GSJ: Volume 10, Issue 3, March 2022, Online: ISSN 2320-9186

www.globalscientificjournal.com

TAX ADMINISTRATION AND INCOME OF POLITICAL OFFICEHOLDERS' IN DEVELOPING ECONOMY

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ABSTRACT

This paper examined personal income tax administration and political officeholders' income through a proactive and integrated approach with a view to establish adequacy of equity principles of taxation in revenue generation providence acceptable to social protection and efficacy of tax laws in Nigeria. To achieve these objectives, a systemic perspective through collection of secondary data were employed. The collected data were analyzed through the use of Analysis of Variance (ANOVA) – a statistical analysis tool which showed a P -value of (0.000 < 0.005) level of significance on the inadequacy of tax revenue from income of political office holders' compared with the magnitude of their earnings. There is a sharp departure from the principle of equity in taxing political class and substantial part of their incomes are classified as undefined as (92%) of the respondents expressed dissatisfaction on the tax yields from political officeholders compared to other taxpayer's income in the economy. Based on this, the study concludes that the equity principle of personal income tax were not adequately applied on political officeholders' income as it applies in other tax laws, hence, the study recommends adequate reforms of PITA to facilitate a fair assessment in line with the principles of equity as a prima facie in taxation and revenue generation in developing economy.
Key Words: *Taxation, Tax Revenue, Political Officeholders, Equity principle, Tax Reforms.*

INTRODUCTION

Generally, taxation is a system operated by government through an authority appropriately constituted to administer relevant tax laws based on the constitution provisions in the economy. It is a process of cycling revenue back to the purse of government from the earned income of its citizenry. It hinges on payment of determinable fees that are usually ascertained through a clearly identified tax base, and as such, it is a sacrosanct payment based on the specification of tax laws.

A guide on personal income tax computation as entrenched in the amended tax Act of 2011 in Nigeria specified steps to follow in computing personal income tax of an individual based on the fact that every tax law have its identified tax base which are not by any means hidden no matter the statues and position of the citizens as clearly stated in the constitution.

Political officeholders are known to be a representative of the people, a political appointee who managed the affairs of a country, state or local government and are in tax administration a legal entity and is to be so treated in the face of the law based on the size of income which invariably is the tax base. They are the highest recipient of income above all other earners of salaries especially in Nigeria where the salary of a political officeholders is far above the earnings of any Academic Professor. According to Okuwobi, (2021) Nigerians could not hide their displeasure against the 2021 national budget which has its highest allocation to be a whopping sum of ₦128 billion allocated to Nigerian Legislators at the federal level, a body of 465 people, as against the ₦46 billion allocated to the healthcare sector, which is expected to cater for above 200 million people. This is very outrageous, excessive and a gross misappropriation of the country's revenue at any rate. Noteworthy also is the fact that Nigerian legislators are amongst the highest-paid political office holders in the world with a salary structure of about ₦29 million, including allowances. In a country that find it difficult to pay ₦30,000 as its minimum wage. Calculatedly, it would take 82 years for a minimum wage salary earner to earn a senator's one month's salary, yet there is no correlated tax revenue from their earnings.

Tax laws were made to appropriately carry out judicious assessment in line with the equity principles in taxing legible tax base of all taxpayers for the need to derive internally generated revenue for the state, but more often than not, review and reforms of tax laws and policies are not potent enough to expose and assess appropriately the political officeholders' income, thus, the amount realizable from political office holders' income in tax form need an objective reflections at any rate in developing economy hence this study.

Theoretical Review

Tax is an imposition of compulsory levies on individuals or entities by governments. It is levied in almost every country of the world, primarily to raise revenue for government expenditures and other purposes. According to Estain, (2018) it is not enough to simply set revenue collection targets and celebrate when they are met or exceeded. Taxation is not a game where the end justifies the means. On the contrary, it is the means that determines the end. Nigeria currently ranks 179 out of 189 economies on the ease of paying taxes in the 2015 survey conducted by the World Bank and PwC. We clearly cannot remain in this position and expect to be globally competitive. We must make the entire process of paying taxes to be as simple as it possibly can be. Tax administration should be redesigned to enhance taxpayer experience. The introduction of electronic tax system by the FIRS and the ongoing initiative by the JTB are commendable but must be harmonized for effectiveness. The authorities should pursue the implementation with vigour and monitor usage. It is pointless to have an electronic system that simply duplicates the compliance process or creates more problems than solutions. An 'Office of Tax Simplification' should be established to continuously seek ways of improving the tax system through adequate compliance with equity principles of taxation in Nigeria.. There should be quality capacity building for the tax authorities through quality training, exchange programme with developed countries, and recruitment of competent staff. Nigeria must actively get involved in global actions against tax avoidance and evasion so that our voice may be heard. Nigeria should also lead regional initiatives such as the ECOWAS integration. Ironically, like any investment, you must spend money to make money. Actions that are capable of setting the tone from the top and screen political office holders for tax compliance become essential in developing economy.

