

**CHAPTER TWELVE**  
**MULTIPLE TAXATION: THE BANE OF INDUSTRIAL**  
**DEVELOPMENT IN NIGERIA**  
**BY**  
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**Introduction**

Payment of tax is not a new phenomenon. It is as old as the government itself. Generally, tax collectors have been looked upon as the enemy of the society and in order to curb the social stigma of tax collectors, the government devised the system of legalizing same by ensuring that payment of taxes are statutorily backed up.

It is in line with this that made I.A. Ayua<sup>1</sup> to comment to wit:

The most important thing is a pecuniary burden laid upon individuals or persons or property to support the government and it is a payment exacted by legislative authority. A tax is not therefore a voluntary payment or donation but an enforced contribution, exacted pursuant to legislative authority.

One may be tempted to conclude that any payment not backed up by a legislative authority is short of being a tax.

This essay is an attempt to examine the raging controversy surrounding multiple tax and to what extent is it a bane of industrial development in Nigeria? From the word go, it seems that taxpayers never enjoy or like to pay tax. Nevertheless, the government over the years has found it difficult if not impossible

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<sup>1</sup> Ayua I.A., "The Nigerian Tax Law, Spectrum Law Publishing, Ibadan, Reprinted, 1999, p.4.

to do without taxation. Hence, the matter of taxation has become a necessary evil in any government of the day.

Therefore, payment of tax has become more of the norm rather than being an aberration. However, the matter of multiple tax has attracted a lot of debates, controversies and criticisms from individuals, group of persons or corporations as the case may be who are of the view that multiple tax is against both the letter and the spirit of tax laws.

In order to appreciate the contention that multiple tax is the bane of industrial development in Nigeria, there is an indisputable need to examine what tax is, objective of taxation, the Federal Character of Nigeria and its effect or consequences on the taxing power of each of the tiers of government and its impact on the economy.

### **What is Tax?**

Davies<sup>2</sup> in providing an answer to the above question states: “Tax is a compulsory levy imposed by an organ of government for public purposes”.

Longman<sup>3</sup> defined tax “as amount of money that you must pay to the government according to your income, property, goods, etc, that is used to pay for public services”.

Bryan A. Garner<sup>4</sup> in his own contribution asserts that tax is “a monetary charge imposed by the government on persons, entities, or property to yield public revenue”. It further maintains that “most broadly, the term embraces all government impositions on the people, and includes duties, imposts, and excises”.<sup>5</sup>

Looking at these brief explanation it is very possible and likely permissible in law for a particular individual to pay his tax from his earnings as an income tax, to also pay tax on his land as property tax or pay tax on his car as duties. It seems that even

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<sup>2</sup> Principles of Tax Law (Sweet & Maxwell), London, 3<sup>rd</sup> Edition, 1996, p.3.

<sup>3</sup> Dictionary of Contemporary English, London Group Ltd., 1995, 3<sup>rd</sup> Edition, p.7477

<sup>4</sup> Black's Law Dictionary, St. Paul Minn., West Group, 7<sup>th</sup> Edition, 1999) p.1469.

<sup>5</sup> Ibid.

though these above stated payments are made by one and the same persons, he may not be justified to complain as those payments are made on different subjects provided they are made pursuant to a legislative authority. It becomes a different matter entirely where an individual who owns a car and resides at Abuja but a native of Anyigba in Kogi State, having paid the necessary duties on the car at Abuja under the Federal Capital Territory Authority, travels to Kogi State and also was cajoled to pay duty on the car by driving the car to his village under the Local Government Authority, etc.

The situation of multiple tax has attracted the attention of individuals, group of persons, companies or industrial bodies as well as some government agencies.

Before analyzing the views or opinions on the necessity for multiple tax if any or the abolition of it, it is relevant to consider the objectives of taxation generally.

### **Objectives of Taxation**

The issue of payment of tax is a constitutional one. Hence, the Nigerian Constitution<sup>6</sup> has provided to wit:

“It shall be the duty of every citizen to...

(f) declare his income honestly to appropriate and lawful agencies and pay his tax promptly”.

Firstly, the Constitution as the grundnorm has made it mandatory, obligatory and compulsory for citizen to pay tax by the phrase, “it shall be the duty of the citizen”. It should be noted that every duty is expected to be performed.

