

# Effect of Insurgency on Personal Income Tax Payments and Remittances in Maiduguri Metropolis, Borno State, Nigeria

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## Abstract

This study examines the effect of insurgency on Personal Income Tax payments and remittances in Maiduguri Metropolis, Borno State, Nigeria. Survey research design was employed. Data were collected through administration of structured questionnaire to a sample of 171 respondents drawn from staff of the Borno State Board of Internal Revenue, Major self-employed taxpayers and Major tax remitting organisations. A hypothesis was tested using ANOVA. It was found that tax remittance process were not significantly affected by the effects of insurgency. The paper recommended that State government should encourage full disclosure of assessable income to ease assessment and prompt settlement of tax liability among self-employed taxpayers; as well as encourage outstanding performance among Revenue staff by additional rewards to deserving staff and penalising the corrupt ones

**Keywords:** Insurgency, Personal Income Tax payments, Remittances, Borno State Board of Internal Revenue

## Introduction

Citizens of every nation are expected to discharge their civic responsibility by paying their taxes which facilitate the development and administration of the society at large. Taxation is the process or machinery by which communities or groups of persons are made to contribute resources in some agreed quantum and method for the administration and development of the society (Ogundele, 1999). It can be inferred that the payment of tax will in turn be beneficial to the entire citizenry and that taxation is a compulsory exaction of money by a public authority for public purposes. Thus, it is possible for tax payers not to receive any identifiable return for their contribution except the benefit of living in a relatively educated, healthy and safe society.

Tax administration with a skilled and responsible staff operating in peaceful environment is an important precondition for the realisation of the tax potential of the state. Jenkins (1992), emphasises that the tax system can never work better than its tax administration, however, the best tax administration would not turn a bad tax system into a well-operated one. He also warns that many ambitious tax reforms failed because of the inefficient tax administration. Without the permanent reorganisation of tax administration and constant improvements in methods of its management, it is impossible to expect that tax reforms could be successfully realised. Hence, in tax reforms, a close association is assumed between successful tax policy and efficient tax administration. The study seeks to examine how challenges of insurgency may affect the above assumption.

Insurgency has posed challenges on the fiscal policy and revenue needs of Borno State in terms of the demand for resuscitation and rehabilitation of human and physical economic resources. The State has lost existing and potential taxpayers to the insurgency through premature death, abduction and relocation to safer regions of Nigeria. Many were displaced into an unproductive and redundant environment such as the Internally Displaced Persons (IDPs) Camps. Hence, there are tax administration problems which include assessment of tax liabilities under fearful condition, fear of the unknown while on field and unnecessary closure of offices during working hours and possible relocations of business premises.

The unsatisfactory and problematic nature of Personal Income Tax in Nigeria led to changes in its legislation (Akhidime & Abusonwan, 2013) influencing series of amendments to the Personal Income Tax Act which is a unified law governing personal income tax administration in Nigeria and requiring uniform implementation. However, authorisation and enforcement of the Personal Income Tax policies is function of efficient and effective tax administration environment. This study therefore, assesses the effect of insurgency on Personal Income Tax remittances in Maiduguri Metropolis, Borno State, Nigeria. To achieve this objective, the study

developed and tested the hypothesis “insurgency has no significant effect on remittances of Personal Income Tax to the Revenue Board”.

## Literature Review

### Taxation as Source of Income to Government

Government requires fund to execute its programmes and taxation is one of the sources available. Akanle, (1991), defines tax as a compulsory levy imposed on a subject or upon his property by the government having authority over him. These definitions indicate that taxation is compulsory contribution for the taxable citizenry. Akhidime and Abusonwan (2013), describes tax as a rateable portion of the produce and labour of the individual citizens, taken by the nation, in the exercise of its sovereign rights; for the support of government, for the administration of the laws, and as the means for continuing in the operation of various legitimate functions of the state. Inferring from the above authors, is that taxation is certain and specified percentage of individuals' incomes to be compulsorily contributed to the government toward provision of basic and social amenities.

