



THE RELATIONSHIP BETWEEN TAX MANAGEMENT AND SPENDING PATTERN OF PUBLIC SECTOR IN SUB-SAHARAN AFRICA

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ABSTRACT

Tax management is the use of management skills and techniques to harness tax resources through the agency of the government vest with such responsibility legally within the economy for the maximum benefit of all. The spending pattern is the tax expenditure or disbursement of tax yield to various areas of need for the good of the society or masses. The balancing of this objective is what is regarded as fiscal sustainability and continuous performance of the fiscal sustainability lead to sustainable development while lack of it result in fiscal gap which this study is poised to unravel its causes. The study examined tax management in both developed and developing countries and their spending pattern. The gap in tax management and spending pattern were noted in the cause review of relevant literatures. Relevant theories such as agency, transaction, public choice, development and socio-political and expediency theories were used to explained relationship between tax management and spending pattern of government and suggested recommendation on how to ensure optimal mix between tax management and spending pattern.

Key words: Tax Management, Spending Pattern, Fiscal Sustainability and Fiscal gap

1.0 INTRODUCTION

The desire of the state participating in the economic fortune and social politics has been on increase in many developed and developing nations lately with attendant numerous conflicts (Csapodi 2005). The tendency of some state leaders to hold on strongly to power has led to the practice of welfarism system of government with huge public task and services delivery on continuous basis. Unfortunately, resources are limited while state needs are growing in quantum (Koch *et al.*, 2005). The welfare states soon in the nineteen seventies reached a period burdened by crisis symptoms, the pace of economic growth has staggered, the bases of development were shaken; it became obvious that the performance of the economy produced recession and serious functional disorder appeared in the polity. There was economic stagnation resulting in occasional decline in economic output bringing about the recession of the public services with less efficiency in the delivery of such services (Csapodi, 2005).

Extant literature sees strong relationship between tax management and spending pattern in the public sector with an inseparable link. Unfortunately, the vast literature on optimal tax theory

and administration provides little practical guidance on how to integrate the optimal level of tax revenue with the optimal level of government expenditure (IMF,2001). There exists a relationship in spending of the government and tax management that cannot be divorced from her revenue generation capacity. In a rational world, it could generally be said that high revenue generation will instigate high spending pattern while low generation of revenue should in the same vein result in low spending pattern. But this assertion has not always be the case. Most frequently, point of interest of the authority has been compliance, hence Luttmer and Singhai (2014) argued that there exist an apparent disconnect and distortion between tax compliance and the administration of tax policy with a subsequent effect on the spending pattern of the government. They stated further that the tax authority is concerned with enforcement by increasing taxpayer morale through voluntary compliance to the tax laws without corresponding incentives. It should be noted that incentives encourage compliance and effective compliance result in increased revenue which in turn brings about high spending by the government. These incentives that drives compliance are what was referred to as tax expenditures or reliefs which does not come in actual revenue to the central government but a cushion effect to targeted entity or individuals that pays the tax, (Vjekoslav 2006).

Taha and Loganathan (2008) opined that long-run relationship between tax revenues and government spending result in unidirectional and bidirectional causality effects in the entire national landscape. The reason for such causal effect is obvious as revenue generated most often does not match up with the level of government expenditure due to wide area coverage in government expenditure pattern in the economy. Obviously, there is need to step up aggressive revenue drive through tax revenue generation by the government. Gwartney (1999) states that government will be able to increase revenue that will cause growth and development to be affected through efficient tax policies which is one of the hallmarks of good tax management. Tax management is all encompassing and its effectiveness is based on putting right policies in place. The management or administration of various taxes recommended by law rest on the government through its tax authority and such effective tax management system were what Ojo (2003) enumerated as tax parameters of objectivity, independence, compliance with statutory requirements, equity principle, convenience principle, certainty principle, efficiency principle and collaboration with necessary agency or organ of the government for optimal results.

The management of tax to bring about adequate resources must be done in a very efficient and effective manner through public institutions in order to achieve stated governmental goals. The said tax management should agree with tax adequacy of four 'Es; Economy, Efficiency, Effectiveness and Equity (Bailey, 2004). Where these four Es exist, there would be sustainable management which is a product of good tax management that enhances sustainable development an inevitable quest for national economic development. Why on the other hand, a lack of sustainable development will result in what can be likening to a state of underdevelopment or negative growth as submitted by (Nurkse & Jhingan, 2012). Obviously, ineffectiveness characterized by weak revenue administrations, low taxpayer morale, and poor governance signed post general poor tax management modality in developing countries (IMF, 2011).

