



# Multiplicity of Taxation in Nigeria and Its Controversy

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## **ABSTRACT**

The increasing demand for rapid development in all tiers of government has placed a burden on the shoulders of government to increase internally generated revenue (IGR). This research work studied multiplicity of taxes in Nigeria and its controversy. The main objective of this study was to x-ray the taxes and levies within the approved list of collection and examine the controversy surrounding the Nigerian tax system. The methodology adopted were simple percentage and z-test (SPSS window output) statistical methods to deduce general statement about the controversy surrounding the Nigerian tax system. It was found out that there is controversy in Nigeria's tax system. Also, all taxes and levies collected are not within the approved list. The recommendations put forward were that the Joint Tax Board (JTB) should educate taxpayers and potential investors on the taxes and levies within the approved list of collection. Also, the Revenue Allocation Formula should be reviewed. This research work will serve as template to curb the controversy surrounding multiple taxation in Nigeria.

**Keywords:** Multiplicity, Controversy, Tax, Approved list, compliance, tax evasion.

## **1.1 INTRODUCTION**

Government is saddled with the onerous task of providing basic social amenities to its citizenry. These basic amenities include potable water, housing, utility, road infrastructures, social security and other welfare to the citizenry. Taxation was introduced to bolster the internally generated revenue of government in order to meet the debt covenant with its citizens. The three tiers of government (federal, state and local) are obliged to redeem the debt covenant with its citizens (Sani 2012).

Nigeria practices federalism with 36 states and 774 local government areas across the length and breadth of the nation. Based on the principle of certainty, taxation remains the most reliable method of revenue generation in Nigeria. Although, tax still account for the little percentage of Nigeria's revenue source relative to oil revenue but its importance cannot be gauged.

Hence, multiple taxation occurs when the same income or tax bases are levied by more than one tax authorities (Federal, State and Local government) (Ojo: 2009). This implies that an income is subjected to tax more than once, often by two or more different authorities in a manner that may be unfair or illegal. Examples of multiple taxes include company income tax (CIT), education tax, withholding tax, value added tax and hotel consumption tax which are all based on the same income or profit. Multiple taxation in relation to a company or individual implies that the same income or profit of the company or individual has been subjected to tax by another tax authority in Nigeria. Multiple tax practice at international level is usually mitigated with relief granted to the taxpayer for the earlier tax paid or to which he may be liable (Michael: 2014). Multiple tax is inevitable in view of equitable distribution of wealth and economic stabilization.

Controversially, the debate for and against the practice of multiple tax system in Nigeria has been unwholesome among scholars, tax practitioners and policy makers. This raging conflict has resulted in

negative tax payers attitude and compliance towards civic obligations. This ugly trend has resulted in increasing rate of tax evasion and avoidance.

CITN (2010) in the National tax policy document corroborated the above assertion by noting that in Nigeria, like other developing countries, income tax administration is characterized by low level of compliance because of the ugly menace of multiple taxation.

The quest to increase the internally generated revenue at all tiers of government gave birth to this monster “multiple taxation”. The taxing right of each of the tiers of Government has raised incidences of multiple taxation on both corporate bodies and individual (Humphrey:2010). Humphrey, further opined that “the desire to increase revenue and capture tax within each of the jurisdiction has brought about cases where the tiers of government have crossed path and the ultimate burden of these multiple taxes are borne by the taxable entity”.

This research effort is geared towards examining the right to tax vested on the tax authorities of each level of government and the controversy of multiple taxation amongst the tiers of government which has become a norm in order to shore up revenue. Tax administration and collection is not only a Nigeria’s problem but also a global problem. This is occasioned by poor legislation, greed, high rate of illiteracy, poor tax awareness, and inadequate orientation.

### **1.2 Statement of the Problem**

Though, the Nigeria tax system is fraught with so many challenges, the following shall suffice.

The controversy is caused by the nature of Nigeria’s tax system.

There are incidences of illegal taxes and levies in the Nigerian tax system.

### **1.3 Objective of the Study**

The general objective of this study is to examine the controversy surrounding multiple taxation in Nigeria. Specifically, the study has to examine the following:

1. The controversy surrounding Nigeria’s tax system.
2. Whether all taxes and levies collected are within the approved list.