Secondly, the use of the word promptly suggests that there is a season or time for the payment and such payment should be made without further delay. Of course, the income upon which tax is payable is expected to be declared honestly to appropriate and lawful agencies. This corroborates the definition of tax that it must be a levy imposed by the government for public services or purposes.

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<sup>6</sup> Section 24(f) of the Constitution of the Federal Republic of Nigeria, 1999.

In other words, taxes are paid to the government and must be used for the public welfare. Tax is for the benefit of an individual pocket. It is on this note that tax system is undertaken as a revenue to the government to cover part of the government annual operating costs (expenditure).<sup>7</sup> Other regional instruments which Nigeria as a State subscribed to places legal obligation on the citizen to pay tax in the interest of the State.<sup>8</sup>

### **Taxes and Levies (Approved List for Collection) Act 1998**

In order to clearly redefine the taxing powers of each tier of government and to lay to rest the raging controversy about allocation of taxing power in the Federation of Nigeria, the Federal Military Government enacted this law.

The Act did not only specify the taxing powers of each tier of government, it also prohibits mounting of road blocks for collection of tax purposes and it declared illegal the use of tax consultants to collect tax on its behalf by any tier of government. The Act also limited the amount of taxes that can be levied in certain cases.

The court has declared illegal the mounting of road blocks to collect taxes or levies and the collection or levying of taxes on matters outside the jurisdiction of each tier of government as spelt out in the Constitution and Taxes and Levies (Approved List for Collection) Act 1998<sup>9</sup> for avoidance of doubt, we shall set out the provisions of the laws on tax jurisdiction of each tier of government.

### **Taxes to be collected by the Federal Government**

1. Companies income tax
2. Withholding tax on companies, residents of the Federal Capital Territory, Abuja and non-resident individuals
3. Petroleum profits tax

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<sup>7</sup> Herbert C., Sieg, MAS, CPA, et al., Federal Income Taxation, 1998 Edition, pp.1-3.

<sup>8</sup> Article 29(6) of African Charter in Human and Peoples' Rights Ratification and Enforcement Act Cap.10, Laws of the Federation of Nigeria, 1990.

<sup>9</sup> Mobil Producing Nigeria Unlimited v. Tai Local Government & Anor, 2004 ICLR 102.

4. Value Added Tax
5. Education tax.
6. Capital gains tax on residents of the Federal Capital Territory, Abuja, bodies corporate and non-resident individuals.
7. Stamp duties on bodies corporate and residents of the Federal Capital Territory, Abuja.
8. Personal income tax in respect of:
  - a. Members of the Armed Forces of the Federation;
  - b. Members of the Nigeria Police Force;
  - c. Residents of the Federal Capital Territory, Abuja; and
  - d. Staff of the Ministry of Foreign Affairs and non-resident individuals.

### **Taxes and Levies to be collected by the State Government**

1. Personal income tax in respect of:
  - a. Pay-As-You-Earn (PAYE); and
  - b. Direct Taxation (self assessment)
2. Withholding tax (individuals only)
3. Capital gains tax (individuals only)
4. Stamp duties on instruments executed by individuals
5. Pools, betting and lotteries, gaming and casino taxes.
6. Road taxes
7. Business premises registration fee in respect of:
  - a. Urban areas as defined by each State, maximum of:
    - (i) N10,000 for registration; and
    - (ii) N5,000 per annum for renewable for registration; and
  - b. Rural areas:
    - (i) N2,000 for registration; and
    - (ii) N1,000 per annum for renewable for registration.
8. Development levy (individuals only) not more than N100 per annum on all taxable individuals.
9. Naming of street registration fees in the State Capital
10. Right of Occupancy fees on land owned by the State Government in urban areas of the State.
11. Market taxes and levies where State Finance is involved.

## **Taxes and Levies to be collected by the Local Government**

1. Shops and Kiosks rates
2. Tenement rates
3. On and off liquor license fees
4. Slaughter slab fees
5. Marriage, birth and death registration fees
6. Naming of streets registration fee, excluding any street in the State Capital
7. Right of Occupancy fees on lands in rural areas, excluding those collectable by the Federal and State Governments
8. Market taxes and levies excluding any market where State Finance is involved
9. Motor Part levies
10. Domestic animal license fees
11. Bicycle, truck, canoe, wheelbarrow and cart fees, other than a mechanical propelled truck
12. Cattle tax payable by cattle farmers only
13. Merriment and road closure levy
14. Radio and television license fees (other than radio and television transmitter)
15. Vehicle radio license fee (to be imposed by the local government of the State in which the car is registered)
16. Wrong parking charges
17. Public Convenience, sewage and refuse disposal fees
18. Customary burial ground permit fees
19. Religious places establishment permit fees
20. Signboard and advertisement permit fees.

