Tax Revenue and Infrastructural Development in Osun State

Waheed O. AJITERU¹; Luqman O. ADARANIJO² & Lawal Ayofe BAKARE³

¹Dept. of Accountancy, Federal Polytechnic, Ede
08096698730, waheedajiteru@gmail.com

²Dept. of Accountancy, Federal Polytechnic, Ede
08036670696, luqmanadaranijo@gmail.com

³PhD student, Dept. of Public Administration, O.A.U., Ile-Ife
Corresponding: 08065162622, awalbakr1434@gmail.com

ABSTRACT
This study examined the relationship between tax revenue and infrastructural development in Osun State. The study adopted survey research design with the population involving the government officials at the ministry of finance of Osun state as well as the people of the state. A purposive sampling technique was used to select a total of 102 respondents for questionnaire administration. The questionnaires were analysed using descriptive statistics. It was found that tax revenue is a very strong tool for infrastructural development in the State. Additionally, it was found that the people are not well informed about the importance of tax; the government is not effectively and efficiently utilizing the tax revenue; there is low economic situation in the state which influences the level at which people willingly pay tax; people lack trust in the government of the State; there is lack of accountability and transparency in the government and that there is lack of adequate data about the taxable people and businesses in the State. In the same vein, where taxes are not adequately paid by the citizens, the government will depend on only a single source which is the statutory allocation, there will be low level of infrastructures which will lead to low economic situation in the State, there will be lack of continuity by succeeding Governments and finally there will be lack of maintenance of the government properties. The study thus concluded that there was nexus tax revenue and infrastructural development in Osun State. Government should show some degree of accountability and honest on the revenue collected to make citizen understand the connection between tax revenue and infrastructural development. This can be achieved when tax laws, regulation, procedures and administrative guideline are made public.

Keywords: Tax, Infrastructure, transparency, accountability, development

INTRODUCTION
States are created to among other things, ensure the welfarism of its people as enshrined in the Constitution of the Federal Republic of Nigeria. Most importantly, the State needs to address issues relating to social justice, poverty alleviation, housing, health, education and guarantees the fundamental human rights of its people. At the peak of all these responsibilities is the provision of infrastructures that will bring the dividend of governance to the people. In an attempt to meet all these provisions, the constitution stipulates the various sources of revenue to the government; at the centre, states and local government. Among these sources are the generation of taxes. Tax revenue is the receipt from tax structures. However, tax revenue mobilization as a source of financing developmental activities in less developed economies has been a difficult issue primarily because of
various forms of resistance, such as evasion, avoidance corrupt practices attending to it (Oluba 2008). These activities are considered as sabotaging the economy and are readily presented as reasons for the underdevelopment of the country. Government collects taxes in order to provide an efficient and steadily expanding non-revenue yielding services, such as infrastructure-education, health, communications system etc, employment opportunities and essential public services (such as the maintenance of laws and order) irrespective of the prevailing ideology or the political system of a particular nation (Salami, 2011). The main aim of this study is to examine the relationship between tax and infrastructural development in Osun State. The specific objectives are to examine effects of tax revenue on infrastructural development in the State; examine the factors affecting the tax revenue generation; and analyze the impacts of poor revenue generation on the development of Osun State.

Statement of Problem
The increasing cost of running government coupled with dwindling revenue has led various State governments in Nigeria with formulating strategies to improve the revenue base. Despite the numerous sources of revenue available to the various tiers of government as specified in the Nigeria 1999 constitution, since the 1970s till now, over 80% of the annual revenue of the three tiers of government come from petroleum. However, the serious decline in the price of oil in recent years has led to a decrease in the funds available for distribution to the states. The need for state and local government to generate adequate revenue from internal sources has therefore become a matter of extreme urgency and importance. Development is a sine qua non for modern civilization. In order to carryout development at all nooks and crannies of the society, it is the responsibility of the State Government to provide direct development to people to a certain level. Development is associated with funds and much revenue is needed to plan, execute and maintain infrastructures at the state level. The needed revenue generated for such developmental projects like construction of accessible roads, building of public schools, health care centres, construction of bridges are generated from taxes, royalties, haulages, fines, and grants from the states, national and international governments. These funds could either be obtained internally or externally. Thus, the Osun State Government cannot embark, execute and possibly carryout the maintenance of these projects without adequate revenue generation.

