



AN APPRAISAL OF LEGAL AND INSTITUTIONAL FRAMEWORK REGULATING TAX COLLECTION IN NIGERIA

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Abstract

*The paper examined the legal and institutional framework regulating tax collection in Nigeria. The provisions of the Constitution of the Federal Republic of Nigeria 1999 (as amended), dealing with taxes and related matters were considered. It discussed some of the relevant statutes relating to and regulating taxes and taxation, *inter alia*, the Federal Inland Revenue Service (Establishment) Act, the Personal Income Tax Act, the Companies Income Tax Act, Capital Gains Tax Act, Value Added Tax Act, Stamp Duties Act and the Taxes and Levi (approved List) Act. In the same vein, some institutional and administrative governmental agencies relevant and responsible for tax collection were considered. Amongst other relevant institutions are; the Federal Inland Revenue Service (FIRS), the Joint Tax Board (JTB), the Federal Board of Inland Revenue (FBIR), States Board of Internal Revenue (SBIR), Local Government Revenue Committees and Joint State Revenue Committees. The paper was concluded with a concise summary of identifiable issues militating against effective tax administration within the Nigerian polity.*

Keywords: *Legal and Institutional Framework, Tax Collection, Nigeria*

1.0 Introduction

Government in all nations, both the developed and developing countries like Nigeria has the responsibility of providing essential services and basic amenities for the citizens by promoting their welfare through formulating and implementing positive socio-economic programs aimed at advancing the citizens' standard of living in line with the provisions of chapter two of the Constitution of the Federal Republic of Nigeria 1999 (as amended). The foregoing represents the fundamental objectives and directive principles of state policy. Thus, it is the obligation of the Nigerian government to implement these policies. There is no way the government can carry out or attempt to carry out these responsibilities without sufficient revenue to finance these economic policies.

No doubt, one of the most pivotal method the government globally can conveniently generate revenue is from taxes and levies on income earners, properties and consumption. Government in every jurisdiction has the statutory powers to impose taxes on its qualified citizens as categorized under the various legal instruments. When taxes are statutorily imposed on the public, government has the assurance of its revenue no matter the circumstance, as violation and or non-compliance goes with legal



consequences. Tax imposition dates back to the pre-colonization era, but was visibly utilized for essential services like building of railways, roads and schools by the British Colonialist.¹

Government imposes taxes on the citizens in order to finance its policy, programmes and to further create a calm business environment for its citizens. Under normal circumstance, as practiced by countries like Britain and Canada, government is supposed to be run on taxes.² In the light of the foregoing, responsibilities are assigned to various stakeholders, which include but not limited to tax payers, tax authorities and the government, consultants inclusive.³ The legal frameworks regulating tax collection includes but not limited to the CFRN 1999,⁴ FIRS Establishment Act,⁵ Capital Gains Tax Act,⁶ Companies Income Tax Act,⁷ Personal Income Tax Act,⁸ Stamp Duties Act,⁹ Value Added Tax Act,¹⁰ Chartered Institute of Taxation of Nigeria Act,¹¹ Nigeria Export Processing Zones Act.¹²

We have different types of taxes which *inter alia* includes, income tax, which stems from revenue earned through a job or a personal venture. Payroll tax is the tax deducted from an employee's paycheck. We also have the capital gain tax and estate tax which is usually imposed after an individual dies and their property is transferred to a living person. The law charged every citizen to discharge their duties in this regard ... declare his income honestly to appropriate and lawful agencies and pay his tax promptly.¹³ The law also provides that; where under an Act of the National Assembly, Tax or duty is imposed in respect of any of the matters specified in item D of part II of the Second Schedule to this Constitution, the net proceeds of such tax or duty shall be distributed among states on the basis of derivation and accordingly.¹⁴ Where such tax or duty is collected by the government of the state, or other authority of the state, the net proceed shall be treated as part of the consolidated revenue fund of that state. Where such tax or duty is collected by the government of the federation or other authority of

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¹ AA Josephine. Problem of Personal Income Tax in Nigeria (Ababa Press Ltd., 2012)1.

