Examination of the Trend in Internally Generated Revenue of Kwara State Since 2015

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Abstract

In response to the call by the Federal Government that States should improve on their internally generated Revenue and not to rely solely on Federal allocation for its sustenance, State governments set up their independent State Internal Revenue Services, different from the erstwhile State Board of Internal Revenue whose staff are drafted from the State Civil Service and who carry their functions lackadaisically. It is with this realisation that the Kwara State Government, in its effort to increase and diversify its revenue base, signed into law on June 22, 2015, the Kwara State Revenue Administration Law 2015 (Law No.6 of 2015), thus giving birth to the Kwara State Internal Revenue Service, (KWIRS) and abolishing the old Kwara Board of Internal Revenue (KBIR). The State started to witness unprecedented increase in its IGR but suffered a major decline in the year 2020 due to the outbreak of the Covid-19 Pandemic. The State IGR however picked up in 2021 after the pandemic had subsided. This study discovered that while the Kwara State government witnessed about 56 percent decrease in IGR in the Covid-19 Pandemic year, the IGR at the Federal level did not experience a significant decrease when compared to the State this is because the Federal government could still generate revenue through some outlets that are exclusive to it; such as seaports, Value Added Tax and the Telecommunication industry amongst others. The study discovered that increased adoption of technology and steady blockage of leakages within the tax system can be credited for the increase in IGR post covid-19. The paper also discovered that Kwara State introduced some innovations that helped it to generate some revenue during the Pandemic . The Paper concludes that revenue organisations should adhere to global best practices in its revenue generation drive.

Key Words: Internally Generated Revenue, Kwara State Internal Revenue Service

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1. Introduction

Taxation is a monetary charge imposed by the government of a country or its appropriate agency on taxable person, entities, transactions or properties to yield revenue.[1] Taxation has also been defined as a pecuniary burden laid upon individuals or property to support government's expenditures.[2]The Oxford English Dictionary defines a tax as " a compulsory contribution to the support of government levied on persons, property, income, commodities, transactions etc, now at a fixed rate mostly proportionate to the amount on which the contribution is levied."[3] Tax can also be described as a compulsory exaction of money by a public authority for public purpose[4] A tax is therefore not a voluntary payment or donation, but an enforced contribution, exerted pursuant to legislative authority and which is imposed by government. The constitution of the Federal Republic of Nigeria provides that " It shall be the duty of every citizen to declare his income honestly to appropriate and lawful agencies and to pay his tax promptly" [5] **K**wara State government, in line with the Federal Government directive that States should become less dependent on the central government embarked on steps to boost her internally generated revenue (IGR) [6] through the establishment of the Kwara Internal Revenue Service (KW-IRS) in the year 2015[7] to ensure compliance and block leakages occasioned by malfunctioning in the erstwhile tax agency[8].

2. Objectives of Tax

Certain functions and objectives of the tax system have been identified . Abdulrazaq M.T identified four of these functions, they are (I) Raising Revenue (2) Redistribution of Wealth (3) Management

[1]Olateju Abiola Somorin, Taxes Around the Globe:A Concise Review of Different Tax Types, Chartered Institute of Taxation of Nigeria ASCO Publishers Lagos(2015)
[2] Faseun L.A, Tax Practice, Paper Delivered at the Special Training Programmeby CITN between 3-5 May, 2015,p.36
[3]Mohammed Taofeeq Abdulrazaq Revenue Law and Practice in Nigeria3rd Edition, Malthouse Press Limited at p.1. See also Tiley and Loutzenhiser (2012) Revenue Law (Hart Publishing) pp 3-128, Willoughby &Harvey (1969) A Guide to Income Tax and Capital Tax In Nigeria (Sweet & Maxwell) See also Taylor M (2012)Is it a levy or is it a tax or both? Revenue Law Journal Vol 22, Issue I (Bond University)
[4]Okauru I.O (ed) Comprehensive Tax History of Nigeria, (Federal Inland Revenue Service, 2012.p.33 see also, Soyode L and Kajola S.O Taxation :Principles and Practice in Nigeria (Silicon Publishing Co., Ibadan 2006) p.3
[5]Chapter II Section 24(f) Constitution of the Federal Republic of Nigeria (CFRN)titled Duties of Citizens
[6]One of the 36 states in Nigeria
[7]Known as the Kwara State of Nigeria Law No. 6 of 2015
[8]Kwara Board of Internal Revenue

of the economy and (4) modifying or affecting behaviour[9]. Olateju Somorin added to the above list in her work that tax performs the function of reducing inflation and stimulate growth in the economy, According to her, tax is a significant tool of fiscal and economic policy[10]. Tax administration and revenue generation are very important in the life of a nation . This is due to the fact that the primary responsibility of the government is to improve the welfare of the people and give them security over their lives and property. These responsibilities of the government can only be provided with adequate finance and funding. The Nigerian National Tax Policy[11] lists certain objectives , which a tax system is expected to achieve. They are among others:

i. To promote fiscal responsibility and accountability

ii. To facilitate economic growth and development

iii. To provide the government with stable resources for the provision of public goods and services.