Furthermore, lawmakers over the years, use tax laws to achieve various economic, political and social goals. In the area of economy, tax has been used to avoid inflation, to discourage investments in some ventures and to also encourage investments in some sectors of the economy by way of tax reliefs, tax holiday, etc.

In the realm of political and social goals, tax can be used to discourage consumption of certain products that are of social ills like alcohol or cigarettes or certain inimical drugs. Politically, tax can be used to redistribute societal wealth through tax legislation.

### **Nigerian Federation and Tax Policies**

The core of this chapter is to examine the multiple tax and its effect in the industrial development in Nigeria. Nigeria as an entity is a federation constituting of thirty-six (36) states and a Federal Capital Territory, together with Local Government Areas and area Councils.<sup>10</sup>

The cumulative effect of these constitutional provisions is that Nigeria is a federation of three-tier government. The Federal Government of Nigeria, the Government of each State in Nigeria and the Local Government Areas in Nigeria. It is not in dispute that each tier of this government or their agencies has the constitutional power through the appropriate and lawful authority to impose or levy tax on the individuals, group of persons, properties or goods within their jurisdiction and/or territorial limits.

So also, every citizens of this country is vested with the right<sup>11</sup> to move freely throughout the length and breadth of this country and to settle or reside in any part of his choice in this

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<sup>10</sup> Sections 2(2) of the 1999 Constitution of Nigeria provides that Nigeria shall be a Federation consisting of States and Federal Capital Territory. Sections 3(1) provides that there shall be thirty six States in Nigeria that is to say, Abia...Zamfara. Sections 3(2) provides the Headquarters of the government of each state shall be known as the capital city of that state as shown in the third column of the said part 1 of the First Schedule opposite the State named in the first column thereof. Section 3(6) provides there shall be seven hundred and thirty eight local government areas in Nigeria as shown in the second column of part 1 of the First Schedule of this Constitution and six areas councils as shown in Part II of that Schedule.

<sup>11</sup> Section 41 *ibid*, provides “Every citizen of Nigeria is entitled to move freely throughout Nigeria and to reside in any part thereof, and no citizen of Nigeria shall be expelled from Nigeria or refused entry thereto or exit therefrom”.

country and could freely carry on any lawful and/or authorized business without encumbrances of any sort whatsoever.

The inevitable consequences or result of this constitutional freedom is that a citizen of Nigeria has the right to reside in any part of Nigeria and at the same time retain the right to travel to any part of the country for lawful business of his choice without restraint subject to the constitutional exceptions where such a citizen has committed a criminal offence that requires restrictions of movement and the likes.

Furthermore, subject to the provisions of the Constitution, every citizen of Nigeria shall have the right to acquire and own immovable property anywhere in Nigeria.<sup>12</sup>

It should be clearly understood that by the Spirit of federalism, which we have all by our Constitution subscribed to, each tier of government in Nigeria has an autonomous power to impose or levy tax over persons, groups of persons, properties, goods and/or services which are of public benefits within their own territories. The implication at the end of the day is that a particular individual may end up paying taxes of the Federal Government legislation, that the State Government legislation and at the same time that of the Local Government legislation or their various agencies.

The Land Use Act is a Federal legislation, which operates throughout the length and breadth of this country, yet, has vested the ownership by way of management and control in the hands of the Governors<sup>13</sup> of States. The resultant effect is that each State Government through an appropriate legislation can impose a tax on land being occupied within the State and at the same time such an occupant would be required to pay tax (personal tax) for residing within the territory of the State.

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<sup>12</sup> Section 10, *ibid.*

<sup>13</sup> Section 1 of the Land Use Act, Laws of the Federation of Nigeria, 1978, provides “... All land comprised in the territory of each State in the Federation and hereby vested in the Governor of that State and such land shall be held in trust and administered for the use and common benefit of all Nigerians in accordance with the provisions of this Act.