### **1.4 Research Questions**

The research questions are:

1. What is the controversy surrounding Nigerian tax system?
2. Are all the taxes and levies collected within the approved list?

### **1.5 Hypothesis of the Study**

The hypotheses to be tested in this study include:

H<sub>1</sub>: There is no controversy surrounding Nigeria’s tax system.

H<sub>1</sub>: All taxes and levies collectible in Nigeria are within the approved list.

### **1.6 Organization of the Study**

This research work focuses on the multiplicity of taxation in Nigeria and its controversy. The study is organized into five sections; background to the study, conceptual framework, methodology, data presentation, analysis and discussion, conclusion and recommendation.

## **2.1 CONCEPTUAL FRAMEWORK**

Though, the actual history of multiple taxation of Nigeria is a little bit obscure, Sani (2012) observed that, “Multiplicity of taxation began to rear its ugly head in Nigeria in the late 1980’s when revenue accruing to states and local government from the Federation Account began to dwindle. In view of the overdependence on revenue from the Federation Account, most states never had a functional board of internal revenue. Izedomi (2010) as quoted by Oboh, Yeye and Isa (2013) also supported the claim that multiple taxation started in the late 1980’s. They opined that the dwindling revenue allocation from the federation account made some states to source for alternative sources of revenue to meet the development needs of its citizens.

But Ipaye (2012) asserted that multiple taxation became prevalent in Nigeria in the late 1990s during the military regime of General Sani Abacha of blessed memory. Ipaye further stressed that the military

government swiftly adopted what was commonly called Accelerated Revenue Generation programmes and appropriated consultants to audit corporate entities and recover various unpaid taxes and levies.

The consultants commenced with a review of the rates and fees payable by different corporate entities. The consultants discovered that most of the levies were arbitrarily too high and without legitimacy. But because the quest by states to increase their internally generated revenue no action was taken to remedy the monster at infancy.

In swift response, the Joint Tax Board drew a list of taxes collectible by each tier of Government. The list was ignored by states who were in dire need of boosting their revenue (Sani: 2012).

The plethora of multiple taxes made the federal government to suspend major parts of the 1979 constitution in order to curb incidence of multiple taxation in states. The federal government then created tax agencies, Boards of internal revenue for states and revenue committees for local government areas. This was in addition to the Taxes and Levies (Approved list for collection) Decree No. 21 of 1998 for each tier of government.

Ipaye (2012) argued that though, the taxing powers of federal government and state government may be derived directly from the 1999 constitution, the taxing right of local government is still within the residual list and under the control of states Houses of Assembly according to the provision of the 1999 constitution. This is the reason multiple taxation exist more at the Local Government Level.

Hence, the National Tax Policy document defined multiple taxation to include “the imposition of the same or similar taxes on the same or similar taxes on the same income base, transaction, or person by one or more levels of government, in one or more jurisdictions. The above definition revealed that multiple taxation is a compulsory charge on the same base by more than one tax authorities. The levels of government or tax jurisdiction could be local, state and federal government. For instance, profit from super market shop is subjected to VAT by FIRS environmental levies by state government and also local government revenue committee. Smith (2011) opined that multiple taxation refers to the tax system in which taxes are levied on various items or bases.

While Omes, Teerah & Nzor (2014) defined multiple taxation as the levying of tax by two or more jurisdictions on the same declared income (in the case of income taxes), assets (in the case of capital gains taxes), or financial transaction (in the case of sales tax). We can infer from the above definition that multiple taxation could relate to the same income subjected to tax by more than one relevant tax authorities. For instance, profit of companies being charged for company income tax (CIT) and also dividend being exposed to withholding tax as well as workers salary being open to PAYE tax. Even assets like building is exposed to property tax and capital gains tax.

Abiola (2012) refers to multiple taxation as the various unlawful compulsory payments being collected by the local and state governments without appropriate legal backing through intimidation and harassment of the payers. Abiola argued that collection of such taxes is characterized by the use of stickers, mounting of roads blocks, use of revenue agents/consultants, including motor part touts.

