Helhel and Ahmed, (2014) as well as Nwidobie (2018) who reported that corruption is positively related to tax noncompliance behaviour.

Finally, the result of tax knowledge of this paper based on hypothesis 6 shows that tax knowledge is positively significant with ineffective tax administration. Meaning that, when the taxpayers are not well informed and unaware about their responsibility on tax payment and other related matters they will not comply with the tax laws willingly. On the other words, ineffective tax administration plays an adverse role for poor revenue generation in LGs. To overcome this challenge, effective tax administration will embark on mass awareness and public enlightenment on issues related to tax matters in order to increase tax revenue accordingly. This finding is in line with Masari and Suartana (2019), Pertiwi et al., (2020), as well as Oktaviani et al. (2020) who reported that tax knowledge has positive influence on taxpayer compliance behaviour. From the above discussion LGs have to reassess their resources and come up with new strategies and models to restore taxpayers' confidence in collecting and administering their internally generated revenues for the betterment of running the affairs of their local councils efficiently and effectively.

5. Conclusion

The finding of this paper indicates that two variables out of the six independence variables were not supported and therefore rejected. The other four study variables were supported by the study findings and therefore accepted. The findings of this paper are therefore very important to LG tax administration and tax administrators in understanding the factors that hindered adequate tax revenue generation. This finding is also significant to policy makers and legislature at LG level in guiding them in restructuring relevant tax laws, policies and other compendium that would improve the internally generated revenue at LGs. Therefore, this paper recommend that tackling the issues that would lead to low revenue generation based on the findings of this study will be mitigated by LGs effective tax collection as well as effective tax administration by those that are handling the mandate accordingly. Future studies could focus on other variables that are not covered by this study or used different methodology to come up with different view all in a way forward to improve internally generated revenues at LGs.

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