

DISMANTLING OBSTACLES AND IMPEDIMENTS TO EFFICIENT ADMINISTRATION OF VALUE ADDED TAX IN NIGERIA*

Abstract

The present paper seeks to unravel the obstacles impeding efficient administration of Value Added Tax (VAT) in Nigeria. VAT is a type of tax charged on supply of goods and services being imposed at each stage of the process of production. Law of taxation has conferred different tiers of government with powers to impose and collect taxes. Among the different taxes collected by the federal government is the VAT. However, the purpose and intention of introduction of VAT has not been fully realized, owing to inefficiency and ineffectiveness in administration of the tax, among others. Thus the aim and objective of this paper is to pin-point those impediments with a view to surmounting them. The methodology adopted was doctrinal, using the primary and secondary sources. The paper, in the main, examined the legal framework, the legal issues arising there from, the nature and application of VAT, etc. It was the findings of the paper among others that although VAT is a viable economic option that could be explored with optimum benefit, certain problems among which is administrative have hampered these benefits. In that light, the paper concluded with strong recommendations for amendment of the extant VAT laws, restructuring of administrative and revenue sharing formula of VAT, mounting of public enlightenment/educational programmes to make VAT more acceptable, among others.

Keywords: *Taxation Impediments, Taxation Efficiency, Dismantling, Tax Administration*

Introduction

1.1 What is VAT?

The term, "Value Added Tax (VAT), is actually very well defined by its name¹. It is closely related to the Gross Domestic Product which is used to measure the wealth of a country. Thus VAT is first a branch of taxation. Tax is a momentary charge imposed by the government on persons, entities, transactions or property to yield public revenue². Taxation is defined as "the imposition or assessment of a tax, the means by which the State obtains the revenue required for its activities³. Thus VAT is a tax assessed at each step in the production of a commodity, based on the value added at each step by the difference between the commodity's production cost and its selling price⁴. VAT acts as a sales tax on the ultimate consumer⁵.

1.2. Evolution of VAT in Nigeria

In Nigeria, and indeed some parts of Africa, the payment of taxes is not strange. This is because, even before independence, taxes were collected either by the colonial masters or emirs/chiefs by different names. The history of revenue in Nigeria dated to the pre-colonial era when tax and levies were paid to the fathers/lords as the case may be to Obas, Kings and Emirs. The tax or levies were to be paid in cash or in kind during the pre-colonial era. It was used to support the sustenance of the colonial administration. Agriculture used to be a major sources of revenue for government until focus was shifted to oil. The condition of the economy became

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¹ Value Added Tax is hereinafter referred to as VAT. It is imposed by the value Added Tax Act 2004, now found in chapter VI laws of the Federation 2007 (hereinafter referred to as VAT) Act LFN 2007 (As amended).

² BA Garner (ends) 'Black's Law Dictionary' (10th edn. St Paul Minis; Thomson Reuters, 2004)

³ *ibid* p. 1500.

⁴ *ibid* p. 1499.

⁵ *ibid*.

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vulnerable to the condition of the world oil market from 1970 till date. The fluctuation of price in the world oil market in the Nigerian economy caused government to approach the issue of diversification. Value Added Tax was introduced into Nigeria's tax system as a means of increasing government revenue given the steadily rising costs of governance on one hand and the dwindling and erratic returns from petroleum, Nigeria's principal source of revenue⁶. The Federal Government was dissatisfied with the non-oil revenue⁷, hence it aimed to increase the base of the economy⁸. The Minister of Finance at the time echoed this desire when he said that, 'Oil predominates in the government revenue. For some years now, the thrust of economic policy has been to reverse this intolerable trend by diversifying revenue source strengthening the non-oil revenue base and making the economy more resistant to destabilizing shocks. It is in furtherance of this policy that Government has decided to undertake a reform of non-oil tax⁹

Factors necessitating a replacement of Sale Tax with VAT in Nigeria¹⁰ are;

- i. The base of the Sales Tax in Nigeria as operated under the No. 7 of 1986 is narrow. It covered only nine categories of goods plus sales and services in registered hotels, motels and similar establishments. The narrow base of the tax negates the fundamental principle of consumption tax, which by nature is meant to out across all consumable goods and services, VAT base is broader and included most professional services and banking transactions, which are high profit-generating sectors.
- ii. Only locally manufactured goods were targeted by the Sales Tax of 1986, although this might not have been the intention of the law. VAT is neutral in this regard. Under VAT, a considerable part of the tax to be realized is from imported goods. This means that under the new VAT, locally manufactured goods will not be placed at a disadvantage relative to imports.
- iii. Since VAT is based on the general consumption behaviour of the people, the expected high yield from it will boost the fortunes of the State government with minimum resistance for the payers of the tax¹¹

