



# TAXATION IN THE INFORMAL SECTOR IN ANAMBRA STATE



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## ■ TABLE OF CONTENTS

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CISLAC At A Glance .....	3
Brief Introduction Of The Tax Justice And Governance Platform, Nigeria .....	5
Acronyms .....	6
Background of the Study .....	7
Introduction .....	9
• Study Goal and Objectives .....	9
Scope and Methodology of the Study .....	10
• Scope of the Study .....	10
Brief Profile of the Focal State .....	11
• Geography .....	11
• Cities and Administrative Divisions .....	12
Methodology. ....	13
• Justification for Key Informant Interviews (KII), Focus Group Discussion (FGD) and Questionnaire .....	13
Analysis of Results and Findings .....	14
• Overall Assessment of Knowledge and the Quality of Taxation in Communities. ....	14
Table 3, Principles, Criteria and Indicators used in the Study. ....	15
Figure 1. Rating of Overall Taxation Environment Across Three Senatorial Zones .....	15
Data Presentation on Taxation Situation in the Three Senatorial Zones in Anambra State. ....	16
Anambra Central Senatorial Zone, Onitsha and Onitsha South LGAs .....	17
Anambra South Senatorial Zone, Aguata and Nnewi North LGAs .....	18
Using Nnewi South Government approved Collection Rates/Fees and the Actual Payments Made by Citizens as a Case Study in a Tabular form. ....	19
Conclusion. ....	20
• Recommendation. ....	20

**Civil Society Legislative Advocacy Centre (CISLAC)** is non-governmental, non-profit legislative advocacy, information sharing and research organization, arising from the felt need to address defects in the legislative advocacy work of civil society and open the window through which legislators can also access civil society groups. It aims to strengthen the work of Civil Society on Legislative Advocacy and bridge the gap between legislators and the Civil Society.

The formation of CISLAC arose from the context of the fact that the return to civilian rule in Nigeria was achieved largely by the struggles of the organizations of Civil Society especially the Human Rights and pro-democracy groups. Many activists lost their lives in the demonstrations, and sometimes, violent eruptions which characterized agitation for democracy and the opening of the democratic space in the context of authoritarian military rule and dictatorship.

Civil Society Legislative Advocacy Centre (CISLAC) is currently one of the major civil society organizations in Nigeria with a primary focus on legislation and legislative processes. CISLAC is also engaged in policy/legislative advocacy, civil society capacity building and media engagement. CISLAC works to train and enlighten civil society on policymaking, the responsibilities of the legislature, and the existing policies and legislations affecting Nigerian citizens. It also aims to ensure that the legislature at local, state and federal levels are aware of their relationships with other government bodies and have a responsibility of acting as a voice for the people.

CISLAC was integrated as a corporate body (CAC/IT/NO22738) with the Nigeria's Corporate Affairs Commission (CAC) on the 28th December 2006. Prior to this incorporation, however, CISLAC had actively been engaged in legislative advocacy work since 2005. The organisation is also compliant with the Anti-Money Laundering Act 2007.

The Organisation reports to SCUML, any transaction that is above One thousand dollars, detailing the payee, purpose and the other KYC (Know Your Customer) requirements. This is done on a weekly or monthly basis depending on the volume of transactions and to ensure appropriate compliance with anti-money laundering laws.

CISLAC is also registered organisation under the National Planning Commission. In recognition of its broad perspective, CISLAC was granted an ECOSOC status by the United Nations in 2011 giving it the mandate and the instrumentality of the United Nations. CISLAC is duly registered in accordance with the provisions of Section 5(1) (a) of the Money Laundering (Prohibition) Act, 2011 of the Economic and Financial Crime Commission (EFCC). It is the national contact of Transparency International (TI).

CISLAC through its engagement of the governance processes in Nigeria has contributed towards the passage of several primary legislation such as the Fiscal Responsibility Act, Violence against Persons Prohibition Act, National Tobacco Control Act, National Health Act, Public Procurement Act, and Nigeria Extractive Industry Transparency Initiative Act which promotes transparency and accountability in governance as well as the domestication of international conventions at the Federal and state levels in Nigeria through advocacies, presentation of memoranda and public enlightenment programmes and media engagement.

CISLAC along with other civil society organizations campaigned and advocated for passage of the Freedom of Information Act. CISLAC is among the movement advocating for the passage of such pieces of legislation as Disability Bill, Gender and Equal Opportunity Bill, Whistleblower Protection Bill, Prison Reform Bill, etc.

CISLAC has created civil society awareness through publication and dissemination of monthly newsletter—Legislative Digest which have been in circulation for both public and legislative consumption since October 2006. It has been a central medium of accountability, as it provides citizens a platform to monitor the performance of their Legislators, and a channel for Civil Society Organizations advocacy on critical issues that require legislative intervention. Also, CISLAC has a wide range of publications such as Textbooks and Policy Briefs, which examines policies requiring amendment and providing recommendations.

As a renowned CSO in legislative advocacy in the region, CISLAC has on several occasions shared its experience on best practices for legislative advocacy on invitation from its international partners such as the World Bank Parliamentary Forum and the United Nations Millennium Campaign/Sustainable Development Goals in African countries such as Kenya and Zimbabwe. Similarly, Ghana, Kenya, and Democratic Republic of Congo have also requested support from CISLAC for replication of its work in legislative advocacy. In many West African countries such as Liberia, Sierra Leone, Ghana, Cameroon, Niger, Togo and Benin Republic, CISLAC has carried out experience sharing and advocacy exercises on the Extractive Industry Transparency Initiative processes through supporting the passage of extractive industry initiative laws in these countries. CISLAC also undertakes capacity building for legislators, CSOs and Media on policy engagements in the above countries.