Spending pattern or tax expenditure by the government most often is a prelude or pointer to economic growth and development that is very key to the nations, and the drive for its attainment is usually with a sense and attitude of tact in resource management and aggressive

implementation of programs and policies in all phases of national development. The national indexes of growth are seen from the view point of per capital income of the citizens, Gross Domestic Product (GDP), price index, disposable income and the likes (UNDP, 2007). Government spending enhances index of economic growth and shows where the resources for execution are dwindling or near absence, sustainable development will be hampered. Inability of the government to meet its obligation as at when due is what brings about what is regarded as fiscal gap. However, Schick (2005) observed that distortion between tax management effectiveness and spending pattern is as a result of fiscal gap. The fiscal gap has the potentiality of bringing about economic stagnation due to improper spending pattern and when the stagnation subsists, there is need for administrative reformation. On the regard, Chitton et al (2009) opined that many countries are increasingly reforming their public sectors to make them less greedy of scarce public resources to be more efficient, more competitive and more customer-focused. The stagnation in economic resources called for reformation of the public sectors. The reformation advocated for is better management of tax system by the government through the tax authority. When the reformation is achieved, it brings about resources that effectively increase productivity of social amenities and impact positively on the citizenry is tax resources. Fiscal sustainability provide solution to fiscal gap that is the feature of distortion and one of the causes of gap in spending pattern of the government (Schick, 2005).

1.2 STATEMENT OF PROBLEM

It is no longer news or an embarrassing revelation that quantum of revenue is being generated by various government both at the developed nations and developing nations. The highest sources of revenue to the government comes from taxes that maybe direct or indirect in nature. The recurrent problems have always centered on the management of the said taxes in terms of receipts and disbursement to numerous sectors or expenditures sub-head. Maladministration has often characterized the management of taxes by successive government from the ancient time to the modern governance system. In the 21st century, the cry of citizenry of nations from western world to the third world countries had been misplacement of priority by the government of the day and this has led to introduction of multiple taxes and its attendant burden of deficit infrastructures in the nations. The question is what is the nexus and trade-off between optimum public sectors and efficient tax management in the nations across the globe, in particular, sub-Saharan Africa. This question, the study endeavor to proffer solutions and answers.

1.3 OBJECTIVE OF THE STUDY

The study has the singular objective of examine the cause of continued gap that exist between tax management and efficient public sectors in the Sub-Saharan Africa and how best to solve the debacles.

1.4 TAX MANAGEMENT AND SPENDING PATTERN IN DEVELOPED AND DEVELOPING COUNTRIES

Survival is a natural instinct that can be seen in all human endeavor. The desire to survive has brought about relentless strategies in man irrespective of the nation or color such man is made of. Therefore, survival instinct is a common phenomenon in both developed and developing nations of the world. The success or failure in this drive for survival is a product of strategies adopted by the man, society and the nation that is concerned. However, while the success rate may be relatively high among the developed nations economically and otherwise, the reverse may be the

case among the developing and underdeveloped nations of the world (IMF 2011). Tax management and spending pattern is a common administrative and economic activities in both developed and developing nations of the world. The differences inherent among the two lies on the technicality, skill and responsiveness level brought to bear in governance.

1.4.1 The developed nations: Fiscal sustainability and fiscal gap management has been an issue of concerns to the developed nations in particular United State of America (Schick 2005). The sustainability or tax management retained its original meaning as a measure of the solvency of government, but it has acquired several dimensions that pertain to governments that have no difficulty meeting current obligations. Contemporary sustainability analysis focuses on fiscal conditions that may retard economic growth, caused tax burdens to rise, or transfer significant developmental costs to future taxpayers. In USA, Schick (2005) observed tax management and spending pattern has added dimensions which reflect concern that governments have accumulated long-term liabilities which do not appear in current budgets or balance sheets but may bring disadvantage to future generations when they come due. The expanded concept of sustainability is grounded on the norm that responsible governments should not do harm that will appear decades after the relevant policies were adopted. Schick (2005) postulate four dimensions of sustainability that are delineated. Although they are separated here for analysis, in practice they tend to appear in tandem. These are: solvency, growth, stability and fairness. The operationality of the four may seem to overlap but in essence real practically.