These factors resulted in the setting up of two Study Groups namely, Ugoh Study Group and there- let Study Group by the Federal Government to review Nigeria's tax systems. The first committee, set up by the Federal Ministry of Finance, was mandated to review Nigeria's direct tax system while the second committee of up by the Federal Ministry of Budget and Planning was mandated to review Nigeria's indirect tax system, study the feasibility of introducing VAT in Nigeria and, if found feasible, design a system for Nigeria in the original form of VAT or a modified form (modified VAT or MVAT)¹². Interestingly, the Committee set up to review the indirect tax system revealed the inherent problem of applying VAT in Nigeria, being a federation. In November 1991, the Committee submitted its report wherein it expressed its reservations about the constitutionality of VAT and its application in Nigeria¹³. It explained in its report the uncertainty of the true nature of VAT whether it was intended to be a Federal Tax

⁶ MN Okoli and AS Matthew, Correlation between Value added Tax and National Revenue in Nigeria An Ecm model (2015) Vol 6115TE *Journal*.

⁷ *ibid* 27-29.

⁸ C Uche & O Ugwoke, 'The law and Practice of Value Added Tax in Nigeria (2003) *Bulletin of International Law* 265-267.

⁹ Federal Ministry of Finance, 'Progress Report of the Modified Value Added Tax (MVAT) Committee', (1992) 1 (19) Appendix 1 (MVAT) Committee.

¹⁰ Chartered Institute of Taxation of Nigeria (CITN), '*Tax Guide*' (Lagos: CITN, 2002) 540.

¹¹ Chartered Institute of Taxation of Nigeria (CITN), '*Tax Guide*' (Lagos: CITN, 2002) 540.

¹² Uche & Ugwoke (n8) 265.

¹³ *ibid*.

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or a replacement for Sales Tax and the appropriate formula for sharing the proceeds if it were to be a Federal Tax¹⁴. The Committee also observed that VAT was best suited for countries with a unitary structure as opposed to countries with a federal structure. Nonetheless, the Committee went ahead to endorse VAT as desirable¹⁵. In its report, it was recommended that VAT should replace Sales Tax in its entirety and have a single tax rate¹⁶. It was further recommended that, the proposed VAT legislation should pay special attention to the state-federal relationship since VAT would replace the Sales Tax¹⁷. Finally, it was recommended that a modified VAT be adopted and a MVAT¹⁸ Committee established to prepare the groundwork for the eventual introduction of VAT¹⁹. The VAT Decree was signed into law on the 24th August, 1993 as VAT Decree No. 102 to commence on the 1st of December, 1993. But for administrative convenience, the operational date was moved to 1st January, 1994²⁰. Since 1993, the Value Added Tax Act, had been amended more than half a dozen times the latest being the Value Added Tax (Amendment) Act of 2007. Worthy of note also is the unveiling of the Finance Act 2019²¹ with its attendant amendments of the VAT Act. The Finance Act itself has also suffered further amendments which seem to have got some cumulative effects on the VAT going forward.

1.3. Nature of VAT Transaction

VAT is imposed “on the supply of all goods and service other than those goods and services listed in the First Schedule to this Act”²². If the charging provisions were to be strictly construed, VAT will be chargeable on international, inter-State and intra-State supplies of goods and services. Apparently in recognition of the need of territorial limitation of the tax to goods and services... supplied in Nigeria, the FIRS. Information Circular 9304 provides that “supplies made outside Nigeria are outside the scope of Nigerian VAT”²³. Even without making this qualification, it is hard to see how the tax can be administered extra-territorially considering the principle in *Boucher v Lawson*²⁴ that no nation will take account of the revenue law of another nation. The VAT Act had witnessed significant changes in the design of its charging clause. At inception, VAT was chargeable and payable on goods and services listed in column A of Schedules 1 and 2 while Schedule 3 contained the list of exempted goods and service²⁵. Based on the original design, there were 17 chargeable goods²⁶ and 24 chargeable services²⁷. However, following the policy to expand the base of VAT, a new design was adopted which imposed tax on the supply of all goods and services other than the goods and services listed in the Schedule to the Act²⁸. The new design, therefore, fundamentally changed the standard for determining chargeable goods. The bright line rule for determining whether a particular good or service is taxable under the extant law is whether it is specifically exempted in the First Schedule. In the

¹⁴ EE Ijewere, ‘Towards Efficient VAT Operation in Nigeria: (A lecture organized by the MVAT Committee at Obafemi Awolowo University, the life, Nigeria on 20th May 1993).