There are several classifications of taxation but the study will consider the direct and indirect classification. Direct taxes, in the general sense, is one levied directly on the income and property of individuals and companies. They are paid directly to the government by the persons on whom it is imposed often accompanied by a tax return filed by the taxpayer (Siwisa, 2005). The idea is, the burden of direct tax is not usually shifted to another party. Siwisa (2005), further says, that some of the advantages advanced for direct taxation include progressiveness, equitability and more economical to collect. Since direct taxes are based on the taxpayers' ability to earn, the taxpayers are expected to pay taxes when they actually earn an income. On the other hand, the major disadvantage of direct tax, particularly progressive tax, is the attraction it has for tax evasion and avoidance by those that consider the system as unfavourable to them because of the proportional relationship between income and taxes paid. Direct taxes also discourages taxpayers from motivation to earn more. Indirect taxes, are taxes collected by an intermediary (such as a retail store) from the person who bears the ultimate financial burden of the tax (such as the consumer). Indirect Taxes operate on the principle of Pay As You Acquire (PAYA), as the tax is inbuilt into the purchase price of goods (Osemeke, 2010). The benefits of indirect tax include its ease of payment, and difficulty it has against evasion, while its weakest point, from the administrative perspective, is its uneconomical collection challenges.

Policy makers and revenue authorities in developing economies face quite different challenges and constraints that require careful consideration in designing appropriate and effective tax system. The tax system in a developing economy must foster sustainable economic growth, ensuring that the necessary revenue collections are made to provide for political stability, investment in infrastructure and improved standard of living. Developing economies typically have both limited administrative resources and expertise. despite the compounding insurgency. Tax administration is generally weak, with widespread evasion, corruption and coercion. Furthermore, taxpayers tend to have low levels of literacy, low tax morale and negative attitudes towards government as it fails to provide security to life and property.

Historically, developing countries have had significant compliance problems due to lack of awareness among taxpayers of the need to comply with tax laws, high compliance costs, arbitrariness of assessment and corruption, making tax-payers unwilling to comply voluntarily, and poor enforcement due to external challenges like security threat. Administration of income tax in Nigeria as in some other developing countries is characterized by low compliance level and despite Nigeria's human and natural endowment as well as economic potentiality, the country has continued to record one of the lowest tax compliance level in Africa (CITN, 2010). In addition to these challenges, tax administration is coupled with challenges of insurgency in Borno state.

### Personal Income Tax System in Nigeria

Personal Income Tax is considered the oldest form of tax in Nigeria. It was first introduced as a community tax in the Northern Region of Nigeria in 1904, before the unification of the country in 1914, and was later implemented through the Native Revenue Ordinances to the Western and Eastern Regions in 1917 and 1928, respectively, among other amendments in the 1930s and was later incorporated into Direct Taxation Ordinance No.4 of 1940. The need to tax personal incomes throughout the country prompted the Income Tax Management Act (ITMA) of 1961 (Akanle, 1991).

Personal Income Tax for the salary earners is based on pay-as-you earn (PAYE) system and several amendments were made to the Tax Acts to arrive at ITMA 1961. The Raisman Commission of 1957 recommendations were incorporated into 1960 constitution and later to the ITMA 1961 (Akhidime & Abusonwan, 2013). The recommendations provided that the Federal Government had exclusive powers to levy tax on the income of all limited liability companies while the Federal and State governments enjoyed concurrent powers over personal income tax. Prior to 1961 each region had its own tax law on personal income tax. However, with the enactment of the Income Tax Management Act (ITMA) 1961, each region amended its laws to conform to the Act. The need to tax personal incomes throughout the country prompted the Income Tax Management Act (ITMA) of 1961 in Nigeria (Oserogho, 2012). The succeeding legislation is the Personal Income Tax Act (PITA) 1993, which repealed the Income Tax Management Act (ITMA) 1961 and the Income Tax (Armed Forces and Other Persons) (Special Provisions) Act 1972. The current legislation is PITA 2011 which replaces PITA 1993 (Akhidime & Abusonwan, 2013).

Personal Income Tax in Nigeria was initially unsatisfactory, disappointing and problematic compared to other Nigeria tax systems particularly among government ministries and agencies due non adherence by some sectors of government to the approved list as provided in the Taxes and Levies Act 21 of 1998. Voluntary compliance is lacking among individuals engaged in trade and business. This wilful default manifests in tax avoidance, evasion and delayed payments, making of false claims in respect of children, wife, dependent relatives, life assurance premium and the false declaration of income receipts from trade, business, profession, vocation or employments (Oserogho, 2012; Salami, 2011; & Osemeke, 2010). Incidences of tax avoidance and evasion have been traced to professionals accounting firms, law firms, and insurance companies under the guise of tax planning (Adinkrah, 1984 & Osemeke, 2010) which was the justification for the amendments since the introduction of the Personal Income Tax in the country.