However, the tax system in Osun State is characterized by evasion and avoidance; both which significantly reduce the supposed income to the government through tax and as such, the financial capacity of the State to embark on the infrastructural development could be hindered. Also, there is widespread false declaration of profit by the few available tax payers in an attempt to reduce their tax payment. Many petty traders do not maintain adequate record that could assist in establishing accurately, their incomes for the purpose of determining tax. All these myriad of problems have implications on the infrastructural development in the State. Thus, this study will attempt to examine the tax revenue vis-à-vis the infrastructural development in the State of Osun.

Most of the previous studies in Nigeria such as Adedoku (2006), Oriakhi (2013), Baghedo (2012) and Nebo and Chgbo (2015) have focused largely on the revenue generation and utilization at federal level and in few instances on the Local Government level. These studies did not relate tax revenue generation and utilization to infrastructural development at the state level. In the same vein, most of the studies used explorative research design and relied solely on quantitate data. However, it has been argued that, since, many government agencies are usually skeptical of revealing the actual data on the finances, then, it becomes necessary to think of qualitative data on research of this nature since the people will have opportunity to freely express their view while their identity is confidentially guaranteed.

Thus, this study is premised on the deficiency of empirical researches on State tax revenue generation and infrastructural development. Considering the economic situation of Nigeria which has resulted to the reduction in the supposed federal allocation to the states of the federation, there is a dare need to look inward and strengthen the tax revenue generation as an alternative to financing infrastructural development, especially, for a state that solely depend on the federal allocation with few industries like Osun State; hence, this study.
LITERATURE REVIEW

Tax and Taxation

Taxation is a compulsory levy imposed on a subject of a state or upon his properly, corporate bodies, Institutions, etc to defray expenses inquired by the government to provide security, social amenities and create conditions for the economic well being of the society. (Okoi and Edame, 2013). Taxes are imposed to regulate the production of certain goods and services, protection of infant industries, control business and curb inflation, reduce income inequalities etc. Tosun and Abizadeh (2005) says taxes are used as proxy for fiscal policy.

Most states of the federation get the bulk of their revenue in form of statutory allocation from the federation account to finance their expenditure programmes (Ishaq, 2002 and Hamid, 2008). State governments as the second tier of government in Nigeria derive its revenue from various sources. However, it should be noted that sources of revenue are by no means uniform among the states. States derive their revenue depending on the resources available to them; (Adam, 2006). The share of federation account to states constitutes 57.97% in 2002 of the total revenue plus grant and this rose to 65.82% in 2006; while the internally generated revenue declined from 13.38% in 2002 to 8.11% in 2006 (CBN, 2006). The average percentages of internally generated revenue in relation to the federal allocation were between 5-9 percent for most non-oil producing states in the recent past.

The approved list of tax collectible by every tier of government as stipulated in the Tax Amendment Act Order (2015) are as follow:

1. Taxes Collected by the Federal Government
   • Company income tax.
   • Withholding tax on companies, residents of the Federal Capital Territory, Abuja and non-resident individuals.
   • Petroleum profits tax.
   • Education Tax.
   • Value Added Tax.
   • Capital gains tax on residents of the Federal Capital Territory, Abuja, corporate and non-resident individuals.
   • National Information Technology Development Levy
   • Stamp duties on bodies corporate and residents of the Federal Capital Territory, Abuja.
   • Personal income tax in respect of
     a) Members of the armed forces.
     b) Members of the Nigeria Police Force.
     c) Residents of the Federal Capital Territory, Abuja; and
     d) Staff of the Ministry of Foreign Affairs and non-resident individuals