¹⁵ *ibid.*

¹⁶ *ibid.*

¹⁷ AA Traite, ‘Value Added Tax International Practice and Problems, (1988) IMF, 4-7.

¹⁸ Report of the Modified Value Added Tax (MVAT) Committee, Vol 1 Appendix xi-xii.

¹⁹ *ibid.*

²⁰ Finance LFN 2019.

²¹ VAT (Amendment) Act LFN 2007 s., 2.

²² FIRS Information Circular No. 9304 of 20th August, 1993 on Value Added Tax (VAT) item 6 (ii)..

²³ (1815) Cas T.H. 194, 95 ER 125.

²⁴ VAT (n21) s 2.

²⁵ Schedule 1 VAT Act No. 102 1993.

²⁶ . *ibid.* Schedule 2.

²⁷ VAT (n 21) s 2.

²⁸ *ibid.* s 13.

absence of any specific exemption, the good or service will be taxable thus giving the tax a very wide base. Taking the social, political and economic development of Nigeria into consideration, section 3 of the Act exempts the under listed goods and service, listed in the Schedule which is divided into two parts²⁹ which are Good, Exempt and Services, Exempts Examples of goods and services falling there under are: “all medical and pharmaceutical products, Basic food items, Books and educational materials, Baby products, agricultural and farming equipment, plant and machinery, all exported goods, Proceeds from the disposal of short term Federal Government of Nigeria Securities and Bonds; Proceeds from the disposal of short term State, Local Government and Corporate Bonds (including supra-national Bonds)” medical services; Services, rendered by Community Banks, People’s Bank and Mortgage Institutions; Plays and performance conducted by educational institutions as part of learning and all exported services. The meaning and scope of the exempted goods and services are not defined in either the Statute or the FIRS Circulars. For example, the scope of what is meant by “basic food” is not clear; Generally, what is a basic food depends on the status in life of an individual and varies from person to person³⁰. The present practice by the FIRS is to limit the meaning of basic food to uncooked and unprocessed food items, such as garri (a staple cassava food in Nigeria) while processed food items such as spaghetti, corn flakes, baked beans and cheese are taxable. It is submitted that in the absence of clear definition of what constitutes basic food item, the current practice which imposes tax on processed and manufactured foods is open to challenge. This will also accord with the principle that ambiguity in tax laws should be construed in favour of the taxpayer. Mention must be made as regard to the emergence of the finance Act 200 and its subsequent amendment on the shaping of the nation’s tax laws with particular reference on the VAT³¹. The new Act was inaugurated to promote fiscal equity by mitigating regressive taxation, reform domestic tax laws and align with global best practices. In particular, the impact of the Finance Act on VAT shall be examined under a sub-head in the course of this discourse.³²

2. Legal Framework for VAT Administration

2.1. The Constitution

Section 4 (i) (a) & (b) of the constitution³³ vest the legislative powers of the Federal Republic of Nigeria on the National Assembly to make law for the peace, order and good governance of the Federation. These powers were identified to be matters within the Exclusive Legislative List, Concurrent List and any other matter with respect to which it is empowered to make laws in accordance with the provisions of the Constitution³⁴. S (44) (a) of the Constitution provides that “Nothing in subsection (1) of this section shall be construed as affecting any general law for the imposition or enforcement of any tax³⁵ Thus the compulsory imposition of tax on a citizen is not derogation from the right of a citizen to his property, but a necessary exercise of governmental powers. In the case of *Independent Television /Radio v ESBIR*³⁶, the court held that “by virtue of section 24 (4) of the 1999 constitution, the payment of tax is an obligation of a citizen. Failure of the citizen to pay tax shall strip him of the protection afforded

²⁹ *Chapple v Cooper* (1844) 13 M & N 253.

³⁰ VAT (n21) s 29

³¹ The sub-head is ‘3’ where the another exhaustively examined the interventions brought along by the Finance Act on VAT in Nigeria.