The legislative arm at all levels must consciously make laws which are clear and easy to understand. Lawmakers should be more diligent and avoid passing laws with easy to spot errors; it makes us look collectively unintelligent as a people. We should never impose changes with retroactive effect especially if the changes impose an obligation on people and businesses as was the case with the Personal Income Tax amendment in 2011 and the 2014 Pension Reform Act. We should always give a reasonable transition period for individuals and businesses to adjust. To ensure adequate focus on tax matters – there should be a specific committee of the National and State Assemblies on Tax Matters. This will ensure that timely actions are taken and robust decisions are made from time to time in consultation with key stakeholders.

Tax Administration

Tax administration involves regulatory role of making laws for effective revenue generation through tax, stabilization of economic values and stimulating macroeconomics variables by promoting employment, price stability and economic growth. It is expected to play a distributive role concerning provision of social or public goods based on the level of income that is known as tax base. It is obvious that relevant and basic problems affecting tax administration in the country is still lingering especially in the area of tax evasion and tax avoidance which is believed to have emanated from breaching of appropriate rules and laws. Set the tone from the top and screen political office holders for tax compliance. The tax burden on individuals and companies should be proportionate to their level of income/consumption and their abilities to pay. Compliance should cut across both private and public sectors. All political office holders, whether elected or appointed, must pay adequate taxes in line with the law and on time. Along with declaration of assets, there should be full disclosure of income from all sources and corresponding taxes paid. History of tax compliance which bears some correlation with declaration of assets should be part of the screening process for political appointments. MDAs and tax officers must themselves be fully tax compliant too.

Tax Base

Tax base is the total amount of income, property, assets, consumption, transactions, or other economic activity subject to taxation by appropriate tax authority. It is described as the total amount of assets or revenue on which the government can levy a tax. It is seen as the minimum amount of yearly income that can be taxed. It is a taxable income. Income tax is assessed on both personal income and the net income generated by businesses. The business of a political office holders is to govern the state or his/her areas of jurisdictions as the case may be and as such any income derived from that source are subject to taxation if the principles of equity in tax is to apply. For instance, in the case of income tax, the tax base is all the income that is earned by the people of the state. A good government is expected to explore the register of its tax-base for social protection at any rate. This will invariably lead to solid contribution to the capacity of developing countries to create effective social protection systems. An effective compliance and faithfulness to the remittance of tax yield become essential as there is need for periodic sensitization to control tax evasion and tax avoidance which are often ignored in the political circles of developing economy.

Administration of Personal Income Tax

All taxes and how it should be administered judiciously are readily captured by Personal Income tax assessment procedures The fact that the higher the income, the higher the expected amount to deduct as tax is stipulated under the principles of equity in taxation under the tax law of federal republic of Nigeria. Taxes are classified in Nigeria with its administering laws which includes Companies Income Tax – CITA, one of the major types of taxes collected by Federal Inland Revenue Services and the tax base is assessable profit of the company. Value Added Tax with a specified percentage based on added value. Withholding Taxes (WHT), Petroleum Profits Taxes (PPTA), Personal Income Taxes- which focused on the income earned. Stamp Duties (SD) and Capital Gains Taxes – CGTA (all are with clearly stated identified tax base as contains in the ACTs. For instance, Capital gain tax has gains made when an asset is sold, Value Added tax has its legally recognized tax base. Petroleum profit tax has assessable petroleum profit as ascertained on petroleum as its tax base. Whereas, every other taxes has open and clearly identifiable tax base for assessment, that of personal income tax is having some hidden income which make the correct assessment impossible on the income of political office holders in Nigeria. Objective supervision of the provisions of tax laws on the huge income that goes to the account of political office holders is obnoxious given the fact that there has been a drastic fall in federally generated revenue which affects resources allocation as attributed to the unplugged leakages despite the fact that inflow from crude oil is sufficient to developing the country without borrowing from any source but, more often than not, the covering enjoyed by public office holders amounted to hidden corruption which need to be adequately addressed and put up for academic discourse.