Nonetheless, multiple taxation is the imposition of charges or levies by more than one or two tax authorities on the same income, profit or profit of individual, corporate entities or property. It is pertinent to point out that multiple taxation is more prevalent in local government areas.

Multiple taxation is a cancer on corporate entities in view of its negative impact on the economy. Dangote (2001) in Bassey (2013) as quoted by Omes, Teerah and Nzor (2014) explained that the manufacturing industries are confronted with multiple statutory levies and taxes which are clearly duplicate of what other tiers of government charge. This affirms the fact that multiple taxation is a threat to foreign direct investment (FDI) in Nigeria. This is also occasioned by myriad of problems in the Nigeria’s tax administration ranging from non registration, poor documentation and non identification.

Uguru (2013) noted that the hospitality industry is currently fraught with avalanche of taxes such as registration of hospitality premises, stamp duty, VAT, Nigerian Tourism development corporation, Pay-As-you Earn (PAYE), sign post, environmental levy, waste disposal, water supply, operation permit among others. No wonder, Rasaan, former president of chartered institute of Taxation of Nigeria (CITN)

described these taxes as extortions, stating that multiple taxation is more prevalent in local government councils.

In his words:

‘We are not unaware that a situation exists where virtually all the local government in the country are charging arbitrary taxes which are in consonance with the law’ he noted.

Almost all tiers of government is engaged in this uncoordinated tax administration system. The introduction of new taxes and levies is on the increase year in year out by all tiers of government.

The non refusal by the public to comply with these illegal taxes/levies by individuals and corporate bodies has resulted in illegal closure and arrest.

Several factors have been adduced for this trend (multiple taxation) in Nigeria such as unfair revenue formula, dwindling state income from federation account, unhealthy state rivalries, lack of political will to stop multiple taxation by some states and local government as well as improper training of revenue agents etc (Sankay, Olufemi & Fulibus; 2013). The present economic recession in Nigeria is heralding more incidences of multiple taxation because most state government is looking inward to divesting its economy.

## **2.2 Overview of Nigeria Tax System**

The overriding philosophy of taxation in Nigeria is revenue generation by Government. But in developed economies, tax is a medium in which the citizens contribute fund to a common fund for the purpose of development.

Nigeria operates a federal system of government and tax right is decentralized amongst the three tiers of government. The respective power of the tiers of government is contained in the exclusive list, concurrent and residual list for federal, state and local government respectively.

The taxing power is vested in Federal Inland Revenue Service (FIRS) for Federal Government, State Board of Internal Revenue (BIR) for states and revenue committee for local government.

Recent reforms by Federal Inland Revenue Service (FIRS) include the introduction of Taxpayers Identification Numbers (TIN), Automated Tax System (ATS) and the e-payment systems. Offiong (2002) stated that the approved list of collection of taxes and levies are prescribed by decree 1998 of the federal government for the three tiers of government which include the following:

### **Part I – Federal Government (Taxes and Levies)**

1. Company income tax
2. Withholding tax
3. Petroleum profits tax
4. Value added tax
5. Education tax
6. Capital gains tax
7. Stamp duties on body corporate and residents of the federal capital Territory, Abuja
8. Personal income tax

### **Part II – State Government (Taxes and Levies)**

These include:

1. Pay – as – you Earn (PAYE) and direct taxation like self assessment.
2. Withholding tax (individuals only)
3. Capital gains tax ( individuals only)
4. Stamp duties on instruments executed by individuals
5. Pools betting and lotteries, gaming and casino taxes
6. Real estate taxes
7. Business premises registration fee
8. Development levy (individuals) not more than N100 per annum on all taxable individuals

9. Naming of street registration fees in the state capital.
10. Right of occupancy fees on lands owned by the state government in urban areas of the state
11. Market taxes and levies established with state fund.