The Local Government Authority in control of the area occupied by such a citizen or an individual and carrying on business thereon may be compelled to pay some forms of taxes for doing one kind of business or the other within the domain including paying for occupying the landed property thereby amounting to paying multiple taxes over a particular property or for doing a particular business. For avoidance of doubt, we shall set out the provisions of the law on tax jurisdiction of each tier of government.

Minister of Finance in complaining what is multiple taxation asserts: “Multiple taxation arises when a taxable person or taxable transaction involving goods and services within the same economy, are subjected to the same kind of tax, more than once”. It is worth noting that notwithstanding the above definition it has been acknowledged<sup>14</sup> that multiple taxation has been used as described in the following ways:

1. Road blocks by illegal tax collectors who are really essentially highway robbers “419” artistes operating under various guises as the money collected go direct to the pocket of individuals.
2. Charges for state/local government that are done in return for services offered that are peculiar to the state or local government. For example, charge for land or rented masts of telecom operators.
3. The different kinds of taxes; duties, fees, charges imposed on a person or company in the Federal, State and Local government even when such tax, duties, fees and charges are for different services offer.

### **Definition of Multiple Taxation**

It is not out of place that before examining the effects or implication of multiple taxation, we make an attempt at a definition. Multiple taxation could simply be defined as a situation

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<sup>14</sup> Ibid.

where a particular payer is compelled to pay tax or is being levied more than once on a particular item or for a particular service.<sup>15</sup>

### **Effect or Implication of Multiple Taxation**

It is worth noting that even in the capital market, the idea of allowing various instruments by the government of the day culminating into an individual paying multiple taxes in respect of a particular business transaction has been condemned. On this note, Mr. Sunny Nwosu<sup>16</sup> has seriously criticized the introduction of Value Added Tax (VAT) in the market based transactions. According to him, the introduction of VAT is an exhibition of ignorance of the character of the nation's (Nigeria) emerging capital market. Nwosu maintained, "as champions for a reduction in the number of operational tax in the market, we categorically denounce the introduction of VAT because it completely negates the spirit and logic of the tax instrument".

There is no doubt that the introduction of VAT has in one way or the other contributed to multiple taxation in the economy. consequently, Nwosu<sup>17</sup> appreciating the positive records of the government's economic reforms agenda, is also of the view that for the government to achieve its agenda, further incentives to enhance investment must be carried out and in order to achieve that there should be a reduction on withholding tax from 10 percent to 5 percent and also abolish totally multiple tax regimes.

The issue of multiple taxation in this country has been a matter of concern to top individuals, group of persons, corporations and researchers in the realm of tax laws in this country. For instance, the Chartered Institute of Taxation of

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<sup>15</sup> Mrs. Esther Usman, Minister of finance, in a Keynote Address at the Nigerian Economic Summit Group, Stakeholders workshop on Multiple Taxation held at Golden Gate Restaurant, Ikoyi Lagos on October 12, 2006.

<sup>16</sup> The Former National Coordinator of the Independent Shareholders Association of Nigeria (ISAN), The Nigeria Tribune Newspaper of 21<sup>st</sup> March, 2007, at p.31.

<sup>17</sup> Ibid.

Nigeria (CITN)<sup>18</sup> has joined in the raging controversy surrounding multiple tax and has condemned the multiple taxation system prevalent in the country and described it (multiple taxation) as detrimental to the growth of the industrial sector. The CITN boss<sup>19</sup> further described those involved in the collection of those taxes (multiple taxation) as criminal as same is a negation of what was prescribed by the law and a continuous involvement in it amounts to an extortion.

According to CITN research on why these taxes exist, it was revealed that the root of these were greed, perceived unfair revenue formula and the quest to boost the internally generated revenue of State and Local Councils. The question is if the result of the CITN research is correct and something to go by, then, it means the objective of tax has not been achieved in actual fact by the Multiple Taxation System (Policy). Can it be said that the objective or the aim of taxation is being achieved by multiple tax? It is the group of individuals who are expected to be collectively satisfied by the tax policies that are now being robbed at the expense of the few who are privileged to be in position of unjust enrichment. The consequence of this unjust enrichment of the few is that, the manufacturing sector suffers. Hence, the CITN did not mince a word when it asserted to wit: “The myriad of taxes and levies imposed on taxpayers in various States across the country continues to be a major bane of the spirited efforts aimed at transforming the manufacturing sector”.<sup>20</sup>

It has been observed previously in this chapter that the three tiers of government have the constitutional powers or authority to impose or levy taxes. However, since the government

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<sup>18</sup> CITN on why multiple taxation thrives in Nigeria; Daily Sun, Wednesday, February 28, 2007, p.40.

