GOOD GOVERNANCE, ACCOUNTABILITY & INCLUSIVENESS AS PANACEA FOR ECONOMIC MANAGEMENT IN NIGERIA
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GOVERNMENT ACCOUNTABILITY AND TAX COMPLIANCE: THE NIGERIA EXPERIENCE

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Abstract
The usage of tax revenue which is a major source of government revenue has been questioned over time as a result of ineffective accountability of its usage. This has been ascribed to the level of corruption which hamepered the level of tax compliance. This is evidenced with the Nigeria's corruption index ranking on Transparency International. This study hence recommends that to ensure transparency and accountability, government needs to make comprehensive communication on the usage of tax revenue generated periodically.

1.0 Introduction

Governments across the world are expected to bring real growth, development and good governance to their citizenry using different robust economic policies. One among the measures used is by ensuring that capital expenditure outweigh the recurrent expenditure. Financing government expenditure is typically tasking and a prominent opportunity available to the government in generating revenue is through taxes. Taxation is a major source of government revenue, however, not every national government are ready to effectively exploit this great opportunity of revenue generation. This may be attributed to variety of reasons among which are the system of taxation; tax legislation; tax administration and policy issues; over reliance on other sources of revenue (such as aid and grants); corrupt practices within the system – especially because it relates to the system of collection and behavior of citizens towards tax payment; and ease of tax payment. The willingness to pay tax, which can depend upon the aforementioned issues in tax-revenue generation, remains a key taxation-challenge everywhere in the world.

Accountability represents the very fact of being answerable and responsible; government accountability is one among the foundations of excellent governance and economic growth because it takes the shape of social welfare services provision. Government accountability is additionally seen as the anticipations of citizens that the revenue generated from taxes will be used for the advancement of the overall public. Tax revenue has been having hiccups and all boiled down to its level of compliance. Adeniji and Jegede (2019) opined that voluntary tax compliance is a mirage in Nigeria; yet a feat that the government has been seeking to achieve for many years. Most taxpayers believe that the taxes collected are largely misappropriated because the government is perceived, in most quarters to be unscrupulous and insensitive to the requirements

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of the people. As a result, taxpayers engage in tax minimization schemes (tax avoidance) and/or outright evasion or are reluctant to perform their civic duty of voluntarily paying their taxes as they hold the view that such monies will either be spent recklessly or find yourself in individual pockets.

In spite of this, the government expects that its citizens are going to be fully compliance with the prevailing tax laws, to enable it earn a part of the required revenue to supply and maintain the essential social services for its citizenry but people deliberately do not intend to pay tax for a myriad of reasons, the central of which is that the incontrovertible fact that they have lost trust in the government. Accountability and Transparency of the government by the masses are a serious source of concern hence the masses see non-compliance option as a bail out. The peoples' willingness is greatly influenced by their perception of the government's delivery (Akintoye & Tashie, 2013). Consequently, due to non-compliance of the potential tax payers, the role of taxes in enhancing the revenue base of nations of the world will be undermined. This may result in a negative effect on the GDP and hence retardation to economic growth and development. This study therefore seeks to work out the extent of relationship between government accountability, tax compliance and economic growth from Nigerian perspective.

2.0 Overview of Government Accountability

Accountability is a notion that's so central to the prosperous implementation of policies and programmes of government by its officials and it is seen as a condition during which individuals who exercise governmental powers are constrained to act in accordance with laid down rules and regulations (Chandler & Plano, 1988 cited in Ebenezer, 2016). These constraints are engendered by required norms through which public employees are to hold out their prescribed duties properly to realize set goals of government to guard the interest of citizens within the society. Odugbemi (2008) argues that accountability help citizens, civil society, and the private sector to scrutinize public institutions and officials to hold them accountable. Therefore, a society where leaders are not accountable is probably going to experience mismanagement of public resources, exhibit corrupt tendencies, and hence be faced with developmental challenges.