iv. To address inequalities in income distribution

v. To provide economic stabilisation, and

vi. To pursue fairness and equity. [12]

3 Taxes, Levies and Fees Collectible by State Governments in Nigeria

The following are the approved list of the taxes, levies and fines collectable by the state government after the harmonisation of taxes and levies in 2015.[13]

1. Personal Income Tax in Respect of -

(a) Pay -As-You-Earn (PAYE) and

(b) Direct Taxation (Self Assessment)

2. Withholding Tax (Individuals only)

[9]M.T Abdulrazaq ibid at 2-3
[10]Abiola Somorin op sit
[11]The National Tax Policy provides the guidelines, rules and modus operandi that would regulate Nigeria's tax system, as well as form the basis for tax legislation and tax administration in Nigeria.
[12]See generally the National Tax Policy Document pp 704-705
[13]Taxes and Levies (Approved list for Collection) (Act Amendment) Order, 2015, with a commencement date of 26th May, 2015

3. Capital Gains Tax (Individual only)

4. Stamp Duties on instruments executed by individuals

5. Road taxes

6. Pools betting and lotteries, gaming and casino taxes

(i) Business premises registration fee in respect of urban and rural areas which includes registration fees and per annum renewals as fixed by each State

7. Business premises registration fees in respect of urban and rural areas which includes registration fees and per annum renewals as fixed by each State

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. Market taxes and levies where State finance is involve,

11. Right of occupancy fees on lands owned by the State Government in urban areas of the State.

12. .Land Use Charge where applicable

13. Hotel, Restaurant or Event Centre Consumption Tax, where applicable.

14. Entertainment tax where applicable

15. Environmental fee or levy

16. Mining , Milling and Quarrying fee, where applicable

17. Animal Trade Tax, where applicable

18. Produce Sales Tax

19. Slaughter or Abattoir fees, where state finance is involved

20. Infrastructure maintenance Charge or levy, where applicable

21. Fire service charge

22. Property tax where applicable

23. Economic Development Levy where applicable

24. Social Services Contribution Levy, where applicable

25. Signage and Mobile Advertisement , jointly collected by States and local governments.[14]

4. Code of Ethics for Efficient Tax Administration

The Nigerian Code of Ethics for Efficient Tax Administration was adopted by the Joint Tax Board as an anti-fraud measure. It was a 12 point statement and nearly all the rules stipulated by the Code were geared towards stemming fiscal fraud.[15]Some of the points in the Code are; A tax officer shall;

(a) Seek to encourage the taxpayer to pay his tax promptly, eagerly and correctly;

(b) Not collude with the taxpayer to engage in any form of tax planning, tax evasion or to engage in any act which tends to unduly reduce, withhold or delay the payment of tax;

(c) Seek to implement the tax laws fairly, faithfully, firmly and equitably, irrespective of the status of persons and organisation concerned or the nature of goods and services involved.

(d) Display competence and professionalism in the discharge of his duties [16]

5 . The Kwara Internal Revenue Service

The Kwara State Government, in its effort to increase and diversify its revenue base passed a Bill establishing the Kwara State Internal Revenue Service. The Bill was signed into law on June 22, 2015[17], as the Kwara State Revenue Administration Law 2015[18](Law No.6 of 2015), thus giving birth to the Kwara State Internal Revenue Service, (KWIRS) and abolishing the old Kwara Board of Internal Revenue (KBIR). With the signing of this law, KWIRS becomes the sole entity responsible for the effective and efficient administration of tax related matters on behalf of the Kwara State Government.[19]

In performing its administrative duties, the KWIRS was given the following mandates:

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[14]The Schedule to the Taxes and Levies (Approved List for Collection) (Act Amendment) Order,Cap.T2 LFN 2004 and amended in 2015 with a commencement date of 26th May, 2015

[15]For instance the 7th point of the Code bars a tax officer from accepting ,any form of gratification, favour or assistance from taxpayers.

[16]This code of ethics was later replaced in 2004 with a new Work Ethics drafted for Federal Inland Revenue Service Staff

[17]By the then State Governor Alhaji Abdulfatah Ahmed.