2. Taxes and levies collected by the State Government.
   • Pay-As-You-Earn (PAYE);
   • Direct taxation (Self-assessment)
   • Withholding tax for Individuals
   • Capital gains tax for individuals
   • Stamp duties on instruments executed by individuals.
   • Pools betting, lotteries, gaming and casino taxes.
   • Road tax.
   • Business premises registration
   • Development levy for individuals
   • Naming of street registration fees in State Capitals.
   • Right of Occupancy fees on lands owned by the State Government.
   • Market taxes and levies where State finance is involved.
   • Hotel, Restaurant or Event Centre Consumption Tax, where applicable
   • Entertainment Tax, where applicable
Infrastructural Development in Nigeria

Infrastructure is generally seen as those basic and essential services that should be in place if development must. Waziriz, Ali and Nuru (2014) note that the physical structures necessary for the functioning of society can also be seen as infrastructure. Oisassoje and Ojeifo (2012) describe infrastructure as those specific elements that serve as catalyst for development, as well as improvement in welfare of citizens. Infrastructures are of two types which are: "Hard" and "Soft" Infrastructure. "Hard" infrastructure refers to the large physical networks necessary for the functioning of a modern industrial nation, whereas "soft" infrastructure refers to all the institutions which are required to maintain the economic, health, cultural and social standards of a country, such as the financial system, the education system, the health care system, the system of government, and law enforcement, as well as emergency services. Infrastructural development holistically can be seen as sustained rates of growth of income per capita. Todaro and Smith (2011) is of the view that infrastructural development can be facilitated and accelerated by the presence of physical, social and economic infrastructures. If these facilities and services are not in place, development will be a near impossibility (Migap 2014).
According to Fidelis, Jude and Ighata (2014), traffic congestion, erratic power supply, inaccessible roads and networks, poor telecommunication services, poor drinking water etc are all features of the nature of the existing infrastructural in Nigeria. Alabi and Ocholi (2010) in describing Nigerian roads, observed that the roads the lowest in Africa in terms of density. They further assert that 31% of the roads are paved as compared to 50% in the middle income countries. Recently, infrastructural development has been given central attention in the current development policy vision 20: 2020 of the federal government of Nigeria (Adesoye, 2014). To achieve this, the governments will require a large influx of revenue and this can be gotten through taxation.

The Profile of Revenue Generation in Osun State
Osun state is usually ranked low in the revenue allocation and generation among the states in Nigeria. This is undeniable considering the fact that given the population of about 4billion, the state is still dominated by low investment, low industries and high level of civil service. However, according to the National Bureau of Statistics, (2017), the revenues accruing to the State since 2011 has been increasing with a slight decrease in 2015 and increase in 2016.

Table 1: Revenue Generation Profile of Osun State

<table>
<thead>
<tr>
<th>Year</th>
<th>Osun State</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>7,398,572,036.48</td>
</tr>
<tr>
<td>2012</td>
<td>5,020,250,633.94</td>
</tr>
<tr>
<td>2013</td>
<td>7,284,225,003.77</td>
</tr>
<tr>
<td>2014</td>
<td>8,513,274,186.67</td>
</tr>
<tr>
<td>2015</td>
<td>8,072,966,446.00</td>
</tr>
<tr>
<td>2016</td>
<td>8,960,339,592.52</td>
</tr>
</tbody>
</table>

Source: NBS (2017)
However, an analysis of the types of IGRs and revenue generated in half 2016 shows that the revenue generated through taxes have not been significantly increased inspite of the many efforts put forth by the government to ensure increase in tax revenue. It must be noted that the economic challenges biting the country has affected the regular allocations from the federal cover so much that little is usually left for distribution save the period of parish fund release to the states. Thus, each state is expected to improve on its IGRs especially tax revenue generation to be able to engage in infrastructural development of the state. 