² T Adesanya and B Orguntola, 'The legal and Institutional Framework for Taxation in Nigeria: Some Aspects of Law, Policy and Practice' (2018) II (VI) International Journal of Research and Innovation in Social Science (IJRISS) < <https://www.rsisinternational.org> >accessed 6 March 2023.

³ *ibid.*

⁴ Constitution of the Federal Republic of Nigeria 1999 (as amended)

⁵ Cap.F 36 of 2007.

⁶ Cap. C1 LFN. 2004.

⁷ CITA Cap.C21 LFN, 2011.

⁸ PITA Cap.P8 LFN, 2011.

⁹ STDA Cap.S8 LFN, 2004.

¹⁰ VATA Cap.V1 LFN, 2004.

¹¹ Cap.C10 LFN, 2004.

¹² Cap. N107 LFN, 2004.

¹³ CFRN s24(f).

¹⁴ CFRN s163.



the federation, there shall be paid to each state at such times as the National Assembly may prescribe a sum equal to the proportion of the net proceeds of such tax or duty that are derived from that State.¹⁵

This paper intends to interrogate and investigate the various legal framework put up by the legislature and other delegated legislations to regulate the administration of taxes. The relevant tax authorities and administrative machinery currently in force shall be highlighted. In the present-day Nigeria, the responsibility of tax administration lies with the Federal, State and Local Government. Each of these three tiers of government has its own tax laws and authority.¹⁶ Citizens are expected to pay their taxes as tax payment is considered a civic duty of any law-abiding citizen.

2.0 Legal Frameworks Regulating Tax Collection in Nigeria

2.1 Constitution of the Federal Republic of Nigeria 1999 (as amended)

The Constitution¹⁷ amongst other laws made by the National Assembly and States Houses of Assembly forms the legal regime on tax collection within the territory of Nigeria. It allowed the National Assembly to promulgate Acts that will enhance efficient and transparent tax administration. Section 163¹⁸ provides thus: where under an Act of the National Assembly, tax or duty is imposed in respect of any of the matters specified in item D of part II of the Second Schedule to this Constitution, the net proceeds of such tax or duty shall be distributed among the states on the basis of derivation and accordingly.¹⁹

It further reiterates that:

where such tax or duties collected by the government of a state or other authority of the state, the net proceeds shall be treated as part of the consolidated revenue fund of that state. Where such tax or duty is collected by the government of the Federation or other authority of the Federation, there shall be paid to each state at such time as the National Assembly may prescribe a sum equal to the proportion of the net proceeds of such tax or duty that are derived from that state.²⁰

Similarly, section 24²¹ reiterates that every Nigerian citizen has the duty to declare their income honestly to appropriate and lawful agencies and pay tax promptly.²² The foregoing presupposes that tax payment and collection is a constitutional obligation of the citizens and thereby a civic responsibility of all taxable adults. It is trite to observe that the effect of the provisions above is that there are taxes due and can be collected by the states and some are to be collected by the government of the federation, others

¹⁵CFRN, s163(a) and (b).

¹⁶ Adesanya and Oguntola (n 2).

¹⁷CFRN 1999.

¹⁸CFRN 1999.

¹⁹CFRN, s163

²⁰ ibid s163 (a) and (b).

²¹CFRN 1999.

²² Ibid.



are paid into the consolidated revenue fund of that state. Suffices to assert that each state has its share from the proceeds of the taxes collected by the government of the federation.