[18] Kwara State of Nigeria, Law No.6 of 2015

[19] Kwara State Revenue Administration Law (KWSRAL) 2015. Section 9(b)

- To maintain the integrity of the tax laws and processes by eliminating all instances of multiple taxation.
- To assist the state government to attain specific economic and social policies, systems and targets, and
- To stimulate voluntary compliance so as to advance maximum representation of the populace in executive decision making.[20]

To achieve the above set objectives, the KWIRS set out a vision and mission statements for itself which are; "to mobilise revenue for the strategic development of Kwara state" and "to serve the residents of Kwara state using the most convenient

strategies that will add value and integrity to the revenue mobilization process and actualize the developmental objectives of the government.[21]

6. Revenue Generation Drive of Kwara State Internal Revenue

All over the world, the Internally Generated Revenue (IGR),[22] which any state or government is able to raise sustains its economy. According to the Pioneer Executive Chairman of the KWIRS,[23] there is increasing awareness on tax payment by the people of Kwara State, who at the inception of the KWIRS in the year 2015 paid as taxes, ₦5billion but had same increased to ₦19billion by the year 2017.[24] The revenue body has targeted ₦38million as a projection for Internally Generated Revenue for the year 2018.[25] This target, according to the executive Chairman is achievable because more people have been brought into the tax net.[26]

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[20] Kwareve News Issue 26. ilovepdf-compressed.pdf
[21] KWIRS Vision and Mission Statement. Irs.kw.gov.ng
[22] Funds generated internally other than grant, subvention and allocation from government. Okolie, D.O. & Eze, F.E, 'Local Government Administration in Nigeria' (John Jacob Classic Publishers Ltd, Enugu, 2004);
Okeke Ifeanyi, Chidi Mba & Eme Okechukwu, 'Enhancing Internally Generated Revenue: Issues, Strategies, Foresight & Insights' (2017) 2 (1) Science Arena Publications Specialty Journal of Humanities and Cultural Science. 1-22
[23] Dr Muritala Awodun
[24] Abiodun Fagbemi, Nigeria: KWIRS Targets ₦38 billion in Tax Collection. Article in The Guardian Newspaper, 23 January, 2018
[25] Kwara State 2018 Budget
[26] Dr Awodun said more people are now paying the personal income tax of ₦1,500 per annum for those in the informal sector and ₦12,000 per annum for those in the formal sector.

The KWIRS boss also said that the agency has been acting as an intermediary between the people and the government. This is because it on one hand ensures that people perform their obligation of paying tax and on the other hand encouraged the government to ensure the people feel the impact of the revenue generated from them.[27] To this end , the KWIRS designed various projects through its Community ImpactProgramme (CIP), based on the four 'Es', which are, education, environment, enterprise and employment.[28]

The improvement in Revenue Generation made by the KWIRS between the year 2015 when it was inaugurated and year 2017 was attested to by the Chairman of the Federal Inland Revenue Service (FIRS) Mr Babatunde Fowler,[29] who said that the National Joint Tax Board will adopt the blueprint of the KWIRS, based on the success the State has recorded in its Internally Generated Revenue that has been boosted by over 100 percent increments since the revenue body took charge of the revenue collection.[30]Fowler expressed optimism that other states will record the same success if the Kwara blueprint is followed thoroughly.

Consequently, representatives of other State Internal Revenue Services visited the KWIRS to understudy the revenue administration system in Kwara State.[31]

7. Brief history of the corona virus pandemic

On the 31st of December 2019, the World Health Organisation (WHO) office in the People's Republic of China picked up a media statement by the Wuhan Municipal Health Commission on cases of 'viral pneumonia of unknown cause' in Wuhan.[32] By the 9th and 30th of January,

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[27] Abiodun Fagbemi, Ibid

[28]The agency as part of its CIP, kitted school pupils, through the distribution of school bags and uniforms, provision of boreholes, clearing of blocked drainages and presentation of endowment prizes to tertiary institutions among others. Kwareve News Issue 26. ilovepdf-compressed.pdf

[29]The Executive Chairman of the FIRS between

[30] Fowler disclosed this at the opening of the 137th Joint Tax Board meeting on the 13th of March 2017, at Ilorin, the Kwara State Capital

[31] The representatives of the Bauchi State Internal Revenue Service (BIRS) led by the Executive Chairman, Alhaji Jubril Useni Jubo visited KWIRS on 14th Feb, 2018.
Kogi state representatives paid similar visit in the year 2017.