**Empirical Studies on Tax Revenue and Infrastructural Development**

Okoli and Afolayan (2015) in their study opine that Value Added Tax (VAT) contributes substantially to revenue of Nigeria. Error Correction Model (ECM) was used for the analysis of the data gathered for the period 1994 -2012. From the study, it was observed that VAT is the second long term source of the total federally collected revenue. Nwite (2015) noted that the money generated by government from tax revenue is not evident in the level of development in Nigeria as poverty, unemployment, low standard of living and poor infrastructural facilities still remain at a very high rate. He furthered noted that it is indeed worrisome that the tax reforms to ameliorate the tax/infrastructure deficit gap has not yet recorded significant improvement. Adefila and Bulus (2014) suggest that there are spatial inequalities in infrastructural development in Plateau State, Nigeria. Methodology adopted was the survey research design, and structured questionnaire distributed to one thousand and twenty (1,020) randomly sampled Nigerian citizens. The study employed standardized score (Z-score) analytical technique. The result revealed substantial inter-local government disparities in overall levels of infrastructural development in the study area and a lopsided spatial pattern of infrastructural development. Basically, infrastructural development was not even across the state and this may be based on the managerial pattern of the local government as to usage of fund. CBC (2013) asserts that the continent of Africa is indeed faced with a huge problem of infrastructure, and this has grossly undermined its regional integration and development potentials. Without mincing words, they advocate that development and growth as well as actualization of developmental plans and visions can only be addressed if the issue of deficit infrastructure is tackled. They opine effective taxation as a means through which this can be achieved. Zhattua (2013) strongly opine that taxation has two board purpose in developing nations. The first is for concession and fiscal incentive while the second is funding of public expenditure. Zhattua further asserts that taxation is vital for necessities such as education, health care, security and other things necessary for the smooth running of a country. Akinwale (2010) investigated the inadequacy of infrastructure in Nigeria. He gathered data from archival source and found based on the analysis that despite the efforts aimed at improving the state of infrastructure in Nigeria, the problem of inadequacy in infrastructure still persists. He opined that the problem is not insufficient fund but that of negligence and corruption. In all of these studies and many other related ones, quantitative analysis has been employed. Thus, the uniqueness of this study is its utilization of survey and qualitative analysis at its methodology. 

**Theoretical Framework**

This study is anchored on the optimal theory of taxation. There are three main advocates of this theory, and they are: Ramsey (1927) who advocates linear commodity taxation to raise revenues and redistribute; Pigou (1920) who advocates the linear commodity taxation to correct for externalities; and Mirrlees (1971) who advocates the nonlinear income taxation. The theory employs a normative approach to tax analysis that is based on the commonly used tools of welfare economics. The theory expects that a tax system should be able to raise taxes in such a way that treats the people fairly, reduces the obstruction and interference in economic decisions and does not inflict undue costs on taxpayers or tax administrators. Optimal taxation theory is all about maximizing the social welfare of the individuals in the society. Optimal taxation typically treats the social planner as a utilitarian who has a social welfare function that is based on the utilities of individuals in the society. Inferring from the theory, the government is the social planner and responsible for creating a good tax system for the purpose of revenue generation and also for welfare of the taxpayer. The basic goal is to choose a tax system that maximizes the welfare of the citizens in the society. In simple terms, the social planner (the government) is responsible for providing
the various infrastructural facilities with the use of the revenue gotten from tax. Thus, this is the anchor for this study.

**METHODS**

For the purpose of this study, survey research design was used. The population for the study cuts across the government officials at the ministry of finance of Osun state as well as the people of the state. A purposive sampling technique was used to select a total of 102 respondents selected for questionnaire administration. The questionnaires were analysed using descriptive statistics. The descriptive statistics adopted include frequency distributions, simple percentages and measures of central tendency.

**RESULT AND DISCUSSIONS**

A total of one hundred and two (102) copies of questionnaire were administered in order to elicit information on the tax revenue generation and the provision of infrastructural development in Osun State. Ninety eight (98) copies of questionnaire were retrieved from the field, thus representing 96% of the total questionnaires that were administered. The socio demographic characteristics of respondents as well as the respondents’ responses to the research objectives of this study are presented percentage tables below.

**The Effects of Tax Revenue on Infrastructural Development in Osun State**

This section presented data analysis and interpretation of the respondents’ views on the effect of tax revenue on infrastructural development of Osun State. Table 2.1 revealed the frequency and percentage distribution of respondents on each of the assertions set out to examine the effects of tax revenue and its values/responses were organized using Likert scale of measurements, such as: Strongly Agree, Agree, Disagree and Strongly Disagree.