**Part III: Local Government (Taxes And Levies)**

**It includes the following:**

1. Shops and kiosks rates
2. Tenement rate
3. On and off liquor license fees
4. Slaughter slab fees
5. Marriage, birth and death registration fees
6. Naming of street registration fee, excluding any street in the state capital
7. Rights of occupancy fees on land in rural areas, excluding those collectible by state and federal government.
8. Market taxes and levies excluding any market where state finance is involved.
9. Motor part levies
10. Domestic animal license fees
11. Bicycle, truck, canoe, wheel barrow and court fees other than mechanically propelled truck
12. Cattle tax payable by cattle farmers
13. Merriment and road closure levy
14. Radio and television license fee (other than radio and television transmitter).
15. Vehicle radio license fees (to be imposed by the local government of the state in which the car is registered).
16. Wrong parking charges
17. Public convenience, sewage and refuse disposal fees.
18. Customary burial ground permit fees
19. Religious places establishment permit fees
20. Signboard and advertisement permit fees.

**2.3 MULTIPLE TAXATION IN NIGERIA**

It is very clear in the approved list of collection in the 1998 Decree No. 21 of the approved taxes and levies that there are a total of 39 taxes and levies in the constitution. There are 8 taxes and levies in the Exclusive list for the federal government, II in the concurrent list for state government and 20 in the residual list for local government.

But at present, analysts and industrialists have observed that there are more than 154 taxes and levies in Nigeria. The concept of Internally Generated Revenue (IGR) has motivated the federal government, state and local government to go ultra viral in their revenue drive. All the tiers of government have gone beyond the taxes and levies approved list of collection in order to increase their revenue for development. In collaboration, Izedomi (2010) argued that the more a taxpayer transports his goods and services across many local governments in the country, the more he is exposed to multiple taxation. No state or nation can develop without interstate business.

Small and medium scale enterprises find it difficult to survive the unfriendly tax environment in Nigeria. The real sector (manufacturing sector) is exposed to multiple taxation such as import duties, export and excise duties, education tax, VAT and withholding tax. Corporate bodies pay company income tax and shareholders pay withholding tax from the same profit.

Uguru (2013) opined that multiple taxation is more rife in the hospitality industry such as hotel consumption tax, restaurant tax, wine tax, food tax or levies, VAT. These amounts to multiple taxation. These multiple taxes payable on business profit will result inflation. This is retarding growth in the hospitality industry. Most of the aforementioned taxes and levies are ultra vire (outside the approved list of taxes and levies collection). Even if the charges and levies are legal, it is sometimes arbitrary. The arbitrary charges contravene the principle of certainty.

Charges and levies are being increased annually without established parameters. For instances, fees for Aviation Height Clearance Certificate (AHCC) of masts and towers installed by telecommunication companies were increased from as much as 1000 – 4000% in 2005 (industrial study group: 2012).

Ordinarily, most telecommunication companies would have built more based station to address poor quality of service but they are constrained by the huge taxes and levies from federal and local government councils. Nwokoro (2013) confirmed this argument by asserting that multiple taxation is a huge threat to investment and expansion. He further argued that output from investment is inversely proportional to input in the telecommunication sector because of the harsh tax environment. For instance, in 2009, Imo State Ministry of Petroleum and Environment introduced an Environment Audit review and certification fee of N30,000 per site without constitutional backing. This was done in a bid to increasing the internally generated revenue of the state for development. Be that as it may, it has to be within the framework of the law.

Duru (2013), Oseni (2014), Ipaye (2012) asserted that multiple taxation is more rife at the local government level such as radio levy, wagon levy, generator levy, tenement rate etc. Most of these levies are unknown to law. The case of Eti-Osa local government Vs Jegede in 2007 is still fresh in our minds.

The third tier of government is in dire need of development in view of its location. Local government councils shift the task of development to rural dwellers. The introduction of unknown taxes and levies and the attendant shift of responsibilities to the citizens is not only extortionary but also impoverishing the rural populace.

The situation is a duplication of head/subhead from the approved list of Decree 1998 in order to increase their respective IGR.

At a luncheon organized by the Manufacturers Association of Nigeria (MAN) Lagos state branch of MAN, the branch chairman, Okejie decried the effect of multiple taxation in Lagos State on industrialist. Okejie enumerated the following taxes and levies collectible to include: environmental development levy/charge, environment impact assessment levy, land use charge, Lagos State Environment Protection Agency (LASEPA) Levy (Laboratory Analysis), Ministry of Transport (MDT) road worthiness charge, LASEPA petroleum storage charge for tanks above 10,000 litres, solid waste charge, chemical storage permit, Lagos State Waste Management Authority (LAWMA) levy for waste disposal and Lagos State fire service. Okejie asserted that multiple taxation is a direct consequence of the shoddy tax administration in Nigeria. This is increasing the cost of transacting business in the country as a result of the unfriendly tax environment. The tax regime in some states is outrageous and driving away investors. This is because most of the plethora of taxes and levies collectible are outside the approved taxes and levies for collection in the concurrent list for states government.