CISLAC's sub-granting experience includes grants to national organisations. With skilled, committed, experienced and proactive leadership and employees, particularly in the areas of coalition building, tenacious advocacy, community mobilization and the clout needed to engage lawmakers at all levels, the organization has proven capacity to attract international solidarity, engage policy makers and mobilize local civil society groups and communities into action.

#### **GOAL:**

To make government accessible, responsive and accountable to citizens.

#### **VISION:**

A Nigeria where legislators and policy makers are safeguarding citizens' rights and welfare while citizens effectively demand accountability

#### **MISSION:**

To engage state and non-state actors for improved policy and legislative frameworks, transparency and accountability in governance for people oriented development.

#### **ADVOCACY VISITS**

CISLAC has successfully engaged key members of the National Assembly in order to wield their influence in ensuring that civil society positions are accommodated. In 2006, for instance, CISLAC targeted key players and created public awareness on draft legislation and questionable provisions incorporated by the National Assembly. Such efforts improved the levels of discipline, transparency, and accountability in the management and openness of fiscal responsibility, public procurement, and the nation's extractive Industry sector in Nigeria.

Through such efforts, CISLAC has empowered communities mostly affected by the extractive industry sector, improved the levels of information dissemination, and ensure due process and transparency in the payments made by extractive industry companies to the Federal Government and its agencies. It has also educated State and Federal legislators, their advisory staff, CSOs, the media, and key stakeholders on their oversight roles in legislation and has reviewed their commitment in implementation.

#### **PUBLICATION OF MONTHLY NEWSLETTERS**

CISLAC has strengthened civil society intervention by the publication of a monthly newsletter Legislative Digest which has been in circulation for both public and legislative consumption since October 2006. It has been a central medium of accountability, as it monitors the performance of Legislators, and a channel for advocacy on critical issues that need legislation. Also, CISLAC has a wide range of publications such as Textbooks and Policy Briefs.

The platform which is known as **Tax Justice and Governance Platform Nigeria** is a loose association of organizations, individuals and groups interested in engaging issues related to tax justice and promoting a fair, just, equitable and progressive tax regime in Nigeria.

We intend for all parties to work together in any way they can, involving all relevant stakeholders through information sharing and pulling available resources together to undertake or influence some reforms in the tax system in Nigeria, especially as it affects the informal sector, women and the low income earners.

**Our Goal** – Socio-economic justice through equitable and fair tax system in Nigeria.

**Our Motto** – Equity and inclusive prosperity.

**Our Objectives include the following –**

- To facilitate the development of effective legal and policy regimes that promote fair, progressive and transparent tax system and administration in Nigeria
- To undertake research and evidence based campaigns against all forms of harmful tax practices that undermine government ability to generate maximum tax revenues to fund development
- To undertake campaigns that promote efficient, accountable and transparent management of tax revenues for sustainable development at all levels) to sensitize citizens on tax justice issues and build a critical mass of informed citizens to engage the tax system.

**THE STRUCTURE :-** The platform is being coordinated by a steering committee which is made up of 5 organizations namely

- Action Aid
- Christian Aid,
- Center for Democracy and Development,
- OXFAM and
- Civil Society Legislative Advocacy Centre (Secretariat)

These are organizations who are actively engaged in implementing activities around governance and tax justice issues both as a member of the platform and as an individual organizations.

The steering committee ensures compliance with all legal requirements and proper documentation of the affairs of the platform and serves as the approving authority of its programmes.

## ACRONYMS:

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CRAFT	Capacity for Research and Fair Taxation
CISLAC	Civil Society Legislative Advocacy Centre
CSOs	Civil Society Organisations
OXFAM	Oxford Committee for Famine Relief
GDP	Gross Domestic Product
NTP	National Tax Policy
FIRS	Federal Inland Revenue Service
F4D	Financing For Development
JTB	Joint Tax Board



## BACKGROUND OF THE STUDY

**The research revealed the existence of a huge tax gap and low citizens' perception of the efficiency of the tax system in Nigeria.**

**These contributed to the exacerbation of poverty and widening of inequality as informal sector players-artisans, subsistence workers and market women bear heavy burdens of arbitrarily imposed multiple levies, rates and charges, sometimes collected using methods that are dehumanizing and causing bodily harm and in some cases death to tax payers.**

In the year 2012, under the Capacity for Research and Fair Taxation, CRAFT project, CISLAC with support from OXFAM, conducted a baseline study of Taxation in Nigeria, including Citizens' Perception and Tax Gap Analysis.

The research revealed the existence of a huge tax gap and low citizens' perception of the efficiency of the tax system in Nigeria. It also revealed that a major contributory factor to the low Tax to GDP ratio was the large informal sector which is not effectively captured in the tax net.

These findings informed several of the interventions by CISLAC with support from OXFAM under the CRAFT project from 2013-2015. This comprised largely of capacity building for citizen groups, awareness creation, alliance building and advocacy to relevant government agencies at various levels. It also informed the emphasis on Informal Sector Taxation, especially in 16 states of Southern Nigeria which had the highest levels of informal activities in Nigeria.