<table>
<thead>
<tr>
<th>S/ N</th>
<th>The Effects of Tax Revenue on Infrastructural Development in Osun State</th>
<th>Strongly Agreed</th>
<th>Agreed</th>
<th>Disagreed</th>
<th>Strongly Disagreed</th>
<th>Undecided</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>f</td>
<td>%</td>
<td>f</td>
<td>%</td>
<td>f</td>
</tr>
<tr>
<td>1</td>
<td>The effect of revenue generation is rated on the development of infrastructures</td>
<td>9</td>
<td>9.18</td>
<td>43</td>
<td>43.88</td>
<td>25</td>
</tr>
<tr>
<td>2</td>
<td>Increase in tax revenue will lead to increase in infrastructural development of Osun State</td>
<td>3</td>
<td>3.06</td>
<td>34</td>
<td>34.69</td>
<td>21</td>
</tr>
<tr>
<td>3</td>
<td>The level of government responsiveness to the citizen demand depends largely on tax payment by the tax payer</td>
<td>12</td>
<td>12.24</td>
<td>44</td>
<td>44.90</td>
<td>19</td>
</tr>
<tr>
<td>4</td>
<td>Tax revenue improves the financial capacity of the government to engage in infrastructural development</td>
<td>8</td>
<td>8.16</td>
<td>36</td>
<td>36.73</td>
<td>32</td>
</tr>
<tr>
<td>5</td>
<td>There would be more infrastructural development in Osun state if people pay their taxes adequately</td>
<td>23</td>
<td>23.47</td>
<td>48</td>
<td>48.98</td>
<td>6</td>
</tr>
<tr>
<td>6</td>
<td>The level of infrastructural development has encouraged more people to pay their taxes</td>
<td>0</td>
<td>0.00</td>
<td>22</td>
<td>22.45</td>
<td>68</td>
</tr>
<tr>
<td>7</td>
<td>Tax revenue collected by the government is used solely for the betterment of the people</td>
<td>0</td>
<td>0.00</td>
<td>22</td>
<td>22.45</td>
<td>28</td>
</tr>
</tbody>
</table>

**Source:** Field work, 2017

NB: f = Frequency; % = Percentage
As revealed in Table 2.3, 9 (9.18%) respondents strongly agreed that the effect of revenue generation is rated on the development of infrastructures, 43 (43.84%) respondents agreed to this assertion while 25 (25.5%) respondents disagreed. This shows that the majority of the respondents believed that tax revenue is a very strong tool for infrastructural development in the State. This submission is corroborated by the findings of Anyaduba and Aronmwan (2015) and Zhattua (2013) who equally established that tax revenue is an important tool of infrastructural development.

Also, 3 (3.06%) respondents strongly agreed and 44 (44.9%) respondents agreed to the fact that tax revenue will to increase in infrastructural development of the State. It could therefore be established, as indicated in Anyaduba and Aronmwan (2015) that tax revenue determines the level of infrastructural development expected of any government.

In the same vein, 12 (12.24%) of the respondents and 44 (44.9%) of them strongly agreed and agreed respectively to the assertion that the level of government responsiveness to the citizen demand depends largely on tax payment by the tax payer while only 19 (19.39%) respondents disagreed to this assertion. This shows, as established in Zhattua (2013) that the level of government respondents is influenced by the extent at which the citizens support the government through the payment of tax.

Additionally, 8 (8.16%) of the respondents strongly agreed that tax revenue improves the financial capacity of the government to engage in infrastructural development and 36 (36.7%) of them agreed while only 32.65% of the respondents disagreed to this assertion. It could therefore be established the financial capacity of the government to engage in infrastructural development will be improved through the tax revenue as it was equally established in Owolabi and Okwu (2011). Also, it was revealed that 23 (23.47%) of the respondents strongly agreed that there would be more infrastructural development in Osun State if people pay their taxes adequately and 48 (48.98%) of the respondents agreed to this assertion. Since the majority of the respondents agreed to this assertion, it is therefore established that more infrastructural development would be achieved if people pay their taxes adequately.