Equity Theory in Taxation

Tax is a function of law which identified various tax bases from where revenue of government is derived. One of the principal source of revenue as established by tax laws is the PAYE and which uphold the principles of equity that is explained that all income of the same magnitude be taxed accordingly on equal bases. Going by the huge amount of money that goes into political officeholders' hand, there is a clear indication of leakages which is caused by inadequate implementation of tax laws on this sets and which invariably amounted to hidden corruption capable of hampering developmental process and thereby putting the masses in a tight economic situation.. Taxation has always been a central issue in political economy because it is one of the main activities of all states and a necessary condition for everything else. It is not more of a political issue than as an economic issue. In recent years social protection has emerged as a key policy strategy against poverty and vulnerability in many developing countries. It has evolved into a wide number of different forms in terms of focus and targeting population, coverage, scope, and design features, with some programme providing income transfers alone, while others combining income transfers with the utilization of social services and assets. However, financing remains a key constraint. Revenue mobilization strategies have been explored in some developing countries to finance social protection. These include reforms on natural resource taxes, royalties, and fees; shifting expenditure from subsidies and tax exemptions to social protection, and redistribution. Efforts to increase the tax capacity by making the tax administration work more efficiently and by broadening the tax base are often essential, although the feasibility of these strategies often depend on political economy considerations. Policy-makers and practitioners with tools to improve the methods of analyzing the current incidence of tax and social protection systems as well as the potential distributional impacts of tax and benefit from tax reforms is an ingredient of a good governance. According to the 2021 budget, Nigeria's Capital Expenditure (monies for infrastructural development, creation of assets like schools, hospitals, etc.) is a mere 21 per cent of the total budget, while its Recurrent Expenditure (monies used for remunerations, interest payments, subsidies and transfers) is a whopping 79 per cent of the total budget. This explains the reason the nation is largely deficient of adequate infrastructural facilities and why its development is at a slow pace. The body saddled with the responsibility of "determining the remuneration appropriate for political officeholders', including the President, Vice-President, Governors, Deputy Governors, Ministers, Commissioners, Special Advisers, legislators" is the Revenue Mobilization Allocation and Fiscal Commission, RMAFC – Section 32 (d) part 1 of the Third Schedule to the Constitution of the Federal Republic of Nigeria.

Revenue Mobilization Allocation and Fiscal Commission (RMAFC).

RMAFC was established in 1989 with the functions of monitoring the accruals and disbursement of revenue from the federation account and reviewing from time to time the revenue allocation formulae and salary structure to conform with changing realities in the economy. It is no doubt that RMAFC has not done a good job in performing its duties based on the last review carried out by in 2015. Nigeria has since then plunged deeper into recession, and it is expected of RMAFC to have carried out another review since they are empowered to carry out "*time to time reviews conforming with* *changing realities.* The Commission, in pursuant of its constitutional role of determining the remuneration appropriate for Political, Public and Judicial office holders as enshrined in Paragraph 32(d) of Part 1 to the Third Schedule as well as Sections 70, 84, 111 and 124 of 1999 Constitution of the Federal Republic of Nigeria (as amended), had in the year 2000 and 2007 recommended the remuneration packages for the Political office holders in the Executive and Legislature at the Federal, State and Local Government levels as well as Judiciary at the Federal and State levels. The 2000 Remuneration Report was passed into law and is known as the *''Certain Political, Public and Judicial Office holders (Salaries and Allowances) Act, 2002"* while the 2007 Remuneration Report which reviewed the remuneration package is called *"Certain Political, Public and Judicial Office Holders (Salaries and Allowances, etc.) (Amendments) Act, 2008"*. This is the extant Act in use for the remuneration of political office holders to date. In the determination of appropriate remuneration for the Political, Public and Judicial Office Holders, the Commission utilizes the prevailing macro-economic variables at the period of review to be able to arrive at realistic salaries and allowances. These variables are but not limited to the followings: Inflation rate, gross domestic product ratio, per capita GDP, exchange rate, cost of living index, crude oil production, average international oil prices, external reserve, gross national revenue profile, recurrent/capital expenditure ratio, ability of government at all levels to afford and sustain, the need to cut cost of governance, etc.