2.2 Capital Gains Tax Act, Cap. C1 LFN 2004

The Act²³ regulates the administration of capital gains tax. Capital gains tax is charged at a flat rate of 10% of chargeable gains.²⁴

Capital gains tax shall be chargeable at the rate mentioned in subsection (1) of this section on the total amount of chargeable gains accruing to any person in a year of assessment after making such deductions as may be allowed under this Act in the computation of such gains. Capital gains tax to be accessed on any person under this Act shall be computed and charged in accordance with the provisions of this Act.²⁵

Chargeable assets- This includes all forms of property whether or not situated in Nigeria. Any currency other than Nigerian Currency shall be chargeable and any form of property created by the person disposing it of or being owned without necessarily being acquired shall qualify as chargeable asset.²⁶ It suffices to hold the view that chargeable assets encompasses all forms of property owned and/or placed for sale, whether acquired by financial consideration or inherited, including currencies for exchange qualifies as chargeable assets for the purposes of capital gains tax.

Note that where any asset is disposed by an individual who is currently in Nigeria, whether temporarily or permanently, it does not matter if the asset is in Nigeria or the disposal is by any trustee or settlement and seat of administration of the trust or settlement is outside Nigeria, where the disposal was done by a non-Nigerian company, the amounts of money received and brought into Nigeria shall be charged capital gain tax.²⁷

It is important to observe that losses which accrues to a person on the disposal of any asset shall not be part of the deduction from gains accruing during computation of capital gains.²⁸ During computation of capital gains tax, amount of consideration of the asset and expenditures shall be excluded from the amount of chargeable gains.²⁹ When land is compulsorily acquired by the authority designated to do so under the Land Use Act, in the absence of any earlier expression of intention to sell or dispose of the property by that person. Capital gains tax shall be charged on the proceed of such compulsory acquisition of land.³⁰

²³ CGTA Cap.C1 LFN, 2004.

²⁴ Ibid s 2(1).

²⁵ Ibid s 2(2) & (3).

²⁶ Ibid s 3.

²⁷ CGTA (n 23) s4.

²⁸ CGTA (n 23) s 5.

²⁹ ibid, s 11.

³⁰ ibid, s 9.



2.3 Companies Income Tax Act Cap.C21 LFN, 2011

Companies Income Tax Act governs the administration of corporate tax also known as corporation or company tax. Company tax is a type of direct tax levied on the income or capital of corporations and other similar legal entities. It is usually imposed in Nigeria at the national level, that is, the federal government has the jurisdiction to impose and collect company income tax. The rate for the tax is 30 percent of the total profit of a company.

Taxes are imposed on any profit of any company accruing in, derived from, brought into, or received in Nigeria in respect of (a) any trade or business for whatever period of time such trade or business may have been carried on; (b) rent or any premium arising from a right granted to any other person for the use or occupation of any property....³¹

Dividends, interests, royalties, discounts, charges or amenities, any source of annual profits or gains not falling within the proceeding categories....³² The implication of the foregoing is that taxes are charged by the government of federation on the profits made by any company, whether accruing, derived from, brought into, or received in Nigeria in respect of any business or trade. It could be rent or premium arising from a right granted to a person for the use of property, where payment of rent is made. Dividends, interest, royalties also inclusive. The combined effect is that any amount deemed to be income or profit is chargeable, including fees, dues and allowances for whatever services rendered.

It must be observed that companies are identified by their incorporation number; which is expected to be displayed in all business transactions with other companies and individuals.³³ Interest on any loan granted by a bank in relation to agricultural trade or business, or the fabrication of any local plant and machinery, or providing work capital for any cottage industry established by the company shall be exempted from tax, provided the moratorium is not less than eighteen months and the rate of interest on the loan is not more than³⁴ Companies in the business of sea and air transportation are not exempted from tax, provided they operate in Nigeria or their businesses are based in Nigeria.³⁵ Insurance companies,³⁶ companies other than Nigerian company carrying out the business of transmission of messages by cable or by any form of wireless apparatus³⁷... are not exempted from CIT.

2.4 Federal Inland Revenue Service (Establishment) Act, 2007

The Act is a legal foundation on which the federal inland revenue service stands. The Act is the operational base of the services as the case may be. It is provided that there is established a body to be known as the Federal Inland Revenue Service (in this Act referred to as “The Service”). The service

³¹ CITA 2011, s 9(1)(a) and (b).