[32]Ladan "Guidelines For the Justice and Legal Education Sectors to Facilitate Adherence to the National Covid-19 Guidelines' 2021 1

respectively, the Chinese authorities identified the outbreak of the novel Corona-virus.[33] The Corona virus was declared a global public health emergency of international concern by the WHO, at the second meeting of the International Health Regulations Emergency Committee.[34] Africa recorded it's first case in Egypt on 14th February 2020 and since then, the WHO has recorded 251,788,329 confirmed cases of COVID-19 and 5,077,907 deaths globally as at 12th November 2021.[35] The Covid-19 period was a trying one for the world at large as it has disrupted every aspect of life[36]due to the rate of its spread and death rate, nations of the world had to shut down their economy and everything was at a stand still as a result of the lockdown.[37]

Covid-19 was first discovered in Nigeria on February 27th 2020, through an infected Italian Businessman. Cases increased due to the inflow of people into the country from different parts of the world. On Monday 23 March 2020 all airports in Nigeria were closed to international flights while in coming travelers were placed under supervised isolation for 14 days, and by 14th November 2021, the Nigeria Centre for Disease Control (NCDC) has recorded 213,076 confirmed cases and 2,949 deaths. The rapid spread of the corona virus had devastating effect on every sector of the economy including the financial sector which necessitated the adoption and introduction of innovative measures targeted at stemming the tide and at the same time preventing the total collapse of the economy. While many are familiar with the medical and non medical containment measures[38] introduced by countries all over the world, a lot of people did not know the measures put in place by financial institutions and businesses which kept them afloat during and after the pandemic.

8. The Effect of Covid-19 on Economic Activities Globally

[33] World Health Organisation (WHO), 'Timeline: WHO's COVID-19 Response' https://www.who.int/emergencies/diseases/novel-coronavirus-2019/interactive-timeline#! (last accessed 2022-08-20)

[34] Htpps://www.who.int/news/item/30-01-2020-statement -on-the-second-meeting-of-the-international-health-regulations-(2005)-emergency-committee-regarding-the-outbreak-of-novel-coronavirus-(2019-ncov) (last accessed 2022-08-20

[35]WHO, 'WHO Coronavirus (COVID-19) Dashboard' https://covid19.who.int/ (last accessed 2022-18-21)

[36]Hasnan Baber, Spill over effect of Covid-19 on the Global Economy TMI 177-196, 2020, accessed 2022-09-22

[37]Farabiyi and Simplice ''The Economic Consequences of the Covid-19 Pandemic in Nigeria'' 2020 SSRN Electronic Journal https://www.researchgate.net/publication/342518936 accessed 2022-09-22

[38]Some of the measures include the declaration of phased lockdown, international and national travel restrictions, social and physical distancing, compulsory use of face masks, regular hand washing and use of alcohol based hand sanitisers, amongst others.

Just like any other countries but particularly and mostly african countries subnational or state/local governments in emerging market are more hit by the COVID-19 crisis. As they have been at the forefront of the crisis as regards the impact on budgets, citizens and the role in managing the pandemic.[39] Lockdown and other regulatory control affected business operations across the world[40] and revenue generation.[41] There was a decrease in the revenue available to the various governments[42] in contrast to the volume of expenditure of the government to meet her myriad obligations to the citizens.[43] The Nigerian government introduced new strategies to beef up her revenue. While some countries waived taxes on tourism and airline companies, others reduced taxes. In Nigeria, Jigawa State introduced a tax holiday of one year for all existing small and medium enterprises in the State from 1st July 2020- 30thJune 2021 and 18 months tax holiday for new enterprises from 1st July 2020-31stDec 2021. In Katsina and Anambra States, 20% and 10% rebatse were issued to new taxpayers respectively.

9. Challenges of Covid-19 Pandemic on Kwara State Internally Generated Revenue in the year 2020

Kwara state generated N30.7 billion in 2019 but this dropped to N19.604 billion in 2020, a 56 per cent decrease. The KW-IRS attributed the significant drop in the State's revenue in the year 2020 to the biting effects of COVID-19 and other related factors. Addressing a news briefing in Ilorin the State capital, the KW-IRS Executive Chair, Mrs Shade Omoniyi[44], said the drop in revenue generation in 2020 was expected because of the "COVID-19 restrictions, Kwara's uncompromising adherence to

[39]Jean-Baptiste Legrand 'the impact of the Covid-19 Crisis on Subnational Governments in Emerging Markets: The Outlook one year on' International Finance Corporation, Word Bank group. July 2021. https://www.ifc.org/wps/wcm/connect/a91e8819-f046-4b60-bc7e-359679b78195/IFC-Covid19-Municipalilities2021_final_web_7-28-21.pdf=AJPERES&CVID=nHKmD19 accessed 19 October 2022

[40]Twesige ''Analysis of Finance and Accounting Measures to Mitigate the Impact of Covid-19Pandemic among Businesses in Rwanda During and in a Post Covid Environment'' .https://www.scirp.org