The federal government of Nigeria is also involved in this outrageous tax drive. For instance, there is the National Environmental Standards Regulatory and Enforcement Agency (NESREA) and Federal Environmental Protection Agency (FEPA), though, defunct but some people are still collecting FEPA levy (Chikodi: 2012). Ideally, there is supposed to be only one levy covering the environment. But, the federal government, state government and local government collection of environmental levy under any guise and nomenclature.

No wonder, the World Bank's Doing Business index (DBI) rating has placed Nigeria in a distant 125<sup>th</sup> among over 130 countries (Kuye 2010). Also, the Fitch rating of Nigeria is now BB – ranking instead of the previous B+ rating: This poor economic rating is occasioned by the inhuman investment climate. It is used by the poor fiscal policy, lack of tangible economic policy to drive economic variables. Corruption and poor infrastructural facilities are causative factor of this hold up.

#### **2.4 The Controversy**

Whatsoever that is alien to the Nigerian constitution and our culture is likely to be reviewed. The imposition of some alien taxes and levies outside the decree 1998 approved list of collection is the cause of the controversy. The illegal levies and charges have pitched the citizenry against governments at all levels. For instance, fees for Aviation Height Clearance Certification (ATTCE) of masts and towers were increased as much as 1000 – 4000% in 2005.

The case between Lagos State Government and Federal Government on VAT over Jurisdiction is contentious. Some states in Nigeria have kicked against the collection of VAT in their territory while others have been tacit.

The case between Bayelsa State Board of Internal Revenue and FIRS in the collection of VAT and PAYE is also unresolved. The use of consultants in revenue drive has rather worsen the menace. Consultants fashion out taxes and levies without appropriate constitutional backing. Consultants are entitle to percentage proportionate to the amount generated. Consultants introduce unknown taxes and levies other than the ones in the approved list of collection based on the arrangement with their employers.

Consequently, consultants resort to the use of task force and security personnel for enforcement. It is on record that most relevant tax authorities resort to extra judicial methods to drive home their demand. The collection of taxes and levies both legal and illegal apply unapproved methods such as arbitrary site closure, seizure of equipment, arrest, physical attacks among others.

Some states have attempted to legitimize the illegality by enacting laws to reinforce the ugly trend. The Lagos State infrastructure maintenance and Regulatory Agency (LASIMAR) ACT, 2004 was enacted to regulate telecommunication companies but was nullified by Federal High Court. Similarly, the introduction of N30,000 Audit Review Certificate fee by Imo State Ministry of Petroleum and Environment was also declared illegal.

It is prohibitive to block high ways in a bid to collecting taxes and levies but agents block high ways to collect taxes and levies. Specifically, the Federal Government through the Joint Tax Board has banned the use of unorthodox method such as blocking of high ways to press home their levy.

Also, there is an attempt to banning the use of consultants to end illegality in taxation. Be that as it may, incidences of multiple taxation can be addressed through tax Appeal Tribunal or Federal High Court is saddled with the responsibility of settling tax disputes. Lagos State Government has Tax Audit Committee (TARC). The Lagos State Tax Audit Reconciliation Committee is charged with the responsibility of resolving tax disputes. The National Tax Policy Document has prescribed the Nigeria’s governors Forum, National Economic council amongst others as appropriate mechanism for resolving tax disputes before recourse to Supreme Court.

**3.1 METHODOLOGY**

The researcher employed survey research method in view of the fact that the study involves the collection of opinion, attitudes, description and perceptions from respondents regarding particular issue. A simple random sampling of 137 shops was selected in Yenagoa, Bayelsa State Capital. A total number of 137 questionnaires were distributed to the selected shops, out of which 120 questionnaires were returned which formed the basis for the data analysis. The researcher used both primary and secondary data. Primary data were gotten through personal interviews and questionnaires distributed. Secondary data were gotten from the perusal of past records, Journals, Magazines and other publications. The data were analyzed using simple percentage and z-test to test the hypothesis.