Other issues considered include research and comparison of remuneration package with other countries within and outside Africa.

Personal Income Tax

Individual income taxes are commonly levied on total personal net income of the taxpayer (which may be an individual, a couple, or a family) in excess of some stipulated minimum. They are also commonly adjusted to take into account the circumstances influencing the ability to pay, such as family status, number and age of children, and financial burdens. The taxes are often levied at graduated rates, meaning that the rates rise as income rises. Personal exemptions for the taxpayer and family can create a range of income that is subject to a tax rate of zero. Taxes on net worth are levied on the total net worth of a person—that is, the value of his assets minus his liabilities. As with the income tax, the personal circumstances of the taxpayer can be taken into consideration. Personal or direct taxes on consumption (also known as expenditure taxes or spending taxes) are essentially levied on all income that is not channeled into savings. In contrast to indirect taxes on spending, such as the sales tax, a direct consumption tax can be adjusted to an individual's ability to pay by allowing for marital status, age, number of dependents, and so on. Although long attractive to theorists, this form of tax has been used in only two countries, India and Sri Lanka; both instances were brief and unsuccessful. Near the end of the 20th century, the "flat tax"—which achieves economic effects similar to those of the direct consumption tax by exempting most income from capital—came to be viewed favourably by tax experts. No country has adopted a tax with the base of the flat tax, although many have income taxes with only one rate in line with the prevailing equity principles of taxation.

Indirect Taxes:

Indirect taxes are levied on the production or consumption of goods and services or on transactions, including imports and exports. Examples include general and selective sales taxes, value-added taxes (VAT), taxes on any aspect of manufacturing or production, taxes on legal transactions, and customs or import duties

.**Proportional, Progressive, and Regressive Taxes**

Taxes can be distinguished by the effect they have on the distribution of income and wealth.
A proportional tax is one that imposes the same relative burden on all taxpayers—i.e., where tax liability and income grow in equal proportion. A progressive tax is characterized by a more than