[41]Kanapathipillai '' The Impact of the Silent Enemy (Covid-19 Pandemic) on the Marketing Efforts Undertaken by the Automotive Industries in Malysia'' EJMMS 2020

[42] Bachman ''The Economic Impact of Covid-19'' Delloitte Insights 2020 https://www2.deloitte.com/us/en/insights/economy/

[43]Yunfeng,Haiwel,Ren ''Public Finance have been negatively affected by the Covid-19 Pandemic'' Effect of Pandemic Outbreak on Economies Evidence from Business History Context https;//www.frontiers.org>fpubh.2021.632043

[44]Mrs Sade Omoniyi took over as the new Chair of KW-IRS at the inception of the administrationm of Governor Abdulraman Abdilrazaq 2019 till date.

tax break and waivers for businesses during the period, and the fact of its operations being majorly manual as at the year2020, coupled with the fact that there was no new raise in the tax rate, and that the agency made deliberate steps to tackle multiple taxation.

The hugely manual nature of KW-IRS operations as at 2020 meant that assessment and collection of relevant taxes payable to the State Government from both KW-IRS and other MDAs are on contact basis but because of the Covid-19 Pandemic its staff were unable to move around to collect taxes as COVID-19 hit hard.Kwara State Internal Revenue Service (KW-IRS) since inception in 2015 has operated a manual tax administration system, despite this, the Service has recorded steady IGR growth over the years. Upon its assumption of office in October 2019, the Service's new management began working tirelessly to sustain this momentum. These efforts culminated in the IGR growth from N23 billion as at 30th September 2019 to N30.7 billion as at the end of the year2019." That is the Service made an unprecedented N7 billion in the last quarter of 2019.

The Service blocked various revenue leakages avenues and introduced cost-cutting initiatives to maintain the achievement recorded in the last quarter of the year 2019.It also worked assiduously to automate its revenue and tax administration processes. The various revenue leakage blockages paid off as in the first quarter of year 2020,the Service generated N7 billion. With the gradual easing oftheCovid-19 lockdown, revenue generation by the Service came to N4 billion in the third quarter of 2020 and to N6 billion in the fourth quarter of the same year. Thus, it is obvious that the low IGR figures in the second and third quarter of 2020 and consequent dip in 2020 IGR performance are solely attributable to the Covid-19 incidence and contact-based collection which proved quite ineffective while the lockdown lasted.[45]. Now let us look at the IGR performance of KW-IRS post Covid-19- period.

10 Strategies Adopted by KW-IRS during Covid-19 Pandemic in Kwara State

[45]These observations were enumerated in the quarterly revenue collections reports released by the Service in the year 2021

KW-IRS generated N19.604bn in the year 2020 compared with the previous year(2019) revenue of 30.64bn This 56 percent reduction was as a result of the crippling effect the Pandemic had on global economy. Apart from the negative effect the Pandemic had on the economy, most taxpayers did not comply with the payment of tax hence the need to adopt some strategies to continue to generate revenue in order to keep government afloat.

The Covid-19 Pandemic therefore brought about changes in business practices globally, and many agencies, companies, financial institutions and business persons had to think of new ways to do their business. Revenue authorities are not an exception. For instance tax authorities both at the Federal and State levels in Nigeria introduced some innovations in the way they carry out their functions. One can therefore say that the pandemic made some positive impact on the economy because it brought in its wake, the opportunity to rethink and re-strategise. It introduced innovative tax collection strategies such as on-line platform for payment and filing of tax documents, import duties waiver for certain commodities and some other tax incentives . The following are some of the measures put in place by the Kwara State government during the pandemic to generate revenue:

i. Extension of deadline for filing of annual returns from 31st March to 30th September 2020 in order to enhance payment by taxpayers.
ii. 30% waiver on arrears on ground rent and land charge for property owners to encourage payment of tax.
iii. Granting moratorium (temporary suspension) to taxpayers in the Informal sector.
iv. KWIRS also waived penalties and interest for high paying taxpayers and corporate organizations in order to encourage citizens to pay their taxes.
v. Taxes were generated from PAYEE (Pay As You Earn) because despite the pandemic, workers' salaries were paid hence taxes were deducted from the salary paid. This is a good source of revenue generation in Kwara State.

vi Despite the lockdown, health personnel were allowed to go to work and axes were deducted from the services rendered by these personnel and from drugs bought by patients. KWIRS had its officials who were in charge of collection of fees and rates posted to hospitals

vii Taxes were deducted from the incentives paid by the government such as health hazards; paid to health workers, security agencies etc.

viii Citizens were encouraged through online platforms of the benefit of paying their taxes, especially during the pandemic. This agency via it platform enlightened the citizens on the need to pay tax to enhance the smooth running of the State.

ix KWIRS employed Alternative Dispute Resolution (ADR) for recovery of tax to generate revenue..

x. KWIRS also waived penalties and interest for high paying taxpayers and corporate organizations in order to encourage citizens to pay their taxes.