³² Ibid s9(1) (c) and (d).

³³CITA 2011, s 10.

³⁴ibid s 11.

³⁵Ibid s 14.

³⁶Ibid s 16.

³⁷CITA 2011, s 15.



shall be a body corporate with perpetual succession and a common seal; may sue or be sued in its corporate name; and may acquire, hold or dispose of any property, moveable or immovable for the purpose of carrying out any of its functions under this Act.³⁸ The service shall have such powers and duties as are conferred on this Act or by any other enactment or law on such matters on which the National Assembly has power to make law.³⁹

It is noteworthy to reiterate that; the object of the service shall be to control and administer the different taxes and laws specified in the first schedule or other laws made or to be made from time to time by the National Assembly or other regulations made thereunder by the government of the federation and to account for all taxes collected.⁴⁰ The laws, taxes, specified in the first schedule *inter alia* includes; Companies Income Tax Act,⁴¹ Petroleum Profits Tax Act,⁴² Personal Income Tax Act,⁴³ Capital Gains Tax Act,⁴⁴ Value Added Tax Act,⁴⁵ Stamp Duty Act,⁴⁶ and Taxes and levies (Approved list for collection) Act.⁴⁷ Similarly, the Act established for the service a board known as the Federal Inland Revenue Service Board, which shall have overall supervisory function.⁴⁸

The implication is that this Act has established the federal inland revenue service and it is a board which has the overall supervisory function on the admiration of the service. The taxes to be administered by the service amongst others includes those expressly provided for in the first schedule of this Act. Furthermore, the service shall have power to administer all the enactments listed in the first schedule to this Act and any other enactment or laws on taxation in respect of which the National Assembly may confer power on the service.⁴⁹ The service may by an instrument published in the Federal Gazette, and with the approval of the Minister for finance appoint any government agency to collect revenue pursuant to the power of the service.⁵⁰ The foregoing emphasizes the fact that the service has power to administer taxes in line with the provisions of the instruments contained in the first schedule of this Act or any other instrument that National Assembly will enact. It can also with the approval of the Minister for finance appoint an agency of the Federal government to collect revenue on its behalf.

2.5 Personal Income Tax Act, Cap. P8 LFN 2004

This Act is responsible for the administration of personal income taxes. The Act provided thus; There is hereby imposed a tax on the income of individuals, communities and families, and arising or due to a trustee or estate which shall be determined under and be subject to the provision of this Act.⁵¹ Under this Act, tax is to be collected from every individual other than person covered under paragraph (b) of

³⁸FIRS ACT 2007 s1(1).

³⁹Ibid s 1(2).

⁴⁰FIRS 2007, s 1(3).

⁴¹CITA 2011.

⁴²Cap.P13 LFN, 2004.

⁴³PITA Cap.P8 LFN, 2011.

⁴⁴Cap.C1 LFN, 2004.

⁴⁵Cap.V1 LFN, 2004.

⁴⁶SDA Cap.S8 LFN, 2004.

⁴⁷Cap.T2 LFN, 2004.

⁴⁸ FIRS 2007 s 3(1),

⁴⁹ibid, s 25(1).

⁵⁰Ibid, s 25(2).

⁵¹PITA 2011, s 1.



this subsection or corporation sole or body of individuals deemed to be resident for that year in the relevant state under the provision of this Act.⁵² Persons employed in the Nigerian Army, Navy, Air force or the Nigerian Police Force, except in a Civilian capacity, are exempted from personal income tax. Officers of the Nigerian Foreign Service, residents of FCT, Abuja and a person resident outside Nigeria who derives income or profit from Nigeria are all exempted from being taxed.⁵³

The income chargeable shall include gain or profit from any trade, business, profession or vocation, for whatever period of time such trade, business, profession or vocation may have been carried on or exercised.⁵⁴ Salaries, wage, fee, allowance or other gain or profit from employment including compensations, bonuses, premiums, benefits or other perquisites allowed, given or granted by any person to any temporary or permanent employee are chargeable.⁵⁵ It must be emphasized that the expenses made by the tax payer in the performance of the duties, which earned him profit or gain is not taxable. In a nutshell, personal income tax is to be paid for only income which represents gains or profits and not meal subsidy or allowance, utility allowance, leave grant, entertainment allowance and/or refund of medical or dental expenses incurred by the employee.