Hudson and Govnet (2009) opined that accountability involves three key concepts: transparency which means that citizens have access to information about commitments that the government has made and whether it has met them. The second is answerability i.e. citizens are ready to demand that the state justifies its actions while the third is enforceability which suggests that citizens are ready to sanction the state if it fails to satisfy certain standards. Accountability involves both a horizontal and a vertical dimension. The horizontal dimension is that the system of checks and balances among the executive, the legislative and therefore the judicial branches. Vertical accountability entails the relationships between citizens and decision makers, including the power

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of citizens to influence political decision-making processes. Domestic accountability therefore relates to the connection between the state and its citizens, on whose behalf a state – particularly a state with aspirations of legitimacy – is predicted to rule. This does not imply that these relationships are ever perfect – working to realize domestic accountability and state legitimacy may be a challenge for all countries. But how citizens relate to and perceive the state remains an important building block of state formation and development.

Accountability may be a subtle concept which its rudimentary understanding is vital to hold governments accountable. Within the narrowest sense, accountability is equated with answerability; it refers to the requirement to offer an account of one's action to particular individuals, groups, or organizations. However, in a world where public administrators increasingly operate in intergovernmental networks and global coalitions, deciphering what constitutes accountability publicly management has become a challenging task. One among the simplest ways to unravel the mystery of accountability for public administrators is to trace back to the root sources; and examine how it unfolds across varying levels to affect governmental decision-making.

Wang (2015) identified the following levels of accountability:

a. **Legal Accountability:** is predicated on the nexus between members of a government agency and lawmakers outside it. Lawmakers can enforce legal sanctions or formal contractual arrangements. It should be emphasized that this affiliation is different from the supervisor and subordinate arrangement in bureaucratic accountability, which is in essence hierarchical. In legal accountability, the 2 parties are independent; and it comprises a judiciary arrangement between legislators and public managers.
b. **Political Accountability:** Political accountability is assumed the strongest form of governance anchored in democratic principles. It is a way to use political control or oversight. Appointed public officials are directly accountable to the executive branch with responsibilities in policymaking, starting from education, to national defense to environmental protection. At an equivalent time, they also possess a spread of authorities over rulemaking delegated from legislators. These responsibilities dictate that public administrators should account for his or her actions within the context of designing and implementing laws, rules, and regulations.
c. **Bureaucratic Accountability:** the traditional command-and-control relationship is alive in bureaucratic accountability. Managers in government agencies got to focus their attention on the primacies of these at the helm of the bureaucratic hierarchy. The functioning of a bureaucratic accountability system need both organized and bonafide principal-agent relationship in which the act to follow commands is unquestioned, and a strict performance management system of standard operating procedures is well

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established. In this approach, bureaucratic accountability is achieved by strategies, administrative rules, budget reviews or performance management systems.

d. **Citizen Accountability:** Citizens can hold government administrators accountable through participation laws and deliberative forums. It is worth noting that in most Western countries, the accountability pressures imposed upon public administrators by citizens are a rather indirect force, because appointed officials do not undergo elections (which are a serious source of accountability for elected politicians and legislators). However, myriad innovations, often scaled by information and communication technologies, are being devised to empower citizens' ability to directly access bureaucratic information, monitor government activities, and provide real-time feedback on public service delivery. These demand-side tools are undoubtedly instigating an evolution on public accountability.

e. **Professional Accountability:** Professional accountability has become a completely unique way to instill discipline into government activities. It occurs when public officials rely on skilled employees and experts to supply appropriate solutions for technically difficult and sophisticated problems. Authority are often enforced through performance standards, codes of ethics, or licensure in governments. Technical specialists publicly agencies like medical or legal staff could also be subject to investigations or sanctions from review boards or disciplinary committees in their profession. Professional accountability are often escalated when public administrators are more exposed to internationally- recognized professional standards.

2.1 Government Accountability and Tax Compliance in Nigeria

There has been a persistent involve voluntary tax compliance notwithstanding, government's accountability and transparent use of public finance will be the simplest appeal to the citizenry. One among the efforts made to make sure voluntary tax compliance is that the Voluntary Asset and Income Declaration Scheme (VAIDS) introduced in July 2017 via Executive Order 004 of 2017 which was meant to provide a window for tax regularization i.e. for those that have evaded tax (deliberately or ignorantly) to pay correct taxes and avoid prosecution .