11. KW-IRS' Performance in the First Quarter of 2021

KW-IRS generated a total of N9,598,504,939.90 in the first quarter of 2021 which is a great improvement over the N6,227,099,973.43 in the last quarter of 2020, a feat it credited to its increased adoption of technology and steady blockage of leakages[46].This above figure is the highest ever collected by the agency(as at that time) since its inception. A break-down of the first quarter collections shows steady and significant growth, month-on-month.[47] This achievement is a reflection of the introduction of technology into Kwara State Tax Administration, through automation and online payment platforms to ease payment of all taxes. In addition, other initiatives include re-profiling of taxpayers, making mandatory submission of schedules along remittances; carrying out prompt enforcement on recalcitrant taxpayers, and the expansion of ticketing model for the informal

[46]These are part of the strategies it mapped out to achieve its IGR target

[47]January N2,984,312,074.60; February N3,058,746,474.21; March N3,555,446,391.09 ;total N9,598,504,939.90

sector among others. One other good thing to note in the KW-IRS, is that in spite of the drive to increase IGR, it has not introduced new taxes since the inception of the administration of present incumbent Governor Abdulrahman Abdulrazaq. According to the Chairman of the Service the required and legitimate taxes due are what are being paid by taxpayers and collected appropriately into the coffers of the State and all revenue lines of the MDAs in Kwara State are the same as approved and as provided by existing relevant laws.[48]The Chairman pledged that the Service will continue to improve on its generation drive.

KW-IRS will continue to work to ensure improvement in revenue generation; a veritable support for the Federal allocation to ensure the State Government meets its responsibilities and the desires of Kwarans. The Service will also continue its collaboration with all MDAs and Stakeholders in the State for effective and efficient collection of all that is legally due from taxpayers. The Service will strategically and systematically play its part by using the most appropriate technology and committed workforce for the growth of revenue for the State.

12. The Effect of Covid-19 Pandemic on Revenue Generation at the Federal Level in Nigeria

The Covid-19 pandemic and the consequential lockdowns and the several distancing measures have had severe economic consequences in Africa. However, the effect on economy differs considerably between countries, the informal and formal sectors, industries, and traded products.[49] The harsh effect of Covid-19 on the economy is not peculiar to Nigeria as an African country,[50] South Africa also

[48]Taxes.Levies and Fees Collectible by State Governments in Nigeria

[49]'Africa after the Covid-19 Lockdowns: Economic Impact and Prospect' 2020 GIGA Focus Africa. <https://www.giga-hamburg.de/en/publications/giga-focus/africa-after-the-covid-19-lockdowns-economic-impacts-and-prospects> accessed 19 October 2022

[50] Lakuma, Corti Paul, and Sunday Nathan, 'Impact of COVID-19 on Micro, Small, and Medium Businesses in Uganda' 2020https://www.brookings.edu/blog/africa-in-focus/2020/05/19/impact-of-covid-19-on-micro-small-and-medium-businesses-in-uganda> accessed 19 October 2022; Christian, Ugo Gentilini, Zainab Usman, and Penny Williams, 'COVID-19 in Africa: How Can Social Safety Nets Help Mitigate the Social and Economic Impacts?' 2020 World Bank, Washington, DC., <https://blogs.worldbank.org/africacan/covid-19-africa-how-can-social-safety-nets-help-mitigate-social-and-economic-impacts> 19 October 2022; Wills Tom, 'Coronavirus in Africa: How Deadly Could COVID-19 Become?' 2020 < https://p.dw.com/p/3bLgl> accessed 19 October 2022; 'COVID-19 Forced Businesses in Ghana to Reduce Wages for over 770,000 Workers, and Caused about 42,000 Layoffs - Research Reveals' 2020 World Bank. <https://www.worldbank.org/en/news/press-release/2020/08/03/covid-19-forced-businesses-in-ghana-to-reduce-wages-for-over-770000-workers-and-caused-about-42000-layoffs-research-reveals> accessed 19 October 2022; James Dzansi, Adopt an Enhanced Revenue Mobilisation System to increase IGFs' 2020.https://www.theigc.org/adopt-an-enhanced-revenue-mobilisation-system-to-increase-igfs accessed 19 October 2022