The informal sector is so complex that it has presented challenges of revenue mobilization for tax authorities, with some sections successfully evading or avoiding taxes, while there is a heavy burden of payments by some other sections of the same sector.

The challenges of the sector is also acknowledged in the National Tax Policy, NTP, which stated that compliance has been a great problem in the Nigerian tax system as a result of the large scale informal sector. It further indicated that the administrative burden of applying of tax laws to the sector may be cumbersome for some of these entities and therefore efforts should be made to deal effectively and efficiently with them to increase both compliance and revenue whilst keeping the cost of administration as low as possible.

The sector, also referred to as a 'hard to tax' sector, therefore lacks a clear policy for its taxation and several levels of governments, especially at sub-national and local government levels, introduced multiples strategies of generating taxes from the sector. These contributed to the exacerbation of poverty and widening of inequality as informal sector players-artisans, subsistence workers and market women bear heavy burdens of arbitrarily imposed multiple levies, rates and charges, sometimes collected using methods that are dehumanizing and causing bodily harm and in some cases death to tax payers.

Some of the outcomes of the advocacy arising from the CRAFT research in 2012 included the introduction of the Presumptive Tax Regime by the Federal Inland Revenue Service, FIRS, and the Joint Tax Board, in April 2013 to help improve access of the tax system to tax payers in the informal sector. This was meant to be a consultative process but it is unclear whether it has become operational in 2015 or not. Other outcomes include the establishment of State Tax Justice and Governance Platforms made up of Informal Sector, Artisans, Market Women, Labour Unions and Professional Bodies in 16 States in Western Nigeria.

The sector is reported to constitute about 58% of the GDP in Nigeria after the

rebasement in 2014. This is up from 35% as at 2012 and it is also reported to employ over 80% of the workforce in the country. In the bid to increase revenue, several initiatives aimed at bringing informal sector into the tax net, are being introduced.

While governments at sub-national and local government levels are introducing new and multiple levies and establishing task forces and special groups to collect them, institutions like the FIRS at the Federal level seem to be pursuing the registration of unregistered entities which could drive efforts towards formalizing the informal sector. The report of the successful registration of 362,000 new taxpayers across the country within the last few months and the aim of ensuring up to 90% compliance in tax payments and remittances are indicative of these.

A recent study on the sector highlighted that lack of access to credit, poor technical know-how, inadequate training opportunities, infrastructure deficit and an incoherence of the formal and informal sectors amongst many others, inhibit the growth of the informal sector in the country but did not establish the role of the tax practices and policies in their development and sustenance. This is usually a strategy employed to encourage informal sector players to become formal and come into the tax net. It however ignores the social, cultural and historical attachments that have made some activities operate perpetually at the informal level and consequently, a permanent feature of the economy of modern societies. Some literature also reveals that effective stratification is a challenge, as small and medium enterprises are also classified as informal sector, while there are several professionals operating high worth but unregistered businesses.

With the need to increase government revenues at all levels of government, they need to increase the pressure to maximize taxes from the informal sector. Studies show that unless this is done with caution, it could be counterproductive as it could stifle businesses, create unemployment, result in poverty and generate inequality.

This will further erode the tax base and discourage voluntary tax compliance to culminate in reduced revenues and create citizens' discontent, with attendant effect on social services and development. This is also contradictory to the proposed plan to diversify the sources of government revenue in the light of the dwindling returns from the extractive sector.

The Taxes and Levies (Approved List of Collection) Act 1998 indicates that most of the taxes and levies paid by the informal sector and subsistence business people, are collected at the state and Local Government levels. This is in addition to the powers conferred on them by the Constitution of the Federal Republic of Nigeria, recognizing the Federal structure.

Claims of multiple taxation by the different tiers of government and the application of unethical tax collection methods, sometimes involving violence and extortion, creates a harsh environment for small scale business owners. This could have a negative effect on their livelihoods, thereby contributing to poverty and inequality.

There is the need for advocacy to promote fair tax policies and practices as it relates to this section of the population, as a way of addressing unfair tax practices and protecting their rights within the tax system. There is also a need to ensure that they pay only legally approved only rates of taxes and levies to the approved collecting authority.

**The F4D project provides an opportunity for non-state actors and civil society to ensure robust engagements that can assure that the drive to increase tax revenues from the informal sector, does not exacerbate poverty and increase inequality. The work done so far by the Tax Justice and governance Platforms established in the states, show a dearth of much needed data, information and evidence, with which to effectively engage governments at state and local levels. This informs the need to undertake the proposed research.**

Taxation of the informal sector is assuming centre stage in the drive for revenue by governments at all levels. The informal sector will remain a major feature of economic activity in Nigeria. In between the FIRS, Joint Tax Board, JTB, the states and local governments, there is still lack of a clear, coherence and systematic policy on how to effectively tax the sector in a manner that is sustainable, engender the protection of rights of the tax payers, promote voluntary compliance, ensure fairness and justice for tax payers, (including women), stimulate wealth creation, job creation and effective service delivery.

The F4D project provides an opportunity for non-state actors and civil society to ensure robust engagements that assure that the drive to increase tax revenues from the informal sector, does not exacerbate poverty and increase inequality. The work done so far by the Tax Justice and governance Platforms established in the states, show a dearth of much needed data, information and evidence, with which to effectively engage governments at state and local levels. This informs the need to undertake the proposed research.