1.4.2 The developing nations: A huge gap exist between effective tax management and spending pattern of public sectors in many developing countries resulting in overall ineffectiveness and maladministration. Ayee (2005) opined that many African countries has a diffusion public sector management that require urgent redefinition so as to be able to perform optimally. He submitted that some of the reasons for this ineffectiveness (maladministration, poor technical and communication skill, excessive politicization, lack of accountability and representation, inability to promote the public interest through proportionate spending pattern and authoritarian tendencies of the leaders). The conclusion of the imbalance is what culminated as lack of fiscal sustainability due to fiscal irresponsibility regime existing in many developing countries of the world according to Schick (2005). IMF (2011) Submitted that weak revenue administrations, low taxpayer morale, and poor governance characterised many developing countries and inevitably other performance indexes of governance are affected.

IMF (2011) observed that weak revenue administration, low taxpayer morale and poor governance has negative impact on tax management and subsequently tax expenditure is being affected. Luttmer & Singhai (2014) asserted that there seems to be apparent disconnect and disproportion between the tax management in the public sectors and its effect on the spending pattern. This had provoked curiosity that consequently informed earnest investigation by public sectors accounting scholars on the likelihood of the abysmal performances recorded. Infact, Omolehinwa (2009) submitted that tax management and spending patterns has no directional correlation in Nigeria as there exist consistently gap between spending pattern and tax management system employed by the successive administrations since the first republic. The notable disconnect and distortions between the tax management and the effects on spending pattern are noticed in the absence of the Korean management style performance theory hinged on “performance-related pay” (PRP) or “pay for performance by Suk (2011) which emphasises consistent proportionate balance between giver of services and the receiver of the services.

Furthermore, there were pervasive lackluster and inefficiency in general administration of taxes anchored on management manually driven mechanism and low morale among the officials resulting in poor execution of job with attendant reduction in overall performance (Luttmer & Singhai 2014). The resultant effect is seen in insufficient resources to back up tax spending on one hand and general spending pattern on the other hand by the government. This obvious gap noted in previous studies as lack of proportionate relationship between tax management in public service and its impact on spending pattern is the reason for this particular study.

The main objective of the study is to examine in an in-depth manner the cause of gap between the tax management in public sectors and effect on spending pattern of the government in developed nation and that of developing nation. What definite impact has taxation management brought to bear through spending in the life of the people?

2.0 Theoretical Framework.

2.1. Agency theory

The proponent of agency theory has advocated two areas of concern that the theory should endeavor to resolved be it in private organization or public sector. The first of such issues bothers on how the goals of principal and the agent are not contradictory but complimentary as far as risk undertaken in the organization is concern. The alignment sought by the use of agency theory must seek to coordinate organization decision management and decision control thereby making it possible that collections of explicit and implicit contractual obligations of the organization for whatever duration whether short range period or long range helps the organization to achieve the corporate agenda (Armour, Hansmann & Kraakman, 2009).

Essentially, agency theory dwells on how the relationship between principals and agents grows robustly as exercise of authority on behalf of the organization is not being jeopardized. The theory is concerned with resolving problems that can exist in agency relationships; that is, between principals and their agents, in the case citizens and their elected government who should provide public goods to the citizens without any preconditions. Considering principal-agent relationship as it affects the constituent state institutions, in particular public policy-making in democratic settings. The people are seen as the principal who elected the politicians regarded as the agent and hands over the control of the state institutions on trust to them for the making of policies and programs that has bearing on the upliftment of the citizenry. The relationship must be cordial devoid of self-seeking tendencies on the part of the politicians that lead to the short-changing of the citizens through adverse selection policies of the politicians with the attendant moral hazards associated therein Lane (1993). The positive agency theory as enunciated by scholars is well on point in the regards to the interactions between the politicians and the electorate, since its emphasis centered on the agent seeking the greater good of the principal (Eisenhardt, 1989). The relevance of the theory in the tax management and spending pattern visualized how the politicians who operate the government policies and programs should do the bidden of the electorates who are the ultimate principals and not the other ways that is detrimental to development agenda. In view of this relevance, agency theory is one of the theories underpinning relationship between tax management and spending pattern employed in this study.