experience declined by up to 30 percent in the 2019/2020 fiscal year between July 2019 and June 2020 compared to its projected annual budget.[51] The internally generated revenue in Lagos fell by 17 percent in the second quarter of fiscal year, that is, between April-June 2020 compared with the same quarter in 2019. However, year-on-year internally generated revenues were higher, compared to the recovered revenue in the last two quarters of the year. This is also obtainable in some cities in some developed and developing countries like Turkey, Ukraine, and India.[52] The Nigerian government through the Federal Inland Revenue Service (FIRS) generated N5 trillion naira in the year 2019 when there was no Pandemic and N4.95 trillion naira in the year 2020, in the heat of the pandemic. .One can see that there is not really a wide gap between what was generated pre covid-19 and during covid-19. The FIRS throughout the covid-19 period, continued to generate revenue from manufactures, e-commerce and the telecommunication sector. Olaoye in a study on the impact of Covid-19 outbreak on tax revenue generation in Nigeria concludes that the Covid-19 outbreak did not have remarkable negative impact on tax revenue generated in Nigeria.[53] The FIRS through its official web site reported that it collected 5 trillion naira in 2019, 4.95 trillion Naira in 2020 and 6.405 trillion naira in 2021.[54] These figures show that the pandemic negative impact is minimal as one would have expected that the margin between the two years will be more than what was declared, as was the case in Kwara State. In fact some researchers are of the opinion that the pandemic had actually contributed positively to the growth of tax revenue generated in Nigeria.[55] This growth was as a result of the various innovations and strategies introduced by the government during the pandemic. Businesses such as the health sector, power generation sector, security companies, Pay As You Earn (PAYEE), generate revenue for the country. Value Added Tax (VAT) was another source of revenue and taxes

[51] Jean-Baptiste Legrand 'the impact of the Covid-19 Crisis on Subnational Governments in Emerging Markets: The Outlook one year on' International Finance Corporation, Word Bank group. July 2021.
[52] Ibid
[53]Olaoye "Impact of Covid-19 ON tax Revenue Generation in Nigeria:A Differential Analysis" 2020 Journal of Economic Research & Business Administration Al-Farabi Kazakh National University 92 https://be.kaznu.kz .(last accessed 2022-07-20))
[54]as above
[55]As above

were also gotten from seaports that transport some essential cargoes needed for the survival of the nations. All the above aided generation of revenue by FIRS.

However, Some other researchers believe the effect of the pandemic is reflected more in the falling development index such as manufacturing and fixed investment.[56]Taxes generated from road, self-employed persons and services declined by 60%.Highest decline was recorded for taxes paid by self-employed persons.

13. New Strategies adopted by the Nigerian government to increase her revenue generation at the Federal Level

To boost the economy back to pre-Covid-19 era, if not totally attainable in the short run but at least as a start, Countries adopts different measure especially as it relates to the subnational or state government. Indonesia for instance focused on restructuring it budget increase budget utilization thereby relying heavily on new schemes on funding such as the private-partnership (PPPs). The Togolese government is currently introduced Novissi, a temporary cash transfer programme to cushion the impact of the Covid-19 shock.[57] In 2020, Brazil came up with series of measures for states and municipalities amounting $23 billion to face the impact of COVID-19, including direct transfers and debt relief. These governments' intervention is to cushion the effect of the decline in the internally generated funds prompted by the pandemic.[58]

The Nigerian government, in order to achieve favourable economic conditions, introduced tax incentives.[59] Nigeria not been an exception to countries hit[60] by the pandemic, introduced the following innovations during the pandemic to prevent the economy from imminent collapse.

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[56]Adesoji and Simplice

[57] 'Africa after the Covid-19 Lockdowns: Economic Impact and Prospect' 2020 GIGA Focus Africa. <https://www.giga-hamburg.de/en/publications/giga-focus/africa-after-the-covid-19-lockdowns-economic-impacts-and-prospects> accessed 19 October 2022; 'Ugandan Ministry of Finance Planning and Economic Development (2020), Performance of the Economy Report - August 2020' <https://www.finance.go.ug/publication/performance-economy-report-august-2020> accessed 19 October 2022

[58] Jean-Baptiste Legrand, 'the impact of the Covid-19 Crisis on Subnational Governments in Emerging Markets: The Outlook one year on' International Finance Corporation, Word Bank group. July 2021.