It is trite to emphasize that personal income tax is a direct tax charged on the income of a person. In the context of personal income tax, a ‘person’ means an individual, a sole proprietor (non-juristic person), communities and families. The relevant state internal revenue is empowered by law to collect taxes on income of individuals under this Act.⁵⁶ There are two ways of paying personal income tax, they are by PAYE- pay as you earn for persons in paid employment and by self assessment for self-employed persons.

2.6 Value Added Tax Act Cap.VI LFN, 2004

The Act provides for the imposition and charge of tax referred to as value added tax, which is to be administered in line with the provisions of this Act. The Act referred to value added tax as ‘the Tax’;⁵⁷ The tax is to be charged and payable on the supply of all goods and services, other than those goods and services, listed in the first schedule to this Act.⁵⁸ The Act exempts the following products from subscribing to value added tax; goods like medical and pharmaceutical products, basic food items, books and educational materials, baby products, fertilizer, locally produced agricultural and veterinary medicine, farming machinery and farming transportation equipment.⁵⁹ Others includes, services such as; medical services, services rendered by community banks, people’s bank and mortgage institutions, plays and performance conducted by educational institutions as part of learning and all exported services.⁶⁰ The rate to be charged on taxable goods shall be computed at 5 percent on the value of all goods and service as determined under section 5 and 6 of this Act, except those goods and services

⁵² ibid s 2(1)(a).

⁵³Ibid s 2(1)(b).

⁵⁴Ibid s 3(1)(a).

⁵⁵Ibid s 3(1)(b).

⁵⁶Ibid s 2(1A).

⁵⁷VATA Cap.V1 LFN, 2004, s 1.

⁵⁸ibid s 2.

⁵⁹Ibid, First Schedule Part I.

⁶⁰Ibid, Part II



listed under part III of the First Schedule to this Act shall be zero rate.⁶¹ It is observed that the tax under this Act shall be administered by the Federal Board of Inland Revenue (Referred under this Act as “The Board”). The Board may do such things as it may deem necessary and expedient for the assessment and collection of the tax and shall account for all amount so collected.⁶²

It is important to emphasize that taxes collectable from taxable goods are collected by the Federal Board of Inland Revenue. The board accounts for all the amount collected appropriately. A taxable person shall on supplying taxable goods or services to his accredited distributor, agent, client or consumer, as the case may be, collect the tax on those goods or services at the rate specified in section 2 of this Act.⁶³ Such taxes are known as output tax.⁶⁴ There is a statutory obligation on a taxable person to before the 21st day of the month render returns to the Board all taxable goods and services purchased or supplied in such manner as the Board may from time to time determine.⁶⁵

2.7 Stamp Duties Act Cap. S8 LFN 2004

The Stamp Duties Act regulates the proper authentication and documentation of all legal instruments contained in the schedule of the Act and made chargeable under the provision of this Act. From and after the commencement of this Act, the duties to be charged upon the several instruments specified in the schedule to this Act shall be the general duties set out in the said schedule, which duties shall be in substitution for the duties heretofore chargeable under the enactments repealed by this Act⁶⁶ It is observed that the duties charged under this Act is accounted for as prescribed by the Minister in consultation with the Governors of states. The functions of this Act affect both the federal and state governments. Thus, the president and governor can decide to appoint an individual to act for the state and federal government.⁶⁷

The Federal Government shall be the only competent authority to impose, change and collect duties upon instruments specified in the schedule to this Act if such instrument relates to matters between juristic persons and individuals or group or body of individuals.⁶⁸ The state government collects duties on instruments executed between persons or individuals at such rate to be imposed and charged as may be agreed with the Federal Government.⁶⁹ The forgoing presupposes that the Federal Government is responsible for collection of stamp duties for corporate organizations, like banks, production companies, property companies and other financial institutions. In the same vein, the states government are responsible as of right to charge and collect duties from individuals on every chargeable instrument, but on the amount, it agreed with the federal government.