However, the majority of the sampled respondents 70% disagreed to the assertion that the level of infrastructural development has encouraged more people to pay their taxes and equally disagreed to the assertion that tax revenue collected by the government is used solely for the betterment of the people. This shows that the level of infrastructural development in the State does not match with the level of tax revenue being collected by the government. It was equally established that tax revenue collected by the government is used solely for the betterment of the people. This is supported by Nwite (2015)
The Factors Affecting the Tax Revenue Generation in Osun State

Table 2.2: Factors affecting the tax revenue generation in Osun State

<table>
<thead>
<tr>
<th>S/N</th>
<th>Factors affecting the tax revenue generation in Osun State</th>
<th>Strongly Agreed</th>
<th>Agreed</th>
<th>Disagreed</th>
<th>Strongly Disagreed</th>
<th>Undecided</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>There is inadequate tax personnel to cater for all parts of the State</td>
<td>27 27.55</td>
<td>49 50</td>
<td>2 2.04</td>
<td>0 0.00</td>
<td>0 0</td>
</tr>
<tr>
<td>2</td>
<td>The people are not well informed about the importance of tax</td>
<td>12 12.04</td>
<td>39 39.8</td>
<td>39 39.79</td>
<td>8 8.16</td>
<td>0 0</td>
</tr>
<tr>
<td>3</td>
<td>The government is not effectively and efficiently utilizing the tax revenue</td>
<td>34 34.69</td>
<td>36 36.7</td>
<td>8 8.16</td>
<td>0 0.00</td>
<td>0 0</td>
</tr>
<tr>
<td>4</td>
<td>There is low economic situation in the state which influences the level at which people willingly pay tax</td>
<td>98 100.00</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>5</td>
<td>People lack trust in the government of the State</td>
<td>37 37.76</td>
<td>39 39.8</td>
<td>2 2.04</td>
<td>0 0.00</td>
<td>0 0</td>
</tr>
<tr>
<td>6</td>
<td>There is lack of accountability and transparency in the government</td>
<td>98 100.00</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>7</td>
<td>There is lack of adequate data about the taxable people and businesses in the State</td>
<td>64 65.31</td>
<td>34 34.7</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: Field work, 2017

As shown in Table 2.2 above, 27 (27.55%) strongly agreed and 49 (50%) agreed to the fact that there is inadequate tax personnel to cater for all parts of the State. This shows that the number of available tax officers of the government is inadequate to cover all parts of the State and by implication; many parts of the State would not be covered by the personnel.

In the same vein, 51 (52.2%) of the respondents agreed that the people are not well informed about the importance of tax while 47 (47.95%) disagreed to this assertion. This represents a very close response rate and this is not unexpected considering the different background of the respondents thus, it could be simply established that the majority of the supposed tax payers are not well informed about the impact of tax and this might have resulted in the low level of tax revenue in the State.

Table 2.5 equally showed that 34 (34.69%) of the respondents strongly agreed and 36 (36.7%) of the respondents agreed to the assertion that the government is not efficiently and effectively utilizing the tax revenue. This shows that almost all the sampled respondents have this view and this support the claim in Table 2.4 where the respondents agreed to the fact that the tax revenue is not being used solely for the betterment of the State by the government.

It was also revealed that all the sampled respondents strongly agreed that there is low economic situation in the state which influences the level at which people willingly pay tax. It was also unanimously agreed by all the sampled respondents that there is lack of accountability and transparency in the government. Since the level of economic situation is a general phenomenon that can be felt by everybody and that the level of accountability and transparency of the government can as well be felt by the people, it thus, means that the validity of this response can be well confirmed. In the same vein, 64 (65.31%) strongly agreed and the remaining 34 (34.7%) of the respondents agreed to the assertion that people lack trust in...
the government of the State and that there is lack of adequate data about the taxable people and businesses in the State.
It can therefore be established that there is inadequate tax personnel to cater for all parts of the State, the people are not well informed about the importance of tax, the government is not effectively and efficiently utilizing the tax revenue, there is low economic situation in the state which influences the level at which people willingly pay tax, people lack trust in the government of the State, there is lack of accountability and transparency in the government and that there is lack of adequate data about the taxable people and businesses in the State.