³² 1999 Constitution of the Federal Republic of Nigeria (As Amended).

³³ *ibid* section 4 (4) (a) & (b)

³⁴ *ibid*.

³⁵ (2015) 12 NWLR (pt. 1474).

³⁶ *ibid*.

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by section 44 (1) of the Constitution³⁷. The legislative power of a State is vested in the House of Assembly which is identified as matter not included in the Exclusive Legislative List, any matter in the Concurrent Legislative List any other matter with respect to which it is empowered to make laws.³⁸ Notwithstanding, the National Assembly may by an Act provide that the collection of any (of the aforementioned) tax or duty or the administration of the law imposing it shall be carried out by the Government of a State or other authority of a State³⁹. The House of Assembly of a state may without prejudice to the powers conferred on the National Assembly make provision for the collection of any tax, fee or rate or the administration of the law providing for such collection by a Local Government Council⁴⁰.

2.2. Federal Inland Revenue Service (Establishment) Act

Another law that provides for Value Added Tax is the Federal Inland Revenue Service (Establishment) Act⁴¹. The Service provides for the administration of all federal taxes including the VAT⁴². The Act was enacted as part of the reform processes aimed at correcting the lapses in the tax system in Nigeria. The Act incorporated some of the recommendations of the Study Group⁴³ set up for Tax Reforms in Nigeria

2.3 Taxes and Levies Act

The Taxes and Levies Act is another law that provides for taxation of VAT. Due to the conflict of power as to the imposition and collection of tax, the National Assembly enacted the Taxes and Levies Act⁴⁴. The Act stipulates all the taxes collectable by each tier of Government. It is the Federal Government that collects the VAT through the State VAT offices, for the benefits of both federal and State Governments. Federal Government only deducts administrative cost of collection of the VAT.⁴⁵

2.4 Finance Act

On 13th January, 2020, President Buhari (as he then was) signed the Finance Bill into law, thus making it an Act after it secured legislative approval⁴⁶. The new document seems to have amended eighty tax provisions across the companies income tax, petroleum profits tax, personal income tax, including the value added tax, among other⁴⁷. According to Government, the new Act would promote fiscal equity by mitigating regressive taxation, reform domestic tax laws and align with global best practices. The impact of the Finance Act on VAT includes broadening the scope of VAT coverage. The new Act had done that by expanding the definition of “goods” to include any intangible products, asset or property over which a person has ownership where he derives benefits, and which can be transferred from one person to another, excluding interest in land⁴⁸. The new Act also has provided clarification to the effect that VAT should now be accounted for on cash basis rather than accrual bases⁴⁹. Furthermore, the Finance Act has

³⁷ *ibid.* Second Schedule Part i.

³⁸ *ibid.* Second Schedule Part I Paragraph 7.

³⁹ *ibid.* Section 4(2) (v) and Second Schedule Part II Paragraph 9

⁴⁰ Federal Inland Revenue (Establishment) Act No. 13 of 2007

⁴¹ *ibid.* 1st Schedule.

⁴² *ibid.*

⁴³ Taxes and LEVIES Act (Amendment) Order 2015

⁴⁴ Item 4 Part I Schedule to the Act (Approved List for (election) 2015.

⁴⁵ S Musa, “Buhari Okays Finance Act’, *ThisDay Newspaper* (Lagos: 23 January, 2020) Frontpage.

⁴⁶ *ibid.* p. 27.

⁴⁷ Finance Act LFN 2020 s 38.

⁴⁸ *ibid.* s 33.

⁴⁹ *ibid.* s 35.

modified the VAT Act⁵⁰ to clarify the VAT Exemption status of services rendered by microfinance banks (MFB), among others.