### **Remittance Process of Personal Income Tax Administration**

The Personal Income Tax (Amendment) Act as fixed by the Joint Tax Board became operational on April 1, 2011. The principal challenges of the old Act include the enhancement of a more equitable tax system, the redistribution of income, and the introduction of a simplified process that encourages voluntary tax compliance and increases tax revenue to the Government (FRN No. 20, 2011).

Concerns in respect remittance process includes failure to deduct Personal Income Tax. Persons, employers or corporations are obligated to deduct tax under the 2011 Personal Income Tax Act. However, more often than not, having deducted tax, they fail to remit the tax deducted to the relevant revenue authorities within the stipulated number of days. Such defaulters are obligated to pay a penalty of 10% of the Personal Income Tax not deducted or remitted, in addition to paying the tax withheld or not remitted. They are also to pay interest at the prevailing monetary policy rate, (MPR) of the Central Bank of Nigeria on the latter two items as against the commercial rates of the previous legislation.

### **Insurgency effect on tax administration process**

Kayaga (2007), examined the pros and cons of changes made to the tax system in Uganda and assesses the extent to which the changes can solve the deficit dilemma. The study demonstrates that Uganda's approach to tax policy did not take into consideration prevailing domestic social phenomena of the ongoing civil war in Northern Uganda, barriers to effective tax administration, and other issues, all of which were rapidly eroding the tax base. Inferring from these studies, insurgency have effects on tax administration process. Asur and Nkereuwem (2013), concluded by identifying; Boko Haram insurgency, multiple taxation, taxpayers' ignorance, lack of political will, low level of education of the tax officials and negative perception by the taxpayers as problems of tax compliance in Borno State.

### **Methodology**

This study employed survey research in generating data from primary source. The study population was categorised into three: staff of the Borno State Board of Internal Revenue; self-employed taxpayers paying one hundred (₦100,000) and above annually; and major tax remitting organisations remitting five hundred thousand naira (₦500,000) and above as monthly Personal Income Tax liability of their staff to Borno State Board of Internal revenue. From the information obtained from the Borno State Board of Internal Revenue, there are one hundred and ten (110) staff of the Revenue Board in Maiduguri metropolis; two hundred (200) registered major

self-employed taxpayers; and thirty-two (32) registered major taxpaying organisations. This gives a total population of three hundred and forty two (342) respondents.

The study adopted a multi-staged sampling. The population was divided into strata of staff, self-employed taxpayers and organisations. The Maiduguri area office staff, major self-employed taxpayers and major remitting organisations were purposively selected. Fifty (50%) of the population was selected using Yamane (1967) formula as follows:

Questionnaires will be administered using simple random sampling to 50% of each strata as shown in Table 1.

**Table 1: Sampling Frame**

Units	Population	respondents
Revenue staff	110	55
Self-employed taxpayers	200	100
Remitting Organisations	32	16
Total	342	171

Source; Field work (2015)

The data were collected through structured questionnaire designed in a closed ended form and options were provided for responses. To ensure validity and reliability of the instrument used, the questionnaire was assessed by four tax administration experts in Maiduguri for useful criticism and suggestions. The research instrument was also exposed to ten staff of the Board with at least ten years' experience in tax administration. The secondary data were from the records of summary of monthly actual collections of personal income tax and actual PAYE tax remittance to the State Board of Internal Revenue aggregated for the period under consideration. The staff, self-employed taxpayers and tax remitting organisations were randomly reached on the basis of location: Maiduguri revenue area Unit; Bolori revenue area Unit; Custom revenue area Unit; and the Bulumkutu revenue area office. Data obtained were empirically tested using Analysis of Variances (ANOVA) via SPSS version 16.0.

### Analysis and Results

The response rate of the questionnaire administered is presented in the response rate Table 2.