### Study Goal and Objectives

The overall research goal is to provide a well-researched report on the status tax, Policies and practices, in the informal sector in Anambra State, clearly addressing impacts on subsistence businesses and small players in the informal sector.

The specific objectives of the study include:

- To understand the administration of taxation of the informal sector in Anambra State, as it affects all players in the sector, especially small scale artisans, traders, including women and subsistence businesses.
- To provide CSOs and the Government with evidence of the effect of taxation on the informal sector in Anambra state to inform advocacy and policy review.
- To empower workers in the informal sector, of their tax liabilities and mobilize active citizenship for right-based approach to tax administration.
- To increase awareness about tax issues in the informal sector in Anambra State, to encourage voluntary tax compliance and demand for accountability in revenue management .

## SCOPE AND METHODOLOGY OF THE STUDY

### SCOPE OF THE STUDY

The study was conducted in Anambra State, and covered the three senatorial zones in Anambra state. Using a purposive sampling technique, two Local Governments were selected in each of the three senatorial zones, with one community/cities representing the senatorial zone and the LGA respectively. Research questions were designed to guide the study. The rural communities and cities were identified using the major development of the state either in terms of policy and regulatory reforms, citizen's perception about taxation. Table 1 below presents these communities with brief justifications for their selection.

**Table 1.**

S/N	Senatorial zone	LGA	Communities/cities	Justification
1	Anambra North	Anaocha	Neni	Lack of information on how taxes should be paid
2	Anambra North	Idemili North	Nkpor	Lack of government presence in the area, most development in the area were brought in by private individuals
3	Anambra South	Nnewi North	Nnewi Town	There is poor understanding about taxes among the citizens in the area
4		Aguata	Ekwulobia	Tax collection is not officially known by the people
5	Anambra Central	Onitsha south	Fegge	Tax compliance are usually few and Taxes are not collected according to the people's income or according to the size and nature of their business
6		Onitsha North	Main market	There is poor understanding about taxes among the citizens in the area

## BRIEF PROFILE OF THE FOCAL STATE

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### GEOGRAPHY

Anambra is the eighth most populated state in the Federal Republic of Nigeria and the second most densely populated state in Nigeria after Lagos State. The stretch of more than 45 km between Oba and Amorka, contains a cluster of numerous thickly populated villages and small towns, giving the area an estimated average density of 1,500–2,000 persons per square kilometre. Boundaries are formed by Delta State to the west, Imo State and Rivers State to the south, Enugu State to the east and Kogi State to the north. The origin of the name is derived from the Anambra River (Omambala) which is a tributary of the River Niger.

Over the last two decades the rural/urban exodus has caused a shift, making Anambra a highly urbanized state with 62% of its population living in urban areas. In October 2015, the APGA-led State Government of Willie Obiano signed a memorandum of understanding with Galway modular housing company, Affordable Building Concepts International for 10,000 housing units in the State.

Faced with decades of neglect and bad governance, the shift in human migration has posed problems to available infrastructural provision, environmental sanitation, erosion control and other social services. As a result, major cities have become characterized by inadequate and deteriorated road networks, walkways, unregulated building patterns, sanitation, uncontrolled street trading, mountains of garbage, and chaotic transport systems, creating congestion, noise pollution and overcrowding.

To address this situation, the government of Peter Obi, with the assistance of the UN-HABITAT, produced 20-year structural plans (2009–2028) for three major cities in the State, Onitsha, Nnewi and Awka Capital Territory, to restore urban planning and guide their growth into the future.

The plans contain policies and proposals for land use, city beautification, road infrastructure, industrial development, housing, waste disposal, water supply and health and educational facilities to turn the cities of Anambra State into successful urban areas to generate employment, wealth and provide high living standards for its residents.

Anambra became the first state in Nigeria to adopt Structural Plans for its cities and with effective implementation should systematically grow as a major economic centre in Nigeria and West Africa.

The process of urbanization is fairly contributed by population growth, immigration, migration, and infrastructure initiatives like good road, water, power, and gardens, resulting in the growth of villages into towns, towns into cities and cities into metros. However, in such a phenomenon for ecological feasible development, planning requires an understanding of the growth dynamics, if not people will continue moving from our villages in search of greener pasture, leaving only the aged men

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**These agricultural activities have in recent time suffered a setback due to massive out-migration of their youths to the urban centres, thereby resulting in food scarcity and over population in urban environment.**

**Nnewi (the Taiwan of Nigeria) is a rapidly developing industrial and commercial centre; and Awka, by becoming the state capital is, as it were, regaining its precolonial administrative eminence.**

and women to farm. This is noticeable in Amesi, Akpo, and Achina towns in Aguata Local Government Area. They major in the production of yam, cocoyam and cassava through consistent agriculture. These agricultural activities have in recent time suffered a setback due to massive out-migration of their youths to the urban centres, thereby resulting in food scarcity and over population in urban environment.

In furtherance of efforts to upgrade the State capital, Awka, Governor Willie Obiano flagged off the construction of three fly-overs between the Amawbia and Arroma end of the Enugu-Onitsha Expressway, a distance of about three kilometres within Awka city.

## **CITIES AND ADMINISTRATIVE DIVISIONS**

With an annual population growth rate of 2.21 percent per annum, Anambra State has over 60% of its people living in urban areas making it one of the most urbanized places in Nigeria.