**4.1 DATA PRESENTATION, ANALYSIS AND DISCUSSION**

**Table 4: Do you pay tax?**

	<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
a	All the times	78	65%
b	Not at all	4	3%
c	Most times	33	27.5%
d	Time	5	4.2%
<b>TOTAL</b>		<b>120</b>	<b>100%</b>

The table above reveals that 65% of the respondents pay tax always, 3% of the respondents do not even pay tax, 27.5% of the respondents pay tax most times.

**Table 4.2: How many agencies do you pay tax to?**

	<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
a	Two	47	39%
b	Three	37	31%
c	One	Nil	-
d	More than three	36	30%
<b>TOTAL</b>		<b>120</b>	<b>100%</b>

The table above reveals that 39% of the respondents pay tax to more than two agencies, x 31% of the respondents pay tax to three agencies, 30% of the respondents pay tax to more than three agencies and no respondent pay tax to a single agency.

**Table 4.3: Do they use security personnel to ensure compliance?**

	<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
a	Agree	52	43%
b	Disagree	11	9%
c	Strongly agree	45	37%
d	Indifferent	12	10
<b>TOTAL</b>		<b>120</b>	<b>100%</b>

The table above reveals that 43% of the respondents are of the opinion that revenue agents use security personnel to press home their demand, only 9% of the respondents disagree that revenue agents use security personnel

**Table 4.4 : Are the tax known to law?**

	<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
a	Agree	20	16%
b	Disagree	12	10%
c	Strongly agree	39	32.5%
d	Indifferent	49	40%
<b>TOTAL</b>		<b>120</b>	<b>100%</b>

The table above reveals that 32.5% of the respondents disagree that the tax collected is permitted by law, 40% of the respondents do not even know the position of the respondents agree that tax collected are permitted by law.

#### **4.2 Test of Hypothesis**

The researcher used z- test statistical method to test the hypothesis with the help of an expert statistician using SPSS software package.

Ho: All taxes and levies collectable in Nigeria are not within the approved list

H<sub>A</sub>: All taxes and levies collectable in Nigeria are within the approved list

Table 4.1 Descriptive statistics on illegal tax and levies in Nigerian system

	N	Mean	Std Deviation	Std Error Mean
Whether the taxes and levies are known to law	120	2,96	873	080

Table 4:5 Z Test on the illegal and levies in the Nigeria tax system.

	Z	Df	Sig (2-tailed)	Mean Difference	95% confidence interval of the difference	
Whether the taxies and levies are known to law	37.101	119	000	2.958	2.80	3.12

Table 4.1 demonstrates descriptive statistics of mean (2.96), Standard division (.87) and Standard Error of mean (.08). From table 4.5, the Z test computed 37.10 is greater than the critical value 1.980 with 119 degree of freedom (df) at .05 level of significance for a 2 – tailed test ( $Z_c = 37.10, P < .05$ ).

#### Decision Rule

The decision rule is to accept the null hypothesis if the Z comuted value is less than the Z table value, otherwise reject the null hypothesis

Ho: The is no controversy in the Nigeria tax system

H<sub>A</sub>: There is controversy in the Nigeria tax system

	N	Mean	Std Deviation	Std Error Mean
The used of security personnel by tax agency to ensure compliance	120	4.09	917	.084

Table 4.7 Z-Test on the controversy in the Nigeria Tax System

	Z	Df	Sig (2-tailed)	Mean Difference	95% confidence interval of the difference	
The use of security personnel by tax agency to ensure compliance	48.897	119	.000	4.092	3.93	4.26

Source: SPSS Window output

Table 4.6 demonstrates descriptive statistics of mean (4.09), Standard division (.92) and Standard Error of Mean (.08). From table 4.7, the Z test computed 48.89 is greater than the critical value 1.980 with 119 degrees of freedom (df) at 05 level of significance for a 2 – tailed.