<sup>19</sup> Mr. Folusho Fasoto, President and Chairman of CITN delivered a paper titled “Multiple Taxation Threats to the Manufacturing Sector” at the Manufacturers Association of Nigeria (MAN) Forum on 2007, Federal Government Budget Proposal held in Lagos, Ibid.

<sup>20</sup> CITN on why multiple taxation thrives in Nigeria, op.cit.

exists for the welfare<sup>21</sup> of the citizen and in the overall interest of the citizenry, can it be said that the purpose is being achieved by robbing Peter to pay Paul and in utter violation of the law? The answer is in the negative. This seems to be supported by the findings of the CITN<sup>22</sup> that:

Researches indicate that as many as over 500 different taxes and levies are being imposed by the various tiers of government as against the 36 approved by Taxes and Levies Act and the more a taxpayer transports his goods and services across the many local governments in the country, the more he is confronted with incidents of multiplicity of taxes.

The end product of the CITN research is that multiple taxation thrives in Nigeria because of perceived unfair revenue formula, lack of political will-power on the part of the executive arm of the relevant governments which are saddled with the responsibility of enforcing and/or executing laws that are made, now finding it difficult to finance and properly or rightly equip their revenue agencies. It has also been contended that apart from the reasons why the holders of political power may be failing in properly addressing these issues are due to greed to the few of this position of authority (tax officers) and technical in efficient manpower at the revenue agencies.

It is unfortunate and regrettable that the Federal Government is unable, due to whatever reasons to curb the increase in multiple taxation even where it clearly violates the provisions of the Constitution of the Federal Republic of Nigeria to which our political leaders have sworn oath to uphold and to

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<sup>21</sup> Section 14(a)(b) of the Constitution provides “It is hereby, accordingly, declared that:

(a).....  
(b) The security and welfare of the people shall be the primary purpose of government.

<sup>22</sup> Op.cit. note 20.

defend in all ramifications.<sup>23</sup> For instance, by the Constitution<sup>24</sup> of the Federal Republic of Nigeria, telecommunication in the area of wireless broadcasting and television transmission is under exclusive jurisdiction of the Federal Government. It was in pursuance of this constitutional provision that the Federal Government set up the Agency called Nigerian Communications Commission (NCC) charged with the statutory responsibility of regulating activities of those in telecommunication.

However, the Lagos State Government established an Agency known and called “The Lagos State Infrastructure Maintenance and Regulatory Agency” (LASIMRA) and empowered it to amongst others “issue permits for the use of right of way to all telecommunication operations and other utility providers within the State, to disconnect and dismantle cables and other infrastructures laid or erected without obtaining the necessary permission from the Agency; and authorize any officer of the Agency to inspect any infrastructure, for the purpose of determining whether it complies with the provisions of this law and the regulations made hereunder”.<sup>25</sup>

The law also prescribes the fees to be paid to the Agency by telecommunication companies seeking to operate within Lagos by erecting or construct towers, masts or lay cables for telecommunication purposes. So also, the law empowers the Agency (LASIMRA) to grant approval to telecommunication companies and to impose fines or penalties for non-compliance with the law. The implications of this law is that

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<sup>23</sup> See Excessive taxation FIRS asks companies to relocate from Lagos, *The Punch*, 13<sup>th</sup> May 2007 p.11. As a matter of fact, Chairman of FIRS said her Agency cannot eradicate multiple taxation. She advised companies to relocate to a state with friendly tax policy instead of complainin g.

<sup>24</sup> Section 4(2) provides the National Assembly shall have power to make laws for the peace, order and good governance of the Federation or any part thereof with respect to any matter included in the exclusive legislative list set out in part 1 of the Second Schedule.

<sup>25</sup> Omale Godwin, “The Ill Wind called Multiple Taxation” *Saturday Vanguard*, October 28, 2006, p.38.

telecommunication companies apart from registration and payment of all the necessary dues to the Federal Government under the Nigeria Communications Commission (NCC) seeking to operate in Lagos State are required or expected to obtain another set of licenses, permits, and approval for their equipment being used within Lagos State. Multiple taxation and poor power supply have been identified as bane of telecommunication development in Nigeria.<sup>26</sup>

It is further interesting to note that as at October 28, 2006, it was reported that the Chairmen of local government councils were now under the watchful eyes of the Economic and Financial Crimes Commission (EFCC) over illegal collection of levies and taxes from manufacturing companies and the country. Has anything positive been done since that October 28, 2006 to curb this unjust multiple taxation that has been a bane of industrial development in Nigeria?