The major urban centres of Anambra state are Onitsha including Okpoko, Nnewi, and Awka. Awka and Onitsha developed as pre-colonial urban centres with Awka as the craft industrial centre of the Nri hegemony; and Onitsha the city state on the Niger and a river port and commercial centre.

Onitsha is a fast-growing commercial city, and has developed to become a huge conurbation extending to Idemili, Oyi and Anambra East LGAs, with one of the largest markets in West Africa. Nnewi (the Taiwan of Nigeria) is a rapidly developing industrial and commercial centre; and Awka, by becoming the state capital is, as it were, regaining its precolonial administrative eminence.

Other main towns of Anambra state are: Abagana, Abba, Abacha, Abatete, Achalla, Achina, Adazi Ani, Adazi-Enu, Adazi-Nnukwu, Agukwu, Aguleri, Agulu, Aguluezechukwu, Aguluzigbo, Ajalli, Akpo, Akpu, Akwaeze, Akwaukwu, Alor, Amaetiti, Amansea, Amanuke, Amaokpala, Amawbia, Amesi, Amichi, Amorka, Anaku, Atani, Awa, AwbaOfemili, Awgbu, Awka-Etiti, Awkuzu, Azia, Azigbo, Ebenator, Ebenebe, Ekwulobia, Ekwulumili, Enugwu-Agidi, Enugwu Aguleri, Enugwu Ukwu, Ezinifite, Ezinihite, Eziowelle, Ezira, Ichi, Ichida, Ideani, Ifitedunu, Ifite-Ogwari, Igbakwu, Igbariam, Igbo-Ukwu, Ihembosi, Ihiala, Ikenga, Iseke, Isuaniocha, Isulo, Isuofia, Lilu, Mbosi, Mgbakwu, Mmiata Anam, Nando, Nanka, Nawfia, Nawfija, Nawgu, Ndikelionwu, Ndi-okpaleke, Ndiukwuenu, Nibo, Nimo, Nise, Nkpologwu, Nkpor, Nkwelle-Ezunaka, Nneni, Nnobi, Nnokwa, Nnokwa, Nsugbe, Nteje, Oba, Obeledu, Obosi, Ogbunike, Ogbunka, Ogidi, Ojoto, Okija, Oko, Okpeze, Omasi, Omogho, Omor, Ora-Eri, Oraifite, Oraukwu, Orsumoghu, Osumenyi, Owellezokala, Ozubulu, Ubuluisiuzor, Ufuma, Uga, Ugbenne, Ugbenu, Uke, Ukpo, Ukpor, Ukwulu, Uli, Umuanaga, Umuawulu, Umuchi, Umudioka, Umueje, Umuenum, Umueze Anam, Umuleri, Umumbo, Umunachi, Umunya, Umunze, Umuoji, Umuomaku, Umuona Unobi, Utuh, etc.

## METHODOLOGY

**...by shape and content, this study involved some level of desk review of different documents and reports with direct link to the focal state. The main development plan of the states where available with operational documents of taxation funded by Civil Society Legislative Advocacy Centre (CISLAC).**

**Key informant interviews are qualitative in-depth interviews with people who know what is going on in the community, Local Government or at the state level.**

Data for this study were collected from both primary and secondary sources. The primary data were obtained through key informant interviews, focus group discussions (FGDs) and use of questionnaires. Therefore, by shape and content, this study involved some level of desk review of different documents and reports, with direct link to the focal state. The main development plan of the states where available with operational documents of taxation funded by Civil Society Legislative Advocacy Centre (CISLAC).

### JUSTIFICATION FOR KEY INFORMANT INTERVIEWS (KII), FOCUS GROUP DISCUSSION (FGDS) AND QUESTIONNAIRE

Experiences from past studies have shown that the public, especially in the Nigeria context, do not always respond well to questionnaires when interviewed privately. Often, questionnaires for this kind of assignment are not completed, when completed not all questions may be responded to, and sometimes, required documents are not provided.

Different reports presented for validation have met different criticisms because stakeholders believe that individual responses are always bias. This is either because those in position and knowledgeable to respond are too busy, or sometimes are reluctant to disclose information they consider right or wrong or to be confidential. Thus, this study depended more on review of documents, Key Informant Interview/Face to Face Interviews (KIIs), Focused Group Discussions (FGDs), and Questionnaire to help triangulation of opinions and responses.

Key informant interviews are qualitative in-depth interviews with people who know what is going on in the community, Local Government or at the state level. The purpose of key informant interviews for this study was to collect information from a wide range of people-including community leaders, professionals, or residents who have first-hand knowledge about the community, the Local Government (LG) or the State.

This required that assigned research assistants and supervisor helped to secure appointments and ensured that they followed up to collect necessary information. This is necessary to support timely completion of the assignment and avoid unnecessary travels from location just to collect single information that can be collected by research assistants and sent to the consultant after thorough review by the supervisors. Table 2 below presents the number of Research Assistants and Supervisors used in the Seven focal Local Governments in Anambra State.

Table 2: Research Assistants and Supervisors used in the 3 Senatorial Zones.