2.2 Transaction theory

Scholars viewed the transaction cost (TCT) on the premise of opportunistic tendencies embedded in contractual relationship with its attendant adequate considerations associated therein unlike

agency theory that seeks to aligned contractual relationship between the principal and the agents (Williamson 1985; Lake 2009 & Baccini,2014). They went further by saying that there must exist a nexus between Transaction cost politics and economic policies by various institution of governance with complete obliteration of opportunistic behavioral tendencies while efficiency of public good is entrenched by the government as the custodian of tax revenue and the spending pattern. The institution arrangement with innovation should be such that encourages and elevate the greater prosperity of the society with the national spending that make adequate allowances for the citizen to achieve optimally their economic pursuit with minimal additional cost implications since they paid taxes to the same government institutions (Lane (1993). The transaction cost on tax collected from the taxpayer and the services delivered through the tax expenditure should agrees with effective tax parameters having concerns for solvency, growth, stability and fairness as the ultimate canon (Schick 2005). Conclusively, the transaction cost theory becomes relevant to this work because it helps provide basis theoretically for explaining why public institutions should work for maximum satisfaction of the citizens which they were established to serve from the onset.

2.3 Public Choice Theory

Public Choice Theory is a body of theory that try to explain how public decisions are made. It involves the interaction of the voting public, the politicians, the bureaucracy and political action committees. The theory is essentially concerned with the provision of public goods made available by the government instead of the provision through the market mechanism. By the provision of public goods, the availability should not be subjected to the preconditions of the political societies and their self-centered tendencies, hence, such goods should be non-rivalry in nature. Public choice theory maxims endeavor to advance the principles of social welfare functions extricated from any microeconomics rationality largely driven by private goods rivalry postures. The public choice theory amplified expressions that political society is made up of self-interested individuals who galvanized themselves into organized interests' groups with exploitative mission of taking advantage of the electorate. The interest groups, which tend to form around relatively myopic issues of special importance to their members or clubs, are created by individuals seeking specific self-interested goals or provision of club goods. This tendency has resulted in individuals that joined with other self-seeking individuals to acquire political privileges to public resources (Grindle & Thomas 1991). In could be said that the hallmark of the public choice theory is the self-interest maximization philosophy.

The public choice theory or model maybe good for some reasons as it leads to formation of collective action that seek to promote selective incentives bolster by individual gains and promotes institutional design that help to bring cohesion in the larger and heterogeneous groups with the federated structure and strong state power (Pecorino 2015). In view of the explanation above, public choice theory could be seen as a good model which shows the relationship between tax management and spending pattern in the public sector and it is relevant to this study.

2.4 Development Theory

Development theory is regarded as a collection of theories about how genuine, equitable and desirable change in society is best arrived at. The theories draw on a number of social science disciplines and approaches to development. The main goal of this approach is foster growth through reduction in the level of poverty social inequality, increase in the space of real freedom accessed by the people, acceleration of economic indices of growth and rejuvenation of social

structures through advocacy for attitudinal change and renewed national institutions poised towards growth in the society (Todaro 2000; Bryant & White 1982). It is not gainsaying that the underpinning issues associated with development cantered on how to overcome perennial problems of chronic poverty, unrealized basic human needs resulting in starvations and pervasive hunger, lack of basic human rights which resulted in trampling on the liberties of the citizens, lack of care for gender equality and care for the indigent people and neglect to care for the environmental degradation thereby reduced agenda for sustainability of economic progress and social lives of the people in the concerned nation (Sen, 1999).

Lack of adequate attention to development theory by economic and social agents in the nation often result in what is regarded as fiscal gap or fiscal deficit in governance. A government creates a fiscal gap or deficit by spending more money than it takes in from taxes and other revenues excluding debt. The fiscal gap existing between income and spending is brought about by poor tax management and often times spending pattern of many Sub-Saharan African countries since independent and really very few has been able to come out of the social debacle. There is need for a concerted effort to stepped up development agenda that is tailored towards African societies by overhauling tax administration and subsequent spending pattern in order to achieve most of the sustainable development goals (SDG) milestones in sub-Sahara African. It is imperative to aligned the development theory assumptions to provide background for theoretical explanation for this study.