The OECD (2008) report on "governance, taxation and accountability" indicated that the popularity of the existence fiscal agreement was central to explanations of how representative government and democracy emerged in Western Europe and the US. Citizens accepted obligations to pay tax reciprocally for rights to be represented in processes of decision-making about how public money was raised and spent. American colonists within the 18th century captured this expected tacit contract between the state and therefore the citizens in their famous protest, "no taxation without representation" (OECD, 2008)

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Marti (2010) opined that tax compliance may be a complex term to define; but simply refers to fulfilling all tax obligations as specified by the law freely and completely. The issue of tax compliance is vital because limited access to social amenities by the citizens, SMEs, companies among others has contributed to high compliance cost which could end in tax fraud, minimization inhibit investment by way of diminishing competitiveness of the country in terms of taxation attractiveness. Tax non-compliance could also be in one among many forms; it could either be failure to submit a tax return within the stipulated period or non-submission, understatement of income, overstatement of deductions, failure to pay assessed taxes by maturity.

According to the International fund (IMF), only 10 million persons out of Nigeria's labour force of 77 million are registered for tax purposes. This constitutes about 12.9 percent of the country's labour force. The government and tax authorities (both federal and states) are conscious of the low voluntary compliance level especially within the country's informal sector and have made some efforts to deal with the difficulty. One among the factors that have contributed to the country's low tax-to-GDP ratio, especially in comparison to similar emerging economies, is that the low level of voluntary compliance. Despite the varied enlightenment schemes on the importance of tax compliance, an average Nigerian does not see the necessity to pay taxes when he or she remains responsible for providing basic amenities, like portable water, power, security and even good roads (Andersen, 2019)

One key intervention programme is that the tax amnesty scheme unrolled between 2016 and 2017. The foremost recent is that the Voluntary Asset and Income Declaration Scheme (VAIDS), which was introduced in July 2017 via Executive Order 004 of 2017. The VAIDS initially offered a nine-month window (i.e. July 2017 to March 2018) for taxpayers to regularise their tax status concerning previous tax periods by paying all outstanding tax liabilities without worrying of prosecution for tax offences. The window was, however, extended by a further three months, ending in June 2018. The VAIDS also provided the extra advantage of interest and penalties waiver due on the outstanding taxes. The main objective of this exercise was to bring more individuals/businesses into the tax net with the aim of improving compliance, going forward. However, the jury is out on whether the scheme achieved this objective (Adeniji, et al., 2019).

In Nigeria, there has been a historic mismatch within the revenue collected from taxes, the welfare of the citizenry and therefore the general state of infrastructure within the country. Hence, taxpayers have often justified their non-compliance by arguing that public revenue arising from taxes has either been wasted or looted for private gains. Thus, tax minimization (avoidance) or outright evasion is being practiced by the citizens. No matter the legality or morality of the citizen's assertion, one can grasp the economic logic of it i.e. if the government has been unfaithful in little, why trust it with more tax revenue? Therefore, the citizens are of the view that it's becoming crucial

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for the government to be in charge of the revenue generated especially through taxes so as to strengthen taxpayer's confidence within the system.

Nigeria Corruption Index (2010-2019)

Year	Ranking	Score
2010	134	24/100
2011	143	24/100
2012	139	27/100
2013	144	25/100
2014	136	27/100
2015	136	26/100
2016	136	28/100
2017	148	27/100
2018	144	27/100
2019	146	26/100

Source: Transparency International, 2020

Over the years, Nigeria's performance has always been on the low side based on the corruption perception Index released annually by the Transparency International. Between 2010 till date, Nigeria's score has ranged from 24 to 28 percent and its ranking from 134 to 146. With a score of 25 percent in 2013, the country was perceived the most corrupt when it ranked 144th out of 177 other economies of the world. Currently, Nigeria is ranked the fourth most corrupt country in West Africa as its ranking slipped from 144th in 2018 to 146th in 2019. Auwal Rafsanjani, Executive Director of the Civil Society Legislative Advocacy Centre (CISLAC) a subsidiary of Transparency International in Nigeria noted that the index is a perception of Nigerians on lack of compliance for the rule of law, public procurement and disregard for extant laws in the country by the public and political officers. By implication, if the citizenry are dissatisfied with the level of transparency and accountability of the government, it may be difficult to attain voluntary compliance. In line with the view of Akintoye and Tashie (2013) taxpayers' disposition towards public institutions, the perceived tax transparency and accountability inter alia could inform non-compliance by the tax payers.