S/N	Items	Anambra North	Anambra South	Anambra Central
1	Research Assistants	4	4	4
2	Items	1	1	4

Source: Situation Analysis on Taxation for CISLAC Project 2016

## ANALYSIS OF RESULTS AND FINDINGS

**The data collection activities were carried out in a natural setting for a long period of time. One major feature of well collected qualitative data is the focus on naturally occurring, ordinary events.**

**Taxation has emerged as one of the main themes of international development**

This section presents the analysis done with data generated from the survey, in line with the instruments of this study. Recall that the overall goal of the project is to address the issues around taxation in Anambra State, such as multiple taxation, tax evasion, and avoidance which will in turn inform the effective accountability for the use of resources by Government. The specific objectives of the study include:

- To understand the administration of taxation of the informal sector in Anambra State as it affect all players in the sector, especially small scale artisans, traders, including women and subsistence businesses.
- To provide CSOs and Government with evidence of the effect of taxation on the informal sector in Anambra state, to inform advocacy and policy review.
- To empower workers in the informal sector of their tax liabilities and mobilize active citizenship for right based approach to tax administration.
- To increase awareness about tax issues in the informal sector in Anambra state to encourage voluntary tax compliance and demand for accountability in revenue management.

Based on the above objectives, three different instruments were developed and utilized for the Focused Group Discussions (FDGs), Key Informant Interviews ( KIIs ), as well as the questionnaire. The responses of the various are as were analysed as qualitative data. Qualitative data are words based on findings, observations, interviews, (or documents or observing, asking, or examining). The data collection activities were carried out in a natural setting for a long period of time. One major feature of well collected qualitative data is the focus on naturally occurring, ordinary events.

### OVERALL ASSESSMENT OF KNOWLEDGE AND THE QUALITY OF TAXATION IN COMMUNITIES

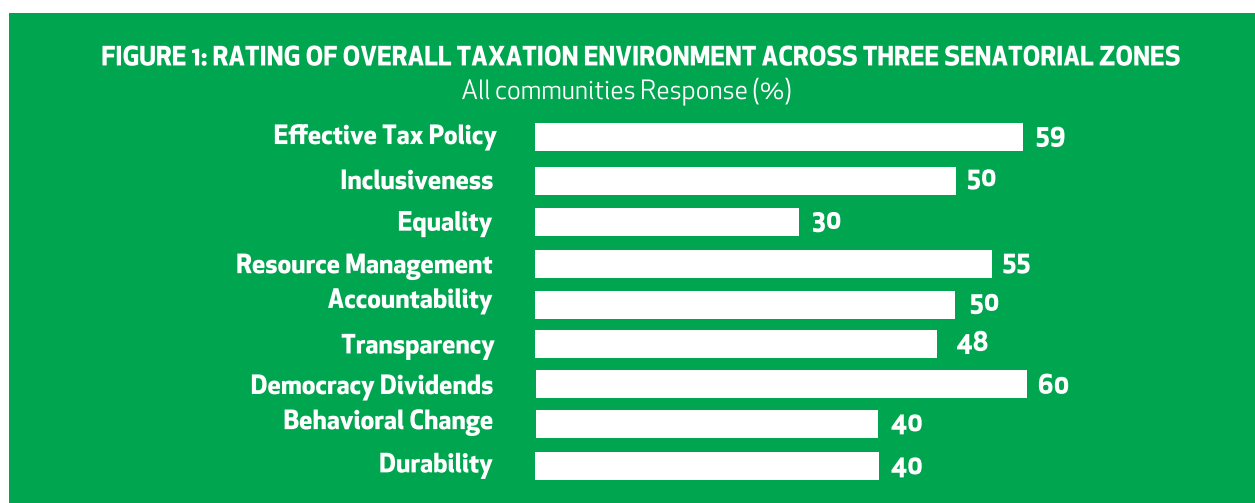
Taxation has emerged as one of the main themes of international development. Because taxation is important, there is the need to assess its aspects in a systematic way. Taxation consists of a range of different dimensions and so, in this assessment, the study operationalized and clustered taxation into 2 principles, 4 criteria and 9 indicators as follows:



Table 3: Principles, Criteria and Indicators used in the Study

Principle 1	ADMINISTRATIVE EFFICIENCY
Criteria 1	Legalization
Indicator 1	Inclusiveness :Perception about the degree to which citizens see taxation ,especially inclusive taxation among citizens
Indicator 2	Equality :Perception about the degree to which citizens believe rules are applied equally as possible on all classes regarding taxation
Indicator 3	Resources management /Revenue generated :Perception about the economic ,technical and institutional capacity of communities to represent their interests in taxation
Criteria 2	Stability or Predictability
Indicator 4	Accountability :Perception about the extent to which government are considered as responsible to the public with the revenue generated from taxation
Indicator 5	Transparency :Perception about the degree to which citizens perceive the rules about openness and clarity are upheld in the public real
Principle 2	MEANINGFUL COMPLIANCE /COOPERATION
Criteria 3	Government Responsibility
Indicator 6	Democracy dividends :Perception about the extent to which the most popular wish or opinion of the people are upheld ,ie the extent to which the existing system can be deemed to be functioning democratically
Indicator 7	Agreement with communities :Perception about the presence of collective decision making arrangements ,such as taxation
Criteria 4	IMPLEMENTATION
Indicator 8	Behavioural change :Perception about the extent to which implemented agreements or substantive outcomes result in changed behavior regarding the problems that the democratic system is created to address .
Indicator 9	Durability of qualitative taxation :perception about extent to which the democratic system is deemed adaptable ,flexible and sustainable .