It is humbly submitted that strictly speaking the operations of Lagos State Infrastructure Maintenance and Regulatory Agency (LASIMRA) does not only amount to double taxation but is void to the extent that it legislates on matters within the exclusive (purview) jurisdiction of the Federal Government. Can it be said that the government is not aware of this utter violation of the Constitution and the laws wherein the manufacturers, the hospitality industry and almost all the sectors are complaining? Another area of concern is the outdoor advertisement practitioner of Nigeria who is to be regulated and controlled by the Local Government according to the Constitution but the State Governments today is not only regulating alongside with Local Government but are collecting taxes from them.<sup>27</sup>

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<sup>26</sup> Daily Sun, 16<sup>th</sup> May 2007, p.27.

<sup>27</sup> Ibid. Strategizing against multiple taxation in outdoor advertising business – reported in the Guardian of 27<sup>th</sup> November 2006, p.78. See also Section 7 and Fourth Schedule to the 1999 Constitution, item 1(k)(l).

It was also reported<sup>28</sup> that as at the October 28, 2006, the manufacturing firms in Lagos State did not only complained but lamented that in Lagos alone, they (manufacturers) pay levies and taxes on more than 100 items imposed by the States and Local Governments. Surely, this may not only be unconstitutional and unlawful but evil. The end result of this was that these factories that could not afford paying the levies and taxes were threatened to be closed while some had actually been closed or shut down, others are in operation. Of course, those that paid to remain in operation would eventually shift roll over the cost to the customers by way of an increase in price of the products or services rendered.

The growing adverse effects of multiple taxation has affected almost every sector of the economy and consequently, the Nigerian Economic Summit Group (NESG) in collaboration with the British Council in its one day stakeholders workshop on multiple taxation in Lagos discussed in detail the problem of multiple taxation and its impact on business development and the growth of Nigerian economy.<sup>29</sup>

The horror of multiple taxation in Nigeria was brought to limelight in an experience of a Nigerian who purchased a minibus in February 2006.<sup>30</sup>

The research conducted revealed that the purpose of purchasing this minibus was to move agricultural produce between Ibadan in Oyo State and Jos in Plateau State. In order to appreciate the devastating experience of the said bus driver and the effect of multiple taxation on both individuals and the manufacturing sectors of the Nigerian economy, the writer has considered it apposite to clearly itemize the dates, the amount and the particulars of the taxes collected on this minibus.

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<sup>28</sup> Ibid., Alhaji Ahmed Abdulkadir, Special Adviser to the President on Manufacturing & Private Sector.

<sup>29</sup> Ibid.

<sup>30</sup> Tax Terrorist on the Highway, Nigeria Tribune 8<sup>th</sup> August 2006 p.10.

It has been reported that on the February 21 2006, the bus was seized by the agents of Ibadan North Local Government in Oyo State and was made to pay N2,000.00 for “Mobile Advert Permit”. Later on the same day, the Local Government within the same State arrested the same bus and the driver paid the sum of N1,000.00 for “Loading and offloading permit”.

On May 3, 2006, the same bus was arrested on the Federal Highway passing through Oriade Local Government Area of Osun State and the driver was forced to pay N4,000.00 for what was called “Road Certificate”.

On another journey, on May 23<sup>rd</sup> 2006, Jema’s Local Government Area of Kaduna State arrested the bus and the driver was made to pay the sum of N3,000.00 and N2,000.00 for “Hackney Permit” and “D/C Badge” respective.

On May 24, 2006, on the return journey of the same bus around the same location on the previous day, the driver was made to pay N2,000.00 each for “Mobile Sanitation Levy” and “Sewage Sticker”.

On June 15, 2006 Ifedore Local Government Agents on the Federal Highway made the bus driver to pay N4,000.00 for another “Environmental Protection Levy” and “Loading/Offloading Permit”.

On July 4, 2004, at Owo in Ondo State some Local Government Tax Collectors on the highway collected the sum of N5,000.00 from the same bus for “All State Road Tax Permit”.