The Effect of Low Revenue Generation on the Infrastructural Development of Osun State

Table 2.5: The effect of revenue generation on the infrastructural development of Osun State

<table>
<thead>
<tr>
<th>S/ N</th>
<th>The impacts of poor revenue generation on the infrastructural development of Osun State</th>
<th>Strongly Agreed</th>
<th>Agreed</th>
<th>Disagreed</th>
<th>Strongly Disagreed</th>
<th>Undecided</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>There would be less infrastructural development in Osun state if the taxes not adequately paid</td>
<td>f 34, %24.49</td>
<td>f 47, %47.96</td>
<td>f 17, %17.35</td>
<td>f 0, %0.00</td>
<td>f 0, %0.00</td>
</tr>
<tr>
<td>2</td>
<td>The level of social amenities expected of government will be reduced</td>
<td>f 57, %58.16</td>
<td>f 39, %39.80</td>
<td>f 2, %2.04</td>
<td>f 0, %0.00</td>
<td>f 0, %0.00</td>
</tr>
<tr>
<td>3</td>
<td>The government will depend on only a single source which is the statutory allocation</td>
<td>f 76, %77.14</td>
<td>f 21, %21.43</td>
<td>f 1, %1.02</td>
<td>f 0, %0.00</td>
<td>f 0, %0.00</td>
</tr>
<tr>
<td>4</td>
<td>Low level of infrastructures will lead to low economic situation in the State</td>
<td>f 76, %77.14</td>
<td>f 20, %20.41</td>
<td>f 2, %2.04</td>
<td>f 0, %0.00</td>
<td>f 0, %0.00</td>
</tr>
<tr>
<td>5</td>
<td>There is lack of continuity by succeeding Governments</td>
<td>f 32, %32.65</td>
<td>f 34, %34.69</td>
<td>f 29, %29.59</td>
<td>f 3, %3.06</td>
<td>f 0, %0.00</td>
</tr>
<tr>
<td>6</td>
<td>There will be lack of maintenance of the government properties</td>
<td>f 29, %29.58</td>
<td>f 29, %29.59</td>
<td>f 17, %17.35</td>
<td>f 7, %7.14</td>
<td>f 16, %16.33</td>
</tr>
</tbody>
</table>

Source: Field work, 2017

Table 2.5 above revealed that 34 (34.69%) strongly agreed and 47 (47.96%) agreed to the assertion that there would be less infrastructural development in Osun State if the taxes are not adequately paid. This represents the response of the majority of the sampled respondents and therefore, it could be established that infrastructural development is dependent upon the tax revenue of the government.

Also, almost all the sample respondents (97.96%) unanimously agreed to the assertion that the level of social amenities expected of government will be reduced if taxes are not paid. In the same vein, it was equally unanimously agree (99%) that where taxes are not adequately paid by the citizens, the government will depend on only a single source which is the statutory allocation, there will be low level of infrastructures which will lead to low economic situation in the State, there will be lack of continuity by succeeding Governments and finally there will be lack of maintenance of the government properties.
These findings are concomitant with the submission of Owolabi and Okwu (2011) in his study about Lagos State of Nigeria.

CONCLUSION AND RECOMMENDATION

The study hereby concluded that there was nexus tax revenue and infrastructural development in Osun State. It could therefore be established that tax revenue determines the level of infrastructural development expected of any government. In the light of the major findings of this study and the above conclusion, the following recommendations are suggested:

1) Continuous education should be provided to the citizens by the respective officers of the government and their agencies to create awareness about the importance of tax and the need to abide by the tax laws.

2) Government should show some degree of accountability and honest on the revenue collected to make citizen understand the connection between tax revenue and infrastructural development. This can be achieved when tax laws, regulation, procedures and administrative guideline are made public.

3) The government should implement the relevant tax law faithfully equitably and fairly irrespective of the citizen status and organisation concerned.

4) Government should use tax payers’ money to provide infrastructural amenities as this will encourage people to pay their taxes promptly.

REFERENCES