Overall ,the three senatorial zones (study area )rated the following taxation indicators as low :equality ,transparency , behavioural change ,durability ,(see figure 2 below )While policy ,inclusiveness ,resource management ,accountability , democracy dividends were rated above 50% .



Source: Situation Analysis on taxation for CISLAC Project 2016

## DATA PRESENTATION ON TAXATION SITUATION IN THE THREE SENATORIAL ZONES IN ANAMBRA STATE

S/N	Items	Expected Amount	Location	Amount paid	Justification	Duration	LGA	Remark
1	Shop	500		1,500		Yearly		
2	Trade License			1,000		Yearly		
3	Business Permit			1,500		Yearly		
4	Sanitation			1,200		Yearly		
5	Form for Lock Up Stores		Adazi-enu	2,000		Yearly	Anaocha	
6	Rate			100		Yearly		
7	Eke Awka Market			10,000		Yearly		
8	Marriage Certificate			4,000/5,000			Awka South	
9	Birth Certificate							
10	Street Naming Fee		Anaocha	80,000 - 85,000				
11	Motor Park Fee			ASPA collects Township buses; 50 Intra State buses; 100 Semi Truck: 200 Lorry: 500 Private Cars: 50 Tipper: 100 Neni Umunri Park: 50				
12	Domestic Animal			200				
13	Anti-rabies for Dogs			2,000				
14	Food Selling Permit			1,500				
15	Residential Hotel Fee Permit			10,000				
16	Okada Fee NDA Ticket			50		Daily		
17	Keke Napep			400		Daily		
18	Car Levy			250		Daily		

## ANAMBRA CENTRAL SENATORIAL ZONE, ONITSHA AND ONITSHA SOUTH LGA

S/N	Items	Location	Amount paid	Justification	Duration
1	Shop	Main Market, Onitsha	5,000		Yearly
2		Relief Market, Onitsha	6,000		Yearly
3	Shop	Adazi-enu	300		Yearly
4	ANSEPA		2,000		Yearly
5	ANSEPA	500	200/15,300		Yearly
6	Business Premises	Adazi-enu	1,200		Yearly
7	Storage/Packing	Relief Market, Onitsha	5,200		Yearly
8	Lockup Stores	Relief Market, Onitsha	26,000		Yearly
9	Tenement Rates	Onitsha	12,000		For one Bedroom Flat
10			15,000		For two Bedroom
11			20,000		For Standard House
12			15,000		
13	Security	Ochanja, Onitsha	300 (500 for December)		
14	Sanitation	Ochanja, Onitsha	2,400		
15	Slaughter Slab License		3,500		
16	Marriage Certificate		8,000		
17	Birth Certificate		500/1000		
18	Motor Park Fee (Onitsha to Owerri)		1,000		Yearly
19	Onitsha to Nnewi		600		
20	Loading Fee		100		50 each time you come back
21	Loading Ticket		400		
22	Sewage Disposal		3,700 - 4,000		For Standard House
23	Tavern License for Hotels		4,000	300 weekly for Relief	
	Food Monitoring Tax		1,500 - 3,000		
24	Okada Emblem		1,000		
25	Keke Napep		350		
26	License for Automobiles		6,900 - 8,000		
27	Public Conveniences		Defecation - 50 Urination - 20		
28	Cemetery and Burial Ground Permit Fee		5,000, 2,000, Sometimes free		Yearly

## ANAMBRA SOUTH SENATORIAL ZONE, AGUATA AND NNEWI NORTH LGAs

S/N	Items	Location	Amount paid	Justification	Duration	Remark
1	Aswama	Nkwo Market, Nnewi	3,000		Yearly	
2	Treasury Levy		5,000		Yearly	
3	Revenue		5,000		Yearly	
4	ANSEPA		500		Yearly	
5	Business Premises		2,000		Yearly	
6	Operational Permit		2,000		Yearly	
7	Slaughter Slab License		2,000		Yearly	
8	Marriage Certificate		7,000 - 8,000			
9	Birth Certificate		2,500			
10	Death Certificate	Ekwusigo LGA Aguata Nnewi South	1,500 1,500 5,000			
11	Street Naming Fee	Aguata Nnewi South	150,000 - 200,000 90,000		For Standard House	
12	Private Motor Park Fee		40,000			
13	Bus/Taxi Parking Fees	Ochanja Onitsha	50 per day, others 100			
14	Loading and Off-loading outside the Park	Ochanja Onitsha	500 per vehicle			
15	Domestic Animal License Fee		5,000 and 2,000			For Dog License and
16	Animal Husbandry		10,000 and 2,000 for Renewal			
17	Fowl and Goat Sellers		100 and 200 respectively (daily)			
18	Radio/TV License Fee		1,500		Yearly	
19	Private and Public Entertainment Anambra Reg Club Fee		5,000 20,000			
20	Sewage Disposal		2,500		50 each time you come back	
21	Food Sellers Permit		1,500 - 3,000		For Standard House	
22	Hotel License Fee Operational Fee Business Premises Tavern License		5,000 - 10,000 10,000 10,000 5,000			
23	Okada Fee		50		Daily	
24	Okada Emblem		100		Daily	
25	Keke Napep		300			

**USING NNEWI SOUTH GOVERNMENT APPROVED COLLECTION RATE/FESS AND THE ACTUAL PAYMENTS MADE BY CITIZENS AS A CASE STUDY IN A TABULAR FORM.**