[59]Jones 2015

i. Extension of filing period of Personal Income Tax returns for Foreign Affairs, Military andPolice sector till 30th of June 2020.

ii. FIRS waived tax penalty for late returns, for taxpayers who pay taxes promptly as an encouragement for tax payment.

iii. The Federal Government announced one-month extension to file Companies Income Tax (CIT) , withholding tax as well as two months delay in submission of audited financial statements and 20% tax discount for qualified taxable companies

iv. Import duty waiver for pharmaceutical firms and some other tax incentives.

v. FIRS created VAT automated collection system known as VATrac. This system aided VAT collection for businesses like supermarkets, eateries and standard shops..

vi. FIRS also encourage the public to make use of its available e-platforms which can be used for tax filing returns, payment of taxes, tax clearance certificates etc

vii. Taxpayers who faced challenges in offsetting their liabilities, were given the option of paying in naira.[61]

viii. Tax payers were allowed to file their annual CIT returns without the need to accompany it with the mandatory audited accounts.

All these measures contributed immensely to the generation of revenue during the period in question.

In summary the FIRS generated N5.32 trillion in 2018, N5 trillion in 2019, N4.95 trillion in 2020, and N6.405 trillion in 2021. The 2021 figure represented 30.6 percent increase when compared to the amount generated in 2020 and a 28 percent rise when compared to N5 trillion generated in 2019.[62]

The State generated N30.7 billion in 2019 but this dropped to N19.604 billion in 2020, a 56 percent decrease. However there was remarkable improvement in the revenue generated in 2021 when a total

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[60] Okonjo-Iweala, 'COVID-19 and Debt Standstill for Africa: The G-20's Action is an Important First Step that Must Be Complemented, Scaled Up, and Broadened' 2022 Africa in Focus. https://www.brookings.edu/blog/africa-in-focus/2020/04/18/covid-19-and-debt-standstill-for-africa-the-g-20s-action-is-an-important-first-step-that-must-be-complemented-scaled-up-and-broadened> accessed 19 October 2020

[61]Naira is the Nigerian Local Currency.

[62]https://punching.com>firs-others-revenue-collection-cost> accessed 8 August 2022)

of N29.96 billion was generated ,representing 95.61 percent achievement of its annual budgetary target.[63]

14. Recommendation

The paper recommends good corporate governance practices for revenue authorities such as the KW-IRS.[64] The following are the suggested good corporate governance practices in revenue generation;

(i) Introduction of Automated Tax Administration System (ATAS) : The norm is that people detest tax collectors generally because of lack of trust , but digitisation of the tax system will take people out of the picture thus building taxpayers' trust and building up trust will inevitably shore up the revenue

(ii) Employing the services of external auditors to check tax authorities' account; This is a good governance global best practice. It is against the rule of accountability and transparency for the auditor to be a staff of the agency it is auditing, as there is the tendency to dance to his master's tune. This is in line with the adage," He who pays the piper dictates the tune'',

(iii) Technology should be further incorporated to forestall error in the computation of direct tax for self employed citizens. Once this is achieved technologically, it curbs the excesses of corrupt assessment officers who may want to manipulate data.

(iv) KWIRS should be diligent in hastening the remittance of the generated internal revenue to the state treasury. The government will be able to respond to its obligation as at when due since the revenue is already available.

(v) Accountability, fairness, transparency, independence and social responsibility

(vi) Safeguarding integrity in financial reporting

(vii) Making timely and balanced disclosure

(viii) Respecting the rights of taxpayers

(ix) Recognising and managing risks

[63]This was the highers target hit since the agency was founded in 2016
[64]https://www.managementstudyguide.com

(x) Lay solid foundation for management and oversight

(xi) Structure the Board to add value

(xii) Promote ethical and responsible decision making.

(xiii) Refrain totally from manual record keeping.

(xiv) There should be a continuous tax-payer education and sensitisation through workshops and media

(xv) An online data base where tax-paying system and update on individual tax-payers remittance can be accessed.

(xvi) Explore modalities that will help identify those individual that ought to be paying tax but are either not captured or found. The more the number of tax-payers, the more the IGR increases.

(xvii) It is also recommended that tax payment be consolidated so that a single tax-payers pays all that is due at one and not severally.

(xviii) Enumerating Kwara state tax-payer sand automating the system, will further block all leakages in the administration and

(xix) The State government should put tax-payers money to good use by providing state of the art infrastructure. This will encourage individual not to evade tax.

15 Conclusion

In conclusion, this paper has attempted to trace and examine how the KW-IRS has fared over the past seven year when it was established to replace the erstwhile Kwara Board of Internal Revenue . It also examines how Covid-19 impacted negatively on revenue generation in 2022 and how the revenue agency has been able to bounce back through its adoption of technology and steady bloakage of leakages within the tax system. This work is therefore a contribution to this line of knowledge because not much has been done on the impact of Covid-19 on revenue generation because other literature on the impact of Covid-19 have concentrated on its impact on tourism, insurance implications, travel restrictions and general economy, among others.