On July 7, on the bus return at Ibilo in Edo State the driver was forced to pay the sum of N5,000.00 for yet another “Road Tax Permit”.

For instance, State should be encouraged to enact laws like the federal enactment of the Taxes and Levies (approved list for collection) Act No.12 of 1998, which amongst others being the use of road blocks for revenue collection purpose and stipulates sanctions for offenders. It seems what is easier elute and enforce state laws at the local level than Federal Government Act.

On July 13, 2006, Ijebu North East Local Government Area of Ogun State insisted on payment by the same bus for what was described as “Light Loading Permit”.<sup>31</sup>

Apart from the huge amount of money paid on the bus as taxes and collections, the bus was also detained for several hours thereby increasing the losses occasioned by the multiple taxation epidemics. Time is money, so as time is wasted so money is lost. One wonders how illegalities are being committed in this country with impunity and thereby jeopardizing the welfare of individuals in particular and the economy in general.

### **Way Forward**

There is no doubt that from the analysis of this chapter, multiple taxation has done more harm than good to the Nigerian economy.

It seems that the government has failed to curb the growing menace of multiple taxation in our economy. However, the writer is of the view that there is still hope for this country provided that the political leaders and the power holders are prepared and determined to wage war against the perpetrators of this cankerworm of multiple taxation.

Taxation is inevitable as a source of revenue to the government for public expenditure. However, a deep examination of the so called revenue generated through this illegal multiple taxation ends up in private pockets rather than being available for public expenditures thereby defeating the purpose of taxation in the first place.

There is a way forward and the government is hereby called upon to intervene in the following ways:

The respective States Houses of Assembly should enact or pass necessary law that would provide for the assessment and collection of taxes and also clearly state the procedure for appeal by anybody who is affected by such provisions of the laws pertaining to collection of taxes.

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<sup>31</sup> Tax Terrorists on the Highway, *supra*.

Each State Government of the Federation should publish the list of all items that are subject of taxation within their States and Local Governments. It should be well spelt out that once it is paid for in one Local Government, the other Local Government in the State should be barred from collecting the said tax from such individuals or corporate taxpayers on the same item.

The State Governments should ensure that the law enforcement agency are mobilized or properly educated to monitor or execute the laws at the Local Government levels to ensure that any Local Government Council that engages in the illegal collection of taxes by mounting road blocks or by any other means whatsoever should be sanctioned accordingly. In fact, the Court has held mounting of roadblocks to collect tax is illegal.

A Joint Tax Board be constituted by the Federal Government to have its membership from the various States and to ensure strict compliance of both the State and Local Governments with the nations tax laws at the various tiers of the government. This is necessary to comply and enforce as required by Section 92 of the Personal Income Tax Act, Cap.98, Laws of the Federation of Nigeria, 2004. This committee must take steps to investigate all complaint against excessive and used tax activities at whatever level's State revenue committee.

To ensure a stronger level of collaboration between and amongst taxpayers, tax authorities and law enforcement agencies to arrest any persons found engaged in illegal tax activities e.g. mounting roadblocks on state/federal highways for revenue collection purpose, as than act must foul of the law.

The state and local government should discourage or discontinue the use of the services of all private organization in revenue assessment and collection. Rather, the existing tax authorities at the state and local revenue matters should be charged with revenue matter should be strengthened and better funded for improved efficiency.

State and local governments should emphasize their alternation and focus on taxes and levies as the major sources of funds for governments expenditures and consequently, to seek for their sources of income like investment in revenue yielding projects such as in agriculture, solid mineral, shares of companies, etc.

Some statutory bodies like the Revenue Mobilization Allocation and Fiscal Commission (RMA & FC) should be authorized to consider some punitive device of sanctioning states and local government whose law seem established to be involved in acts amounting to multiple taxation by deducting the monthly allocation of such erring states and local government.

Taxable persons in Nigeria both individual and corporate should be highly educated, mobilized and sensitized to begin to resist against illegal taxes and levies imposed on them by way of fine to pay such illegal levies and taxes especially at road blocks and be ready to challenge such illegal tax assessment in their law courts and also report to the law enforcement agencies like EFCC of course with accordance of such illegal levies.

The horror of multiple taxation in the manufacturing and other sectors of the Nigeria economy cannot be glossed over in a developing country, for it has been established from the ranging controversy that multiple taxation is the bane of the industrial development in Nigeria.