### 5.1 DISCUSSION OF FINDINGS

From table 4.5, the z test computed 37.10 is greater than the critical value 1.980 with 119 degree of freedom (df) at 05 level of significance for a z-tailed test ( $z_c = 37.10, p < 05$ ). The decision rate is to accept the null hypothesis if the computed value is less than the z table value, otherwise reject the null hypothesis.

Since the z computed 37.10 is greater than the z critical value 1.980, the null hypothesis is rejected. Thus, it is concluded that most taxes/olives are not within the approved list. From the Z-test in table 4.7 the z-test computed 48.89 is greater than the critical value 1.980 with 119 degree of freedom (df) at 05 level of significance for a 2-tailed. The decision rule is to accept the null hypothesis if the z critical value is less than the z table value, otherwise reject null hypothesis. Since the z computed 4.09 is greater than the Z critical value 1 980, the null hypothesis is rejected. Thus, it is concluded that there is controversy in the Nigerian tax system.

Sankay, Olufemi & Filibus (2013) corroborated the above assertion when they asserted that Nigerian tax system is dominated by complex tax laws which are the cause of the multiple tax practice. They argued that the citizen's perception of the deficient tax system is the cause of the controversy between tax payers and tax authorities. This has reduced taxpayers compliance level.

### **6.1 SUMMARY AND RECOMMENDATION**

The Study examines multiplicity of taxes in Nigeria and its controversy. The research found out that all tiers of government has gone beyond the approved list of collection in order to boost internally generated revenue for development. Also, the researcher concluded that there is controversy in the Nigerian tax system. Incidence of illegal taxes and levies outside the approved list of Decree 1998 has resulted in controversy between taxpayers and tax authorities.

### **6.2 RECOMMENDATION**

The following recommendation will suffice.

1. The approved list of taxes and levies should be reviewed to accommodate more items. This will assist in fostering development in all tiers of government. This will also reduce illegality and enhance legitimacy in tax administration.
2. The approved list of taxes and levies for collection should be made available to all taxpayers and potential investors.
3. The Revenue Allocation Formula should be reviewed. The present revenue allocation is lopsided. This is making state government and local government to seek for alternative means of funding, which has resulted in this monster (multiple taxation).
4. Also, the 1998 Decree containing the approved list of taxes and levies for collection should be reviewed equitably. This is in view of the fact that all the items in the concurrent and residual list put together are not up to one item in the exclusive list.
5. The state Board of Internal Revenue should use professionals in the assessment and collection of taxes and levies.
6. The 1998 Decree no 21 should be harmonized in tandem with the 1999 constitution.
7. All tiers of government should streamline the method of assessment and collection of taxes and levies.
8. The Joint Tax Board should embark on enlightenment campaign to educate taxpayers.
9. Specifically, all incidences of multiple taxation should be collated and investigated by special committee set up by the Joint Tax Board.

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#### QUESTIONNAIRE

1. Do you pay tax?
  - a. All the time
  - b. Not at all
  - c. Most times
  - d. Once
2. How many taxes do you pay in a year?
  - a. One two
  - b. Three
  - c. More than three
3. How many agencies do you pay tax to?
  - a. Two
  - b. Three
  - c. One
  - d. More than three.
4. Is the amount fixed?
  - a. Agree
  - b. Disagree
  - c. Indifferent
  - d. Strongly disagree
5. Do they consider size of shop?
  - a. Agree
  - b. Disagree
  - c. Strongly disagree
  - d. Indifferent

6. How would you rate the assessment?
  - a. Good
  - b. Fair
  - c. Bad
  - d. Very good
7. Is the charge arbitrary?
  - a. Agree
  - b. Disagree
  - c. Strongly disagree
  - d. Indifferent
8. Does tax agency use security personnel to ensure compliance?
  - a. Agree
  - b. Disagree
  - c. Strongly disagree
  - d. Indifferent
8. Do you have a means of identification?
  - a. Yes
  - b. No
9. Are those taxes known to law?
  - a. Agree
  - b. Disagree
  - c. Strongly disagree
  - d. Indifferent
10. Have you had misunderstanding with the revenue collection officials?
  - a. Not at all
  - b. Once
  - c. Always
  - d. Twice