Nigeria can learn from other jurisdictions in motivating voluntary tax compliance of its citizenry. For instance, Sweden has been dubbed one among the strongest, most stable and high-compliance

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tax states in the world. According to the OECD Revenue Statistics for 2018, the Swedish tax-to-GDP ratio was 44.0 percent in 2018, exceeding the OECD average of 34.2 percent by nearly 10 percentage points. Although there are three other countries (France, Denmark and Belgium) with higher tax-GDP ratio than Sweden, the country has been lauded for its high tax compliance rates, despite having the very best income rate within the world (current high band of 61.85 percent). Like Nigeria, Sweden also operates a PAYE system, whereby tax on salaries is deducted by the employer and paid on to the tax authority/agency.

2.2 Accountability and Tax Compliance Challenges

There are several transparency, accountability and participation movements everywhere the world. Such movements in developing countries have more justifications for clamouring for such as a results of poor governance, systemic wrecking of public funds, public records inaccessibility and impecunious citizen participation in governance. Consequently, citizens of such countries have found it increasingly difficult to hold their governments to account. This is often the case of Nigeria, where several non-profits organization and movements are pushing for greater governmental accountability and transparency. And for the first time in the history of the country, this administration made a striking commitment by signing unto the Open Government Partnership (OGP). The OGP may be a multilateral and multi-stakeholder initiative that aims to secure concrete commitments from national governments to market transparency, empower citizens, harness new technologies to strengthen governance and fight corruption. Nigeria getting on-board the partnership through President Buhari's commitment to such resulted during a synthesis of state and civil society efforts to understand open government within the country (Adeniji, et al., (2019)

According to Abomaye and Williams (2018), every system or nation opts for an efficient and effective system of tax Administration, free from all encumbrances, yet challenges militating against the creation and maintenance of such an efficient system cannot be ruled out. Tax administration challenges might be found within the Nigeria system which cuts across the three tiers of state. These challenges include: lack of proper orientation to the citizenry of Nigeria which greater population is secondary school certificate and below, insufficient political support for tax Administration as officials are succeptive to incessant attacks, over dependence of the economy on oil revenue with some good level of neglect of taxation as a source of revenue, low level of commercial activity resulting in low level of revenue, poor attitude to taxation, and lack of tax culture resulting in minimization and evasion amongst tax payers, low level of voluntary tax compliance.

Other challenges include the multiple taxation resulting in litigations and evasions, corruption on the a part of officials during assessments cause loss of tax revenues, diversion of tax revenues from government checking account into personal bank accounts by tax officials, lack of accountability

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of tax income on the a part of Directors, lack of inter-governmental co-operation and coordination between three tiers and agencies of state, lack of human resources development and training of tax officials, employment of unqualified personnel within the administration of taxation, tax authorities aren't equipped with modern technology and software packages, existence of manual system of tax administration in her operations lack of proper record keeping and tax authorities aren't funded adequately.

3.0 Conclusion and Recommendation

Taxation is a means by which citizens contribute to a common purse for the provision of infrastructure, utilities, security and it is an important component of the social contract between the government and the governed. Hence, stimulating the tax to GDP ratio and improving tax compliance transcend the various initiatives and schemes that are introduced by the Federal Government. Rather, there should be a concerted effort on the a part of the government to get back the trust of taxpayers by displaying judicious use of tax income and instituting adequate checks against misappropriation of tax income . Voluntary tax compliance can easily help to realize the government's expectation and reduce the amount expended on revenue collection by the tax authorities. Voluntary compliance, however, may be a function of the taxpayers' assessment of the government's transparency and accountability. It is, therefore, important for the government to make sure that there's endless and comprehensive communication on the use of tax revenues generated periodically. This may help build trust of taxpayers within the legal system instead of still debate on why we should always pay tax (or why we shouldn't) and never get to the business of paying it.

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