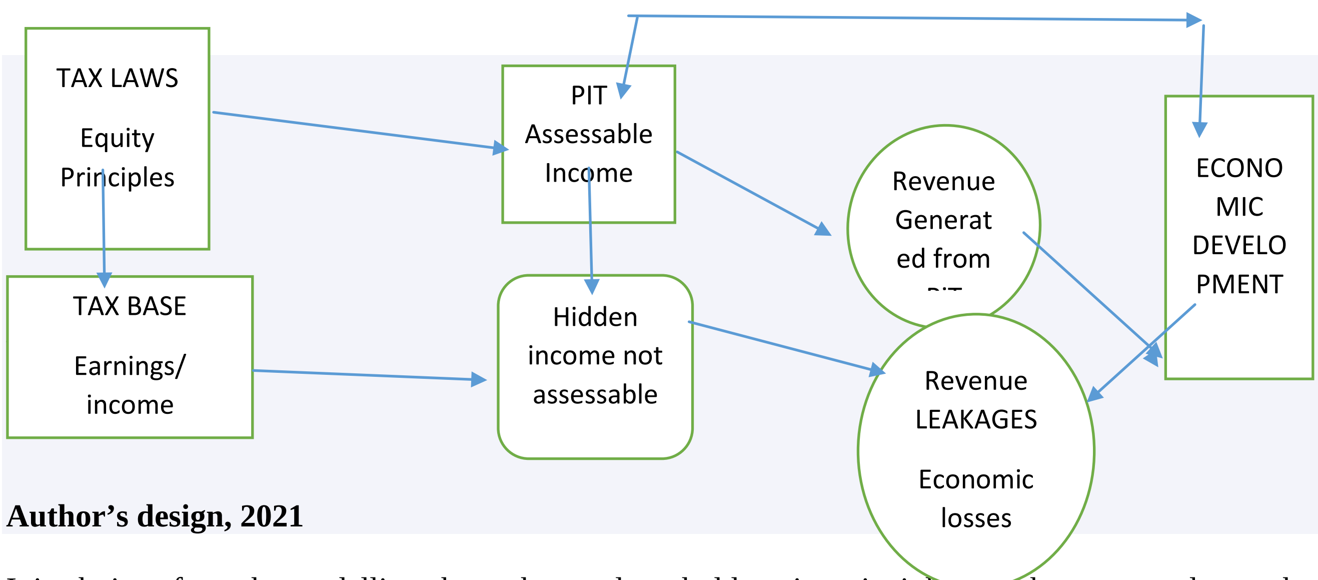
proportional rise in the tax liability relative to the increase in income, and a regressive tax is characterized by a less than proportional rise in the relative burden. Thus, progressive taxes are seen as reducing inequalities in income distribution, whereas regressive taxes can have the effect of increasing these inequalities. The taxes that are generally considered progressive include individual income taxes and estate taxes. Income taxes that are nominally progressive, however, may become less so in the upper-income categories—especially if a taxpayer is allowed to reduce his tax base by declaring deductions or by excluding certain income components from his taxable income. Proportional tax rates that are applied to lower-income categories will also be more progressive if personal exemptions are declared. Income measured over the course of a given year does not necessarily provide the best measure of taxpaying ability. For example, transitory increases in income may be saved, and during temporary declines in income a taxpayer may choose to finance consumption by reducing savings. Thus, if taxation is compared with "permanent income," it will be less regressive (or more progressive) than if it is compared with annual income. In considering the economic effects of taxation, it is important to distinguish between several concepts of tax rates. The statutory rates are those specified in the law; commonly these are marginal rates, but sometimes they are average rates. Marginal income tax rates indicate the fraction of incremental income that is taken by taxation when income rises by one dollar. Thus, if tax liability rises by 45 cents when income rises by one dollar, the marginal tax rate is 45 percent. Income tax statutes commonly contain graduated marginal rates—i.e., rates that rise as income rises. Careful analysis of marginal tax rates must consider provisions other than the formal statutory rate structure. If, for example, a particular tax credit (reduction in tax) falls by 20 cents for each one-dollar rise in income, the marginal rate is 20 percentage points higher than indicated by the statutory rates. Since marginal rates indicate how after-tax income changes in response to changes in before-tax income, they are the relevant ones for appraising incentive effects of taxation. It is even more difficult to know the marginal effective tax rate applied to income from business and capital, since it may depend on such considerations as the structure of depreciation allowances, the deductibility of interest, and the provisions for inflation adjustment. A basic economic theorem holds that the marginal effective tax rate in income from capital is zero under a consumption-based tax. Average income tax rates indicate the fraction of total income that is paid in taxation. The pattern of average rates is the one that is relevant for appraising the distributional equity of taxation. Under a progressive income tax the average income tax rate rises with income. Average income tax rates commonly rise with income, both because personal allowances are provided for the taxpayer and dependents and because marginal tax rates are graduated; on the other hand, preferential treatment of income received predominantly by high-income households may swamp these effects, producing regressively, as indicated by average tax rates that fall as income rises.

Since the last review in 2007, the Commission made attempts in 2009 and 2015 to review the package to no avail. In 2009, the then President directed that the Remuneration Report of 2007 should be reviewed downwards in view of the dwindling National Earnings. This was complied with and placed before the National Assembly by Mr. President and copies distributed to all the stakeholders in the country but the National and State Assemblies did not pass the Report into an Act. The 2015 Remuneration Report was not received by the Presidency for placement before the National Assembly.

Political Officeholders'.

These are the representatives elected through legitimate election and those that are appointed by the elected officers to run the affairs of the country in line with enabling constitution of the concerned country. Considering the enormity of analysis to be made therefrom their income payable as tax in return from their huge earnings, and in view of their remuneration, public and Judicial Office Holders are inclusively considered. Perhaps, the most challenging issue the Commission faces is the abuse by stakeholders at both the National, States and Local Government levels in the implementation of the approved remuneration package for Political, Public and Judicial Office Holders. This has left the general public with the impression that the Commission fixed jumbo pay for them in spite of several clarifications by the Commission in the media on the matter simply because the tax payables are not reflecting in the revenue generation potentials of the country at any rate. The Commission is expected to review the remunerations of Political Office Holders to reflect the country's current realities in line with its Constitutional mandate as enshrined in the enabling tax laws and principles. Also, part of the Commission's responsibility "is to do the remuneration appropriate for the political office holders from the local council to the national level whether appointed or elected. Their work does not cover those of civil servants, which are handled by the Salaries and Wage Commission. Therefore, separating the commission responsibility already serve as a pointer that their substantial part of their income is hidden from been taxed appropriately which in no doubt is a violation of the PITA on equity principle. Thus, this area is due for academic discussion so that appropriate assessment procedure could be established as obtains with the civil servant all over the federation.