3. Obstacles to Efficient VAT Administration in Nigeria

Governments have been in search of methods to curb the problems emanating from administration of VAT in Nigeria. These problems crop up both from the law on administration to the implementation and its enforcement. It also goes to affect the tax authorities, tax officials, the politicians and taxpayers. These challenges appear to impede some of the successes of the Value Added Tax, some of which are highlighted below:

i. **Poor Tax Administration;** Tax administrators and individual agencies suffer from limitations in manpower, money, tools and machinery to meet the ever-increasing challenges and difficulties. Tax statistics are not collated, analyzed on a routine basis, not to mention, having it stored, or made more easily accessible or retrievable⁵¹. Apart from certain States, there seem to be total absence of a systematic data on taxable persons, tax compliance, tax evasion/avoidance and other indices that could be used to make micro or macro analysis of certain variables⁵². Even these states aforementioned and the FIRS Headquarters in Abuja, collection of information in form of data is mostly based on projections rather than their eventual or actual collection, financial reports and budgets, to worsen matters, the scanty information held could hardly be released for political purposes⁵³. With the advent of the Freedom of Information Act (FOIA)⁵⁴; public officers can now be compelled to release information upon the request of any applicant. Again, the tax system in Nigeria is such that only input VAT directly attributable to production is recoverable from output VAT making all other VAT non-recoverable.

ii. **Hidden Tax:** The VAT's biggest flaw is that, unless mandated otherwise, the amount of VAT paid by taxpayers is hidden⁵⁵. VAT is not printed on the sales receipt perhaps because politicians hide the steep price of the VAT and their policies from taxpayers. One fundamental principles of sound taxation is transparency and most nations' VATs flagrantly violate this principle. Even if the VAT is shown on receipts, taxpayers are highly unlikely to keep their receipts and total their VAT for the year. This can lead taxpayers to demand more government services because they wrongly perceive that the prices of such services are lower than they appear. In a democratic state, the cost of taxes and governance should be as explicit as possible so that taxpayers and voters can make better informed decisions about the government.

iii. **Taxing Services:** The Nigerian economy is becoming increasingly service-based, but the VAT has difficulty taxing services. In fact, all consumption taxes, including Federal and State Sales Tax, struggle to tax services because tax authorities have difficulties determining actual sales when no physical property changes hands⁵⁶. Many times, Government Agencies often forgo levying VAT on most services because of this difficulty compared to the cost of their services, service providers generally purchase low –cost inputs from suppliers.

⁵⁰ LC Micah, Tax System in Nigeria – Challenges and the Way Forward (2012) Vol. 3 (s) *RJFA*, 10.

⁵¹ *ibid.* 27-29.

⁵² Finance Act (n 47) Sections 39 and 50.

⁵³ Freedom of information Act (FOIA) Section 2(1) and 25..

⁵⁴ CS Dubay, "The Value Added Tax is Wrong for the United State", Heritage Foundation (USA; 21 December 2022).

⁵⁵ *ibid.* 7-9.

⁵⁶ Dubay (n 54).

iv. Underground Economy: The hidden or underground economy is usually taken to mean any undeclared economic activity. The major issues are how Inland Revenue Authorities would tackle hidden economy covering businesses that ought to be registered to pay VAT, but are not. People who work in the hidden economy such as the rural areas with difficult seem to pay no tax at all on their earnings, and also, people who pay tax on some earnings but fail to declare other additional sources of income, are captured here under⁵⁷. There are number of serious policy issues that may result from the growth of the underground economy in Nigeria. Tax evasion caused by higher tax rates will siphon off revenue. The opportunity to participate in the underground economy represents a “subsidy” to certain types of economic activity where evasion is easier. The underground economy makes official statistics on economic growth less reliable. It can reasonably be argued following Palda⁵⁸ that anything which drives more activity into the underground economy reduces productivity.

v. Fraud: A credit invoice VAT has an inherent self enforcement mechanism because of the trail of paperwork required, but even then, the fraud would still be prevalent. Fraud is different from the underground economy. It consists of business engaging schemes to secure larger refunds than those to which they are entitled to. VAT fraud can take the form of false claims of taxes paid, refunds claimed for non refundable purchases, business set up only to issues false invoices of taxes paid and hidden sales. The wealthy taxpayers are usually the most wanting where the VAT fraud is concerned. Accountants and tax consultants who are employed by such defaulters ostensibly to assist them commit tax fraud, such as filing fraudulent tax returns in order to reduce or evade tax liabilities, should also be prosecuted.

vi. Complex and Cumbersome Legislative Processes: In a country with over eighty million illiterates out of perhaps population of over two hundred million it is quite hard to make tax payers understand the legislation relating⁵⁹ to VAT. It is important to consider the psychology of the people when framing tax legislation aimed at receiving an acceptable degree of voluntary compliance among taxpayers. The socio- economic factors no doubt dominate the lives of peoples of our various countries and ought to provide the solid foundation on which tax legislation should be based on. The fact of transporting tax legislation from developed countries like United kingdom, USA to be modified here would not reflect the peculiarities of our socio-economic and cultural values. A nation’s tax system is often a reflection of its communal values or the values of those in power⁶⁰. It is difficult to understand such a comprehensive and complicated legislation which might have been fashioned after that of the developed countries.