S/N	NUMBER	REVENUE HEADS/COLLECTIBLE ITEMS	APPROVED COLLECTION RATE AND FEES	ACTUAL PAYMENTS MADE BY CITIZENS
1	1. 14(p) 2. 13(w)	1. Provision Store Permit 2. Sewing/Tailoring Permit	1. 2,000 per annum 2. 1,000 per annum	1. 1,500 per annum 2. 2,000 per annum
2		Kiosk		
3	22	Approved open market stalls or stands	1,200 per annum	1,200 per annum
4	29(a) 29(b) 29(e)	Tenement 1. Store 2. Single Room 3. 1 storey	1. 200 per annum 2. 200 per annum 3. 2,000 per annum	1. 1,000 per month 2. 1,000 per annum 3. 2,000 per annum
5	1. 21(e) 2. 21(e) 3. 21(l)	Licensing fee for sale of liquor 1. On License beer 2. On License/soft drink	1. 1,000 per annum 2. 1,000 per annum 3. 2,000 per annum	1. 3,500 per annum 2. 3,500 per annum 3. 4,000 per annum
6	4(a)	Slaughter Slab License	2,000 per annum	2,000 per annum
7	9( c )	Marriage Certificate	4,000 per person	7,000/person with bottle of wine
8	1. 16(h) 2. 8( c ) & 16(l)	Birth Certificate 1. For children compulsory 2. For adult	1. 500 per person 2. 1,000 per person	1. 500 per person 2. 1,000 per person
9	8(e)	Death Certificate/Registration	5,000 per person	5,000 per person
10	26(1)	Street naming fee	90,000 for all application	138,000 for all applications
11		Motor Park levy		
12	1. 19(a) 2. 19(b) 3. 19( c ) 4. 19(d)	Parking fees (street parking or otherwise) 1. Bus 2. Taxi 3. Lorry/Tipper/Tanker/Trailer 4. Loading and off-loading outside park.	1. 50 per day 2. 50 per day 3. 100 per day 4. 500 per vehicle	1. 50 per day 2. 50 per day 3. 100 per day 4. 500 per vehicle
13	1. 6b(v) 2. (vi)	Domestic animals license fee 1. Dog license 2. Animal husbandry	1. 5,000, renewal is 2,000 2. 10,000, renewal is 2,000	1. 5,000, renewal is 2,000 2. 10,000, renewal is 2,000
14		Licences for automobiles (all the sizes and categories)		
15	20(b) 20(a) 20( c )	Radio and TV licence fee 1. Bus 2. Lorries/Tipper/Luxury/Trailer 3. Commercial cars and pickups	1. 1,500 per annum 2. 2,000 per annum 3. 1,000 per annum	1. 1,500 per annum 2. 2,000 per annum 3. 1,000 per annum
16		Public Convenience		
17		Sewage Disposal	90,000 for all applications	138,000 for all applications
18		Cemetery and Burial ground permit fee		
19	28( c ) 28(e)	Permit to private and public entertainment 1. Social Club 2. Renewal fee	1. 15,000 per annum 2. 2,000 per annum	1. 20,000 2. 15,000
		Wharf landing fee		
20	14(l)	Food sale premises	3,000 per annum	3,000 per annum
21	21(h)	Hoteliers licence and fees	5,000 per annum	5,000 per annum
22	14(ae)	Okada tolls/fees/levies	500 per annum	

## CONCLUSION

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We observed that in some areas the actual amount the informal sectors are taxed is far higher than the government approved tax rates.

Again in collecting the money, most of the collectors do not duplicate copies of the receipt, to show the actual amount collected.

### RECOMMENDATION

Based on the study carried out, the following recommendations were made:

1. Government should insist on payments being made directly to the banks and the tellers taken to the tax office for collection of receipt. Also there should be duplicate copies of the receipts issued to the informal sectors.
2. Government should introduce more stringent measures to combat problem of tax evasion and avoidance. Civil Society Organizations (CSOs) in Anambra state to support government in this drive and ensure that there is total compliance.
3. Following some civil society findings that reveal incidence of multiple taxation/levies in Anambra State, the State Tax Authority should as a matter of urgency, publish various taxes both direct and indirect taxes paid by individuals, organizations and groups in the state in all the National, State, and local dailies. Again, jingles, posters, fliers and other behavioural change communication (BCC) materials should be used to sensitize all tax payers (market, parks, civil service, etc) on the amount of money payable as tax.
4. The state tax authority should also publish the list of banks where each tax contribution/payment should be made and provide directive on how tax payers collect evidence of payment.
5. Anambra state tax authority should harmonize taxes paid by trade unions, road users, transport (keke and okada riders) and publish such.
6. The tax authority should regulate and control tax collection and do away with use of agents in tax collection since this causes leakages of tax fund and non-compliance to tax laws and standards.
7. Anambra state government should set up a special tax force to arrest and prosecute illegal tax collectors and touts.
8. The Federal Inland Revenue Service (FIRS) domiciled in the state should provide technical support to the Board of Internal Revenue Service (BIRS) through the existing Joint Tax Board (JTB) platform and ensure that all the provision of JTB are implemented to the letter.
9. The leaders of organizations such as churches, civil society and media in Anambra state should be committed to support advocacy against multiple taxation/levies, as such is evil and should be discouraged.