Conceptual Modelling



Author's design, 2021

It is obvious from the modelling above that tax laws hold equity principle to high esteem and as such focused on appropriate lax base which in adventitiously culminate into assessable income that yield revenue for economic development of the nation but which does not assess the hidden income which is peculiar to political officeholders and as such breed economic loss of great magnitude in Nigeria economy. In Nigeria, the Personal Income Tax is a function of law (PITA) which centers on income or earnings of individuals. It is expected that the higher the income the higher will be the tax payable by an individual. Personal income rate is a tax collected from individuals and is imposed on different sources of income like labor, pensions, interest and dividends. The benchmark in use is always the top Marginal Tax Rate for individuals. PIT computation is to include computation of gross emolument of the taxpayer per annum (Consolidated Salary), provision of relief allowance of ₦200,000.00 or 1% of the consolidated salary whichever is higher plus20% of the consolidated salary, tax exemption from the exempted items such as NHFC, NHIS, LIS, NPS and gratuities. This will lead to establishment of chargeable income**. (CI)** = CS-(CRA+TE). The application of tax band will result into assessment of tax payable per annum which is basically applied as 3% on first ₦300,000.00, next 11% on.₦300,000.00,next 15% on next ₦500,000.00, next 19% on next₦500,000.00,next 21% on next ₦1,600,000.00 and 24% on amount that is above ₦3,200,000.00. These official statistics are grossly compromised in the computation of tax payable by political office holders at any rate as it has adversely affected planning and commonwealth distribution in Nigeria (Odinkalu,(2010).

Methodology

Based on the literature reviewed and the emerging gaps, the following null hypotheses were formulated to enable succinct establishment of empirical evidence on the relationship between the variables:

H01: Income of political office holders has no significant impact on revenue generated from tax in developing economy The rationale for the hypothesis is supported by the fact that equity principle of tax advocates that to whom much is given, much is also expected. This position is justified by progressive forms of tax which is clearly entrenched in constitution of the state. Thus, the axiom of getting high taxes from higher income earners like that of political office holders is justified since they are keys to providing effective and adequate financial revenue to the economy.

H02: Tax law reformation will not be capable to plug revenue leakage from political office holders; income. This hypothesis hinges on the fact that tax law if channeled toward enforcement of assessment of hidden political officeholders income may be sufficient to stop the leakages from this revenue source. It is based on the fact that there are extant law on tax evasion and tax avoidance when discovered by tax authority.

H03: Inadequacy of tax authority and administration of income of political officeholders as a taxpayer does not amount to a hidden corruption

The motivation for this hypothesis is based on the fact that adequate tax Law and its proper enforcement by the relevant tax authority (RTA) body's effort will reduce tax evasion and tax avoidance of the political office holders and possibly forced the undefined income to be defined and assessable by the tax law through relevant authority.

Data Analysis and Findings

In this study, factors influencing the non-implementation of PITA on income of political officeholders in line with the dictum of equity principles of taxation were adequately explored using a purposive method with inferential statistical analysis (ANOVA)

Table 1: Causes and effect of no Equity principle of taxation on political officeholders' income in Nigeria

Strategies	**Frequency %**						**MS**	**SeM**	**SDv**
		SD	**D**	**N**	**A**	**SA**			
Substantial portion of Political Officeholders' income are hidden		56	229	32	-	-	3.92	.031	.537
	Mean%	17.7	72.2	10.1	-	-			
Assessment are difficult to carry out PITA.		81	203	33	-	-	3.84	.035	.597
	Mean%	25.6	64.0	10.4	-	-			
Independence of (PITA) Administrators			5	104	194	14	3.67	.034	.592
	Mean%		1.6	32.8	61.2	4.4			
Tax administrators' fault				12	174	131	4.43	.030	.516
	Mean%			3.8	54.9	41.3			
Implicit corruption in tax			17	69	214	17	3.71	.038	.659

assessment by the body.	Mean%		5.4	21.7	67.5	5.4			
Inexplicitness of the tax base			20	24	235	38	3.91	.040	.685
	Mean%		6.3	7.6	74.1	12.0			
Excluded from tax memorandum				52	212	53	4.00	.034	.594
	Mean%			16.4	66.9	16.7			
Insincerity of RMAFC				18	260	39	4.10	.023	.394
	Mean%			5.7	82.0	12.3			
High cost of assessment		4	42	229	42		3.96	.037	.633
	Mean%	1.3		13.2	72.3	13.2			