2.5 Socio-political and expediency theory

This Social – political theory asserts that every tax proposition and policies must pass the test of practicability in all ramifications with the intent that taxes are to be collected from the people and the revenue so collected must be used to solve the social ills of the society. Societal ills may be well captured by the opinion expressed in CBN Bulletin, 2014 as a society bedeviled by inadequate power supply, poor education, lack of infrastructure, delay in the passage of legislative reforms, an inefficient property regulation system, poor electoral processes, restrictive trade policies, militancy, insecurity, an inconsistent regulatory environment, negative economic growth indices, a slow and ineffective judicial system, pervasive corruption, the poor becoming poorer as the economic diversification and strong growth have not translated into a significant decline in poverty levels associated with such country. (Central Bank of Nigeria (CBN) Statistical Bulletin, 2014).

The expediency theory approach on the other hand asserted that every tax proposal must pass the test of practicability. The proponent affirmed that tax must be the only consideration acceptable with the authorities in choosing a tax proposal. while Economic and social objectives of the state and the effects of a tax system on the society should be treated as irrelevant. This proposition in the views of the proponent has a truth in it, since it is useless to have a tax which cannot be levied and collected tax proceed efficiently. Consequently, there exist pressures from economic, social and political groups with every group trying to protect and promote its own popularity while the authorities are often forced to reshape tax structure or administration to accommodate these pressures. Therefore, the administrative set up put in place by the government may not be efficient enough to collect the tax at a reasonable cost of collection. Borrowing from the principles postulated by Bhartia (2009), there should exist a strong relationship between tax liability and state spending activities in such a way that justification should exist for the imposition of taxes for financing state activities and parameters for the sharing of tax burden between individual members in the society. Without doubt, this reasoning yields the benefit received theory and cost of service theory. According to the theorist, the social

and political objectives should be the major factors in selecting taxes. Going by the theory, a tax system should not be designed to serve individuals that is powerful and dominant politically, but should be used to cure the ills of society as a whole by maintaining a balance between tax administration on one hand and the spending pattern on the other hand. Economic and social objectives of the state that are hinges on providing or spending for the greater well-being of the citizens are to be the underpinning factors for effective tax management or else tax system should be treated irrelevant. The two theories help to give adequate explanation to tax management and spending patterns which is the subject of study.

3.0 Empirical Review

The relationship between Tax management and spending pattern in Public sector is a critical social order phenomenon which help to bring stability in the polity of any nation. For the purpose of this study, the reviewed literatures below give insight to its workings.

Hogye (2005) examined the state of tax reforms for effective and efficient tax management in some developed countries and concluded that the net tax revenues which is the difference between statutory tax obligations and the realized tax revenues will increase tremendously when the reform in administration is done with the aim of reducing or eliminating the revenue gap regarded as fiscal gap through the measures already put in place by the tax authority in many countries. The views agreed with the criteria for fiscal sustainability maintained by OECD countries as explicitly explained by Schick (2005). The study gives credence to the fact that proper tax management is sine-qua nun to good spending since it is what comes in as revenue that can be deployed as tax expenditures or spending pattern. Ojo (2003) asserted that elements that enhances tax management efficiency includes management skills and techniques to harness tax resources within the economy for the maximum benefit of all. He opined that skill and techniques in management are necessary for adequate management to exist, which in turn will help to leverage on revenue increases that assist government carry out spending agenda already set. He sees the legal backing as a potent tool to compel compliance to tax activities by the taxpayers.

It is important to note that government is about people and the environment in which people conduct their affairs business or social interactions on daily basis. The available resource through tax revenue must be used judiciously in bringing about key development in terms of human capacity development, infrastructure upgrading and business enhancing legal reforms to make meaningful economic decisions. All these information and activities when properly put in place through good tax spending, enhances business to thrive thereby encouraging economic development. International Monetary Fund (2011) expressed the view that equity and fairness of a tax system should have a correlative effect on the spending associated with such taxes. The implication is that, spending of the public sectors must relates directly with tax systems efficiency. This makes it important not only to examine the distributional impact of tax reforms themselves but also to identify specific spending measures put in place to address any concerns raised by the taxpayers. There should be tax enlightenment and awareness program aim at educating taxpayers of the value of the public spending on numerous developmental projects financed by the taxes they pay, and also the tax reforms to improve the management of taxes on one hand and quality of spending patterns on the other hand. This approach will ultimately create trust in the tax administration and increase compliance with the tax system. Interestingly, tax management and tax expenditure pattern have a circular relationship in such a way that, high

spending often result in moral for increased tax yield which is predicated on efficient tax system or management.