⁶¹ibid s 4.

⁶²ibid s 7(1) (2).

⁶³ VATA 2004.

⁶⁴ ibid s 14(2).

⁶⁵ ibid s 14(1).

⁶⁶SDA 2004, s 3(1).

⁶⁷ ibid, s 3(2) and (3).

⁶⁸ ibid s 4(1).

⁶⁹ Ibid, s 4(2).



It is important to observe that commissioners of stamp duties are appointed from the relevant civil services commission by the President or Governor of a state.⁷⁰

Where the duty with which an instrument is chargeable depends in any manner upon the duty paid upon another instrument, the payment of such last-mentioned duty shall, upon the application to a commissioner, payment of a fee of 26 kobo and production of both the instruments, be denoted upon such first-mentioned instrument by a certificate under the hand of the commissioner.⁷¹

Stamp duties must be paid on dutiable instrument listed in the schedule of the Act within 40 days from the first execution thereof. Failure to stamp the instrument within the prescribed period attracts a penalty in addition to the unpaid duty.⁷² Where the instrument to be stamped is chargeable with *ad valorem* duty, the said instrument, unless it is written upon duly stamped material, shall be duly stamped with the proper *ad valorem* duty before the expiration of thirty days after it is first executed, or after it has been first received in Nigeria if it was executed outside Nigeria.⁷³ However, where an instrument has been submitted to a commissioner for his opinion before the period within which it may be stamped has expired, the instrument may be stamped in accordance with the assessment of the commissioner within 21 days after notice of the assessment.⁷⁴

2.8 Taxes and Levies (Approved list for Collection) Act, Cap.T2 LFN 2004

This Act allows the federal, state and local governments to be responsible in collecting the taxes and levies listed under the schedule of this Act.⁷⁵ The Minister of Finance may on the advice of the Joint Tax Board and by Order published in the Gazette, amend the schedule of this Act.⁷⁶ The taxes referred to above *inter alia*, includes, companies income tax, withholding tax on companies, residents of the federal capital territory, Abuja and non-resident individuals, petroleum profit tax, value added tax, education tax, capital gains tax on residents of the federal capital territory, Abuja, Bodies corporate and non-residential individual are to be collected by the federal government.⁷⁷

Similarly, the state governments are to collect among others; personal income tax in respect to pay-as-you-earn (PAYE) and direct taxation (Self-assessment), withholding tax (individuals only), capital gains tax (individuals only), stamp duties on instruments executed by individuals, pools betting and lotteries, gaming and casino taxes, road taxes, business premises registration fee of urban areas as defined by each state....⁷⁸ The local government in the same manner shall be responsible for the collection of taxes and levies on;

⁷⁰ SDA 2004, s 6.

⁷¹ ibid s 15.

⁷² SDA 2004, s 23(1).

⁷³ ibid. s 23(3) (a).

⁷⁴ Ibid, s 23(6).

⁷⁵ TLA Cap. T2 LFN, 2004 s 1(1).

⁷⁶ ibid, s 1(2).

⁷⁷ First Schedule Part I

⁷⁸ TLA 2004, Part II.



shops and kiosks rates, tenements rates, on and off liquor license fees, slaughter slabs fees, marriage, birth and death registration fees, naming of street registration fees excluding any street in the state capital, right of occupancy fees on lands in rural areas, excluding those collectables by the federal and state government, market taxes and levies excluding any market where state finance is involved, motor park levies.⁷⁹

Finally, no other person shall assess or collect these taxes and levies listed in the schedule on behalf of the government other than the appropriate tax authority.⁸⁰ No person, including a tax authority shall mount a road block in any part of the federation for the purpose of collecting any tax or levy.⁸¹

3.0 Institutional and Administrative Authorities Relevant to Tax in Nigeria

The following institutions are charged with the responsibility of tax administration and related matters.