**Table 2: Response Rate of Questionnaire Issued**

Groups	Respondents								
	Issued	% bwn	% wtn	Correctly returned	% bwn	% wtn	Not Returned/ Excluded	% bwn	% wtn
<b>T25</b>	54	32%	100%	53	33%	98%	1	10%	2%
<b>MaU</b>	30	17%	100%	28	17%	93%	2	20%	7%
<b>BoU</b>	29	17%	100%	27	17%	93%	2	20%	7%
<b>CuU</b>	31	18%	100%	30	19%	97%	1	10%	3%
<b>BuU</b>	27	16%	100%	23	14%	85%	4	40%	15%
<b>Total</b>	<b>171</b>	<b>100%</b>		<b>161</b>	<b>100%</b>	<b>94.2%</b>	<b>10</b>	<b>100%</b>	<b>5.8 %</b>

Source, Field Survey, (2015)

Where **T25** stands for special unit for large PIT Unit,

**MaU** stands for Maiduguri revenue area Unit,

**BoU** stands for Bolori revenue area Unit,

**CuU** stands for Custom revenue area Unit,

**BuU** stands for Bulumkutu revenue area office,

**bwn %** stands for % between i.e. % between the various groups of responses and

**wtn %** stands for % within i.e. % between valid and invalid responses among various respondent

The research succeeded in obtaining 94.2% responses, valid and useful for the analysis, while 5.8% were wrongly filled. The invalid instruments were declared invalid for the analysis the number was considered insignificant to affect outcome of the analysis.

Table 3 was used to generate data for analysing the effect of insurgency on the remittances and for the test of the hypothesis. The Table contains average responses for three questions 9 to 11 of the questionnaire that is collapsed to be one, while the various levels of responses are considered as opinion expressed by various respondents with respect to the process indicators of PIT remittance to enable descriptive analyses of variations in opinion expressed by respondents within each group and variation of responses from respondents of various groups.

**Table 3: Effect of insurgency on the extent of personal income tax remittances by organisation.**

Groups	Opinions									Total	%
	1			2			3				
	NoR	%btn	%wtn	NoR	%btn	%wtn	NoR	%btn	%wtn		
T25	24	49%	45%	22	30%	42%	7	18%	13%	53	100
MaU	3	6%	11%	12	16%	43%	13	34%	46%	28	100
BoU	7	14%	26%	14	19%	52%	6	16%	22%	27	100
CuU	8	16%	27%	14	19%	47%	8	21%	27%	30	100
BuU	7	14%	30%	12	16%	52%	4	11%	17%	23	100
Total	49	100%	30%	74	100%	46%	38	100%	24%	161	100%

Source: Field Survey (2015)

Twenty four (24) respondents of T25, representing 45% said that there is low effect of insurgency on the collection and remittance process of PIT; 22 (42%) said there is moderate effect and 7 (13%) said the effect is high. The mean within the group option is 17.67 (33.33%), those opted for low and moderate effect are above mean each while high option was far below the average. To confirm the variation of those who opted for high effect of insurgency, standard deviation checked shows 7.5448 while the variance shows 56.9245. Furthermore, analysis based on percentage shows 45% opted for low effect of insurgency on PIT collection remittance process, 42% opted for moderate effect and 13% opted for high effect of insurgency on PIT collection process. The implication from this outcome were: 45% among T25 PIT remittance are effectively conducted; only 13% of among T25 PIT remittance were difficult to be conducted; and 42% among T25 PIT observed remittances during insurgency. Therefore, the descriptive analysis suggest that there is minor or no effect of insurgency on the remittance process of PIT among T25 taxpayers.

The respondents of MaU area are of the following opinion 3 (11%) say the effect of insurgency PIT remittance process is minimal, 12 (43%) said there is moderate effect of insurgency on the remittance process of PIT and 13 (46%) said there is high effect The mean within the group option were 9.33 (33.33%), those opted for low effect are below the mean, where as those who opted for moderate high effect were above mean of the responses. To confirm the variation of the option gone for minimal effects of insurgency on PIT remittance process, standard deviation checked shows 4.475986 while the variance shows 20.03445. Furthermore, analysis based on percentage shows 11% opted for low effect of insurgency on PIT remittance process, 43% opted for moderate effect while 46% opted for high effect of insurgency on PIT remittance process. The inference from this outcome were: only 11% PIT remittance around MaU area were effective; 43% PIT remittance around MaU area were challenged by insurgency; and 46% of PIT remittance around the MaU area were difficult. The implication of this descriptive analysis suggest that there is effect of insurgency on remittance process of PIT around MaU area.