Source: Field Survey, 2020

Where SD= Strongly Disagree, D= Disagree, N= Neutral, A=Agree, SA= Strongly Agree, MS= Mean Score, SeM= Standard error of mean, SDv= Standard deviation, AvM= Average mean

Analysis of Variance (ANOVA) showing the overall effect of Tax laws on of income of political officeholders

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	37.316	6	6.219	50.782	.000
Residual	35.761	292	.122		
Total	73.077	298			

Regression analysis showing the effect of infectiveness of PITA on Application of Equity Principles of Tax on all the Income of Political Officeholders in Nigeria.

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	Beta	Std. Error	Beta			Tolerance	VIF
(Constant)	2.584	.229		11.278	.000		
Availability of Tax Equity principle	.926	.110	.418	8.397	.000	.920	1.087
Ineffectiveness of PITA	.106	.045	.128	2.364	.019	.955	1.048
Implicit corruptive motive	.372	.051	.387	7.239	.000	1.000	1.000
Hidden Revenue	-.194	.036	-.233	-5.437	.000	.928	1.077
Inexplicitness of the tax base	.157	.066	.125	2.386	.018	.614	1.627
High cost of assessment	-.260	.032	-.359	-8.151	.000	.962	1.040
R	0.715						
R SQUARE	0.511						

ADJUSTED R^2	0.501
Std.Error of the Estimate	0.351

Source: Author's Computation, 2021.

The analysis in Table 1 showed that effect of PITA on income of political officeholders' on the compliance to tax equity principles in Nigeria were highly not adequate as the performance indicators considered which includes political officeholders' income are hidden, assessment are prohibited by law, Inadequacy of the tax law, Tax administrators' fault (PITA), Excluded from tax memorandum. Etc. The position of the respondent was in linearity with a high mean value of 3.92 on a scale of 5.0 (78%) indicating that income of political office holders' had a high effect on revenue from PIT. The result in table 3 as indicated by the respondents revealed that income of political office holders' has a great effect on effectiveness of PITA as 74.4% of the respondents agreed to this position, 25.6 were neutral. The position of the respondent was confirmed by a high mean 3.84 on a scale of 5 point 76.8% indicating that income of political office holders' had positive effect on the corruption in the economy The result of the analysis of variance showed that the reported F-value of 50.782 obtained by dividing the explained mean square (6.219) and the residual mean square (0.122) is significant only at a degree of freedom of 298 since the P-value of 0.000 is lower than 5%. Based on the result of the ANOVA, it can be inferred that income of political office holders' are predictors of the low revenue generation from tax in Nigeria.

Summary and Conclusion

The study concludes that leveraging on old practices of income assessment based on equity principle of taxation not excluding any hidden income of political office holders' will engender adequate revenue from personal income tax in Nigeria. It is therefore evident that the institutionalization of this tax principle can help to sustain our ailing economy and the persistent problem of unemployment in the Nation among the youth and young school leavers' couple with other ailing problems could be minimized if these set of high level earners can be taxed appropriately. In concomitance with the basic equity principles of taxation the higher the earnings the higher should be tax payable by the earners. This will serve as some levelers as obtains in country like the United Kingdom where an average worker will get the same amount as a member of the parliament in five years and one month, while on the green continent, it takes about six years. Comparatively, the United Kingdom has a Gross Domestic Product, GDP, of $2.638 trillion and an expected per capita income of $39,800 before the end of the year, according to the Trading Economics global macro models and analyst. Nigeria boasts of a GDP of $250 billion and an expected capita income of $2,250. In spite of the low GDP ratio and Per Capita Income of Nigeria compared to other nations of the world, it still affords to pay her senators a ludicrous amount of money which reflects not in the tax payable by this class of Nigeria citizens hence the study recommends the encouragement of involvement of government at all level to imbibe and allow principles of equity in taxation to apply. Thus, the State and local government can get involved and frontier the practice to invigorate local and state economy

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