- (a) Federal Inland Revenue Service: The body is established with powers and duty to control and administer the different taxes and laws as specified in the schedule or other laws made or to be made by the National Assembly.⁸² The service collects and supervises the collection of federal taxes.
- (b) The Federal Board of Inland Revenue (FBIR); has power to legislate on taxation of incomes, transactions, capital gains and stamp duty. It also has power to collect taxes on incomes transactions capital gains and stamp duty of companies and individuals within its jurisdiction and as the Constitution and other enabling law provides.⁸³
- (c) The State Board of Internal Revenue (SBIR); the SBIR has the power to collect taxes on incomes or profits, capital gains and stamp duties from individuals, resident within the state as provided in the Constitution and other laws in that respect. Power to make policy on the collection of taxes, fees, levies and charges collectible by local governments.⁸⁴
- (d) The Local Government Revenue Committee: This committee is authorized to collect taxes, fees, charges and levies as provided under the Constitution and other enabling laws relating thereto.⁸⁵
- (e) Joint State Revenue Committee: This committee is saddled with the responsibility to implement the decisions of JTB, advise the JTB, the state and local government on revenue matters. It also has the duty to harmonize tax administration in the state and also to enlighten the public on the local and state government revenue matters whilst also carrying out functions as may be assigned by the JTB.⁸⁶

⁷⁹ TLA 2004, Part III,

⁸⁰ ibid, s 2(1).

⁸¹ Ibid, s 2(2).

⁸² FIRS Act 2007 s 1(1) and (3).

⁸³ TLA 2004, s 4(a).

⁸⁴ ibid, s 4(a).

⁸⁵ TLA (n 75).

⁸⁶ PITA (n 43) s 84(2) (a), TLA (n 75) s 4.

(f) The Joint Tax Board (JTB); is an establishment of the law chaired by the chairman Federal Board Inland Revenue and one member from each state of the federation.⁸⁷ The JTB shall appoint a secretary from the public service who shall be responsible in maintaining records. The board among other things, advices the Federal Government on request, in respect of double taxation arrangement, rates, uniformity and procedure for tax administration.⁸⁸

4.0 Conclusion

Tax is a compulsory financial obligation imposed on the citizens by the government in order to generate revenue to finance it's developmental programs. The citizens owe the duty to comply with this imposition to enable the government have the resources to meet their social needs. In Nigeria, several laws regulate tax collection and administration for the remittance of the various taxes to the three tiers of government, that is the federal, state and local government respectively. The paper examined these laws and administrative institutions or agencies charged with the responsibility of defining the various taxes, determining who a taxable person is and the legitimate tax collecting authorities or agencies.

Similarly, the paper identified some tax administrative institutions or agencies which includes, the Federal Inland Revenue Service, the Joint Tax Board, the Federal Board of Inland Revenue, States Board of Internal Revenue and the Local Government Revenue Committees. It was observed that there exist challenges of lack of a national database and sundry issues of technicalities in understanding the functions and limitations of the various agencies and institutions; these in no little means affects enforcements, notwithstanding that the various functions are spelt out in the provisions of the statutes relating thereto.

It is further observed that, there is the likelihood of usurpation of power and the cases of under assessment, double taxation, tax evasion, tax avoidance or the challenge of identification of taxable persons, which usually occasion hardship under the current legal regime. The possibility of refusal or failure to remit accruable tax amount duly collected cannot be ruled out under the current legal regime. It is however believed that this paper will serve as a strong introductory guide and research material to researchers, stakeholders, academics, students tax practitioners and the general public on the historical, legal and institutional framework regulating tax and its related matters in Nigeria.

⁸⁷ PITA 2011, s 86(4).

⁸⁸ ibid, s 86(9).