The respondents of BoU area are of the following opinion 6 (22%) said there is high effect of insurgency on the remittance process of PIT, 14 (52%) said there is moderate effect and 7(26%) said the effect is minimal. The mean within the group was 9 (33.33%) moderate effects occupies half of the responses while low effects opinion is approaching the mean and high effect is opting significant part of the mean hence, there may be an effect of insurgency to confirm the variation of those who opted for low effect of insurgency, standard deviation checked revealed 1.6476 while the variance revealed 2.7145. Furthermore, analysis based on percentage shows 22% opted for high effect of insurgency on PIT remittance process, 26% opted low effect of insurgency on PIT remittance process and 52% opted for moderate effect. The implication from this outcome were: 22% of PIT remittance around BoU area were difficult, 26% of the PIT were effectively remittance while 52% of PIT remittance around the area were challenging. Therefore, the descriptive analysis suggests that there is effect of insurgency on the remittance process of PIT around BoU.

The respondents of CuU area are of the following opinion 8 (27%) said the effect of insurgency PIT remittance process is minimal, 8 (27%) said there is high effect of insurgency on the remittance process of PIT and 14 (47%) said there is moderate effect while the mean within the group were 10 (33.33%), both low and high opinions are approaching mean while moderate was just above the mean. Furthermore, inference from percentage were: 27% of PIT remittance around CuU area were effective while the other 27% of PIT remittance around CuU area were difficult; and 47% of CuU area were challenged during remittance of PIT. The implication of this descriptive analysis suggests that there is manageable effect of insurgency on remittance process of PIT around CuU area.

The respondents of BuU area are of the following opinion 4 (17%) said there is high effect of insurgency on the remittance process of PIT, 12 (52%) said there is moderate effect and 7 (30%) said the effect is minimal. The mean within that group options were 7.67 (33.33%) those opted for minimal effect are at the mean range while those who opted for moderate were above half of the respondents and high option were below the average. To confirm the variation of those who opted for high effect of insurgency on remittance process from other opinion, standard deviation revealed 2.5951 while the variance shows 6.7345. Furthermore, inference from percentage analysis were: 30% of PIT remittance around BuU area were effective, 26% of PIT remittance were difficult while 52% around the area were facing some challenges during remittance process of PIT. Therefore, the descriptive analysis suggests that there might be an effect of insurgency on the remittance process of PIT around BuU.

The entire respondents were 161 within which 49 (30%) said there is minimal effect of insurgency on the remittance process of PIT around Maiduguri Metropolis that is 30% of the expected remittance were certain, 74 (46%) opted for moderate effect of insurgency on the remittance process of PIT around Maiduguri Metropolis that is 46% of the expected remittance were delayed and 38 (24%) said there is high effect of insurgency on the assessment process of PIT around Maiduguri Metropolis that is 24% of the expected remittance were difficult to achieved. The mean is 54 (33.33%). Inference here, the effect of insurgency on the remittance process of PIT around Maiduguri Metropolis were manageable but such must be confirmed through empirical test.

The study observed the following opinion variation between various groups of respondents as thus: responses for opinion 1 (low effect) among various groups are as follows T25 49% (24 of the respondents), MaU 6% (3 of the respondents), BoU 14% (7 of the respondents), CuU 16% (8 of the respondents) and BuU 14% (7 of the respondents). While the mean is 20%, approximately all with the exception of T25 (49%) and MaU (6%) are within the range however, T25 as explained in Table 4.1 were equally within the mean. The implication suggests MaU area experience effect of insurgency remittance process; responses for opinion 2 (moderate effect) among various groups are as follows T25 30% (22 of the respondents), MaU 16% (12 of the respondents), BoU 19% (14 of the respondents), CuU 19% (14 of the respondents) and BuU 16% (12 of the respondents).

The mean is 20%, approximately all with the exception of T25 (32%) are within the range. The implication is that T25 are suggesting different situation but is within range as explained in table 4.1 that average of all groups agreed PIT collection is challenging during insurgency; and responses for opinion 3 (high effect) among various groups are as follows T25 18% (7 of the respondents), MaU 34% (13 of the respondents), BoU 16% (6 of the respondents), CuU 21% (8 of the respondents) and BuU 11% (4 of the respondents). The mean is 20%, approximately all with the exception of MaU (%) were within the mean range. The inference from implication is that there may be effect of insurgency on the collection process but that can only be confirm through empirical test.