Fagbemi et al (2011) in the study repositioning the Nigerian Tax System for Sustainable Development: Role of Business Taxpayers' Perception of the Company Income Tax Administration contended that higher compliance to tax laws is likely to result when there is proper tax administration that breed accountability and openness by the tax administrators. The views of Fagbemi (2011) actually agreed with the objectives of this study that hinges on tax administration and management enhancing spending pattern of the government. Government spending brings development and development is an incident that causes a situation to change or progress in every sphere of life. It is the process of changing and becoming larger, stronger or more impressive, successful or advancement that occurred to a particular matter. The role of government cannot be relegated in achieving developmental goals through effective tax management instrument. Ojo (2003) earlier submitted that there should be restructuring and re-engineering for greater efficiency tax system so that the yield increases for more economic growth to be achieved.

Tehulu (2014) making a comparative analysis of causal effect of behavior on compliance, opined that perception on government spending; perception on equity and fairness of the tax system; penalties; personal financial constraint; changes on current government policies; and referral group (friends, relatives etc.) are factors that significantly affect tax compliance behavior. This shows that government must possess the will power to enforce strict administrative build up so that much compliance will be witness in the country thereby having more resources to increase spending. The development must be sustained in one way or the other. That is such development that is regarded as meeting the needs of the present generation without compromising the needs of the future generation. The principle of fiscal sustainability without fiscal gap canvassed and practiced by the developed economy according to Schick (2005) need be adhered to by any government or nation that really want development.

Sustainable development most likely be the immediate result of fiscal sustainability which comes through government optimum spending and it is inevitable in the quest for national economic development. Where there is a lack of sustainable development, the situation will be likening to a state of underdevelopment which Nurkse & Jhingan (2012) called the vicious circle of poverty that is characterized in the (low productivity leading to low income resulting in low demand bringing about low investment that culminate in low deficiency). National development policies and strategies should include efficiency in tax administration since both are inter related. In the words of David (1996) National development strategies requires a radical reformation that must be hinged on economic component involving sound macroeconomic management of pursuing prudent fiscal policies, poverty alleviating growth plan of using monetary and fiscal incentives to strengthen productive and marketing opportunities for small scale businesses and cost internalization that eliminate distortions in existing pricing structures which brings about spread in cost of developmental projects feasibility (David 1996). These opinions expressed many decades past are still pertinent for the 21st century economist and accountant alike in all nations both developed and developing. Plotnikova (2005) posited that capital budgeting constitute a combination of variables that are very critical to the development of the state and must have direct bearing on the people, there should be a positive effect between capital budget and capital spending on the people it was meant to serve.

PwC (2014), together with Tilburg University, took initiative to survey the tax treatment of organisations entrusted with services in the general (economic) interest and impact in the society. The findings were not very pleasant as there exists improper correlation between tax treatment and commensurate service delivery to the tax payers. In fact, the study examined developed countries of twelve on the row and found out there exist great anomaly between tax administration by the government and the discharge of responsibility to the people who voted them into power. This goes to show that from time to time, tax administration or management reengineer for only higher productivity in many countries of the world without resultant adequate effect on spending pattern. For instance, the USA is a standard of political and socio-economic measurement in most countries of the world, Tax management in its public sectors shows non-compliance. US Code provides general tax rules applicable to individuals, corporations and other entities. Within this set of rules, some rules are applicable to certain entities only while others are left without justifiable reason thereby creating issue of double standard in tax treatment to the tax payers. There seem to be tax exemption to certain classes through the Inland Revenue or tax authority code but the exemption does not have bearing significantly on revenue mobilisation thereby maintaining fiscal sustainability (PWC 2011). This actually is the resemblance of tax management in the developed countries according to the study which brings about constant fiscal sustainability and absence of fiscal gap (Schick 2005).

4.0 Summary of Empirical Review

Author, year, country	Study	Objective	Findings and conclusion
Bahizi B. K (2012).	Taxation Background in Rwanda and the linkage between a government efforts in resources mobilization and efficient service delivery.	To examine Possible reasons for lack efficient resource mobilization and delivery of services	The institutions backed by laws can enhance resources mobilization on regular basis and thereby create efficiency in services delivery.
Chittoo H. B, Needesh Ramphul, and Bhisum Nowbutsing (2009)-Mauritius	Globalization and Public Sector Reforms in a Developing Country	To examine the effect of specific reforms in public services and service delivery	They found out that specific developmental reform is more effective than attempting wholesale reforms in public services in bringing to bear program success
Bruce Yandle, Jody Lipford (2011).USA	The Relationship Between Taxpayers and Tax Spenders: Does a Zero Tax-Price Matter	To investigate the cause of widened gap between taxpayers and tax spenders	The finding shows the tax liability is borne by few who want more benefits by way of tax spending. There must be balance or equity principle.