Intervention by the Finance Act

The Finance Act has brought along the following changes to the VAT transactions in Nigeria.

i. Increase in VAT rate and Palliative Measures to Manage its Impact

To mitigate the impact of the revised VAT rate increases from 5% to 7.5%, the new Act⁶¹ has introduced palliative measures for micro and email enterprises which initiate a VAT compliance

⁵⁷ KF Palda, ‘Evasive Ability and the Efficiency Cost of the Underground Economy’ (2022) Vol. 3 3(5) CJE 1120-1123.

⁵⁸ Dubay (n54)

⁵⁹ *ibid.*

⁶⁰ *ibid.*

⁶¹ VN Onyeka, ‘The Effect of the Evasion and Avoidance on Nigeria’s Economy (2000) Vol. B (24) EJM, 158-160.

threshold. Thus the cost of VAT administration⁶² will reduce because the FIRS can now focus its compliance monitoring efforts on large businesses only.

ii. Broadening Scope of VAT Coverage

The erstwhile provisions of the VAT Act⁶³ did not contain a definition of foods. Consequently, VAT-able goods had, in practice, been limited to tangible goods that are not exempted under the First Schedule to the Act. Thus incorporeal property was generally accepted as non-VAT-able, by taxpayers, on the bases that such property neither constitutes goods nor services and supply thereof cannot attract VAT. However, the new Act⁶⁴ seeks to expand the definition of “foods” to include any intangible product, asset or product over which a person has ownership where he derives benefits, and which can be transferred from one person to another, excluding interest in land.

iii. Cash Basics for Accounting for VAT

The Finance Act provides classifications that VAT should be accounted for on each rather than accrual basis.⁶⁵ Accounting for VAT on cash basis means that a taxpayer can only recover input VAT that has been “paid” against output VAT that has been “collected”. For taxpayers who do not have input VAT to claim, it is only VAT that has been collected that should be remitted to the FIRS. The amendment⁶⁶ would help manage taxpayers cash flows and reduce the risk that a business would ultimately bear the VAT burden for its customers, particularly in cases of bad debt.

iv. Exemption of Services Rendered by Microfinance Bank from VAT

The newly inaugurated Act⁶⁷ has now modified the VAT Act to clarify the VAT exempt status of service rendered by Microfinance banks (MFB). Prior to the CBN’s directive in 2005 to all community banks to recapitalize and convert to Microfinance Banks (MFB’s), the service of community banks were exempted from VAT in line with the First Schedule to the VAT Act. However, after the statutory mandate to convert to MFBs, there was no corresponding amendment to the VAT Act to confirm the continued exemption to the renamed banks, which have the same objectives as the community bank. Thus, this amendment is welcome as it has removed the uncertainty and thereby brings a final clarification to the non-applicability of VAT to services rendered by MFBs⁶⁸.

5. Conclusion and Recommendations

Governments need money. Modern governments need lots of money. How they get this money and whom they take it from are two of the most difficult political issues being faced by any government in a modern political economy. The authors have been able to demonstrate that VAT is regarded as one of the major sources of government revenue for the sole purpose of generating revenue as well as providing social welfare for the citizens. However, the above vital role of VAT has been challenged by some obstacles which seem to have militated against its envisioned role in the socio-economic transformation of the country. In that light, the authors advocate corrupt-free and efficient administrative machinery with personnel who are adequately

⁶²Finance Act (n47) s 38..

⁶³ *ibid.*

⁶⁴ VAT (Amendment) Act 2007 First Schedule to the Act.

⁶⁵ Finance Act (n 47) s 33.

⁶⁶ *ibid.*

⁶⁷ *ibid* s 35.

⁶⁸ *ibid.* s 42.

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trained, well-equipped and motivated. Likewise, to avoid the present scenario where states impose illegal taxes and levies, it is being proposed that there should be unified, effective and unbiased tax administration with full representation from the three tiers of government. The authors are of the view, and firmly too, that VAT administration can achieve good result only if the following conditions are met, enthrone and sustenance of simple tax rules and procedures, low tax burden, convenience to taxpayers, minimal compliance costs, easy access to information, among others.