The presentation and discussion are descriptively presented Table 4

**Table 4: Summary Table**

<i>SUMMARY</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>
T25	3	53	17.66667	86.33333
MoU	3	28	9.333333	30.33333
BoU	3	27	9	19
CuU	3	30	10	12
BuU	3	23	7.666667	16.33333
Opinion 1	5	49	9.8	66.7
Opinion 2	5	74	14.8	17.2
Opinion 3	5	38	7.6	11.3
Total		161		

**Computed by research 2015**

The summarised result reveals that forty-nine (49) representing thirty percent (30%) were of the opinion that insurgency had, at most, a low effect on remittance of PAYE tax deduction, payment of tax liabilities, penalties and interests in respect of remittance defaults. Seventy-four (74) responses, representing forty-six percent (46%) report a moderate effect of insurgency on the remitting PAYE tax deduction, payment of tax liabilities, penalties and interests in respect of remittance defaults. Thirty-eight (38) responses, representing twenty-four percent (24%) reported high effect of insurgency on PAYE remittances, payment of tax liabilities, penalties and interests in respect of remittance defaults. This implies about 30% did not perceive that the insurgency in the area has affected payment of taxes, remittances of PAYE, and penalties/interest by defaulters. About 24% perceived that insurgency has had a high influence on these activities.

**Table 5: Test of Hypothesis**

<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Group opinion	188.933	4	47.2333	1.96943	0.19232	3.83783
Individual opinion	136.133	2	68.0667	2.83802	0.11705	4.45897
Error	191.867	8	23.9833			
Total	516.933	14				

**Source: SPSS (2015)**

To examines the effects of insurgency on personal income tax remittance to the Borno State Board of Internal Revenue using Maiduguri metropolis as a case, ANOVA was employed to discover the association between insurgency and tax remittances. Therefore, three process indicators of tax remittance namely, tax deductions, prompt tax remittance and penalty or interest payment for default to remit tax deducted or collected were assessed in relation to insurgency. The group opinions consisted of variation between the areas (that is, T25 MaU, BoU, CuU and BuU), while individual opinion consist of variation between Low, Moderate and High. The test for the individual responses (low, moderate and high) indicates 2.8380 at *p-value* of 0.1171 while the critical value (table value) indicates 4.4590. There is no significant effect since the *p-value* is high. While test for the group opinion reveals 1.9694 at *p-value* of 0.1923 and the critical value (table value) indicates 3.8379. There is also no significant effect.

The result obtained indicates that tax remittance is not significantly affected by effect of insurgency. Thus, the null hypothesis, which distance tax remittance from insurgency, stands accepted. The finding is in agreement with Akhidime and Abusonwan (2013), Uhumwuangho and Aibieyi (2013), and Abiola and Asiweh (2012) which suggest other reasons than insurgency for the association.

Furthermore, Table 6 confirms that through comparing average PAYE tax collections during and pre-insurgency periods, the rationales behind PAYE is that it is deducted at source therefore, the assessment and collection are systematic. Hence, the challenge might be on the process of remitting. The empirical test suggests different reason for the changes between the periods.

**Table 6: Average PAYE collection for 2006 to 2014**

	Average collection prior to insurgency 2006 - 2008	Average collection during insurgency 2009 - 2014
PAYE	N2,700,000,000	N2,200,000,000

**Source: Borno State Board of Internal Revenue Statistic, (2015).**

Following the request for statistical data, the board furnished the research the summary of collection from 2006 to 2014 however the useful part to the research were Head 401 Sub-Head 1 & 2 that is PAYE and self-employed tax collection. Data presented were rounded up.

### Summary of Findings

The Analysis of Variance specification relating tax remittance process to insurgency revealed  $f$  value – 1.9474 <  $f$  critical value-3.8379 at significance of  $p$  value - 0.1960. The result was not significant for the data examined. It can therefore be inferred that tax remittance process were not significantly affected by the effects of insurgency and the null hypothesis stands accepted. Hence, it is concluded that insurgency have no effect on remittance process of Personal Income Tax administration for the data examined. Furthermore, while authors like Olabisi (2012), and Uhumwuangho and Aibieyi (2013) suggest corruption and human capacity of the tax authority as challenges, however, this study discovered insurgency challenged about 70% of the remitting process but remittances were not significantly affected.

### Conclusion

Insurgency is a serious threat to fiscal policy, economic activity and the population. Except there are peace and harmonious co-existence, taxation and tax administration cannot be managed effectively. Insurgency has no/less effects on remittance of deduction or collected tax liability to the State Board of Revenue. The Government should encourage full disclosure of assessable income to ease assessment and prompt settlement of tax liability among self-employed taxpayers; as well as encourage outstanding performance among Revenue staff by additional rewards to deserving staff and penalising the corrupt ones.

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