Csapodi P (2009). Hungary	Legal Regulation of Public Financial Management. Economy of the External Audit of Public Funds.	To discover reasons for the declining state of tax expenditures inspite of regulation for efficiency in public sectors	Strong regulation with strict adherence to compliance will ensure that public sectors perform optimum ally without distortion in service delivery
Vjekoslav Bratić (2006)- Croatia	Tax Expenditures: A Theoretical Review Financial Theory and Practice	To investigate reasons tax expenditures favor's few among countries	It was discovered that administrative bureaucracy hinders effectiveness of tax expenditures
Luttmer and Singhai (2014). USA	Tax Moral.	To investigate nonpecuniary factors enhancing tax compliance decisions	Intrinsic motivations contribute to induce people comply with laws and expectations of tax authority
Plotnikova M. (2005). USA	The effect of a capital budget on capital spending in the U.S.A.	To analyse the specific effects of the regulatory environment on spending outcomes in each state	The finding shows positive effect of capital budget on capital spending and statistically significant that budget process affects capital spending.
Ayee J. R. A (2005)- Ghana	Public Sector Management in Africa- Economic Research Working Paper for ADB	To examine the strengths and challenges facing African states and its bureaucracy in relation to socioeconomic development	Training and Capacity Development and technology innovations to improving Public-Service Efficiency
Schick A. (2005) USA	Sustainable Budget Policy: Concepts and Approaches	To examined fiscal sustainability in OECD countries	The finding shows that fiscal future becomes easy to manage when fiscal sustainability principles are maintained at present.
International Monetary Fund (2011)- by Carlo Cottarelli	Revenue Mobilization in Developing Countries	To discover factors that can enhance tax revenue mobilization in developing countries	The use of state power in efficient, fairer, and less corrupt tax systems spearhead improvement in wider governance relations.

5.0 Conclusion and Recommendation

Tax management will continue to be a subject of concern to any government that worth its sort as much as social and political needs of the nation will not be abated and resources are scarce in supply. Moreover, tax remains the dominant available and readymade financial resource streams to all government, hence, any nonchalant attitudes will be highly detrimental and injurious to the

financial health of the nations. To be able to obtain or get optimum mix in spending pattern, there will be a regular re-evaluation of modules operandi of the tax administration by the government from time to time.

Many countries have a theoretical tax application and operation in the public sector entities as a mere policy framework and never applicable it in real sense. The question then is should tax burden only be the problem or responsibility of the private entities alone while the benefits are for all and sundry? Tax management should be carried out holistically to instigate and encourage responsiveness in the citizens on one hand and accountability in governance on the other hand. This was the submission of Bahizi (2012) on the Rwanda government in the study Taxation Background in Rwanda and the linkage between a government effort in resources mobilization and efficient service delivery. Most government in the sub-Saharan Africa are victim of economic crisis that does not march up with the growing population contrasted side by side with economic growth and development within the state. The tax gap or deficit continues to be a recurrent problem and this has contributed to a large extent stunted economic and political growth. The tax function creates a relational vertical contract between government and taxpayers which Lassen (2003) defined as the expectation of requisite public goods in exchange for taxes paid as the terms of that vertical contract dictated. This opinion perfectly agreed to the theories used in explaining the concept of tax management and public spending pattern in the study.

It is pertinent conclusively to say that tax management is a welcome development and must be vigorously pursued by the government to harness all revenue needed for the smooth running of the government as seen in the literatures reviewed. But what is done with the resources in term of spending must be justifiable in the eyes of the lookers, that is the citizens and corporate bodies that the taxpayers if confidence is to be reposed on the activities of the government, otherwise disconnect and distortion between the governed and the government will persist. The expectation gap must be narrower as much as possible through transparency, accountability and honesty of purpose in governance. The government is the custodian of public funds and utility, the onus lies on them to ensure first, that the wellbeing of the citizens is given utmost attention in the social contract theory and priority by engaging in such spending pattern that justify proper utilization of the taxpayers' money (accountability) thereby encouraging greater compliance of the citizens to the tax laws.

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