

New Trends, Prospect and Challenges of Fiscal Federalism in Nigeria

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Abstract: *This paper focus on how Nigeria can perform effectively and efficiently in national development in the context of fiscal initiatives that will boast the fiscal autonomy of the federation and so leapfrog the financial wealth of the country. The paper identified these new trends with a view to finding out the symbiotic integration. The paper posits that fiscal federalism has become very political in the development of the nation and in the relationship of the various tiers of government. The study is a content analysis. Wright Deil (1978) Inclusive Authority model is the anchor. The finding is that if financial leakages are blocked with a good control system and a disciplined fiscal management, the new trends are capable of snow-balling the country into a wealth hop and a potential developed nation. The recommendation is thus; there should be legislation in place mandating all federating units to adopt these new trends.*

Keywords: Fiscal Federalism, New Trends, Fiscal Derivation & Intergovernmental Relation.

1.0 Introduction

The structural vulnerability of the Nigeria component units with its attended multi-dimensional perspectives have continuously intensify pressures for better federal economic patronage over the years. Fiscal federalism has remained dominant, contentious and dynamic in the Nigeria's polity as a result of its multiplicity in terms of ethnic composition and pluralism vis-à-vis socio-cultural dimensions. It is naturally expected, therefore, that interactions in terms of fiscal relations is characterized by hostile competition, unending struggle and survival of the fittest syndrome. Despite this, it is pertinent to note that fiscal federalism cannot be separated from a true federal state as it is a fundamental and integral part of a true federal system. It cardinal point is how nations that have more than one tier of government organize itself for the purpose of collecting and allocating revenues that are needed to finance public expenditure. Operationally fiscal federalism takes care of the needs of the federating units. Today, federations are characterized by extensive intergovernmental relations in which federal, states, and local government work together, seeking to identify policies on which all participants tiers can agree. This can only be true and effective if there is no financial subordination on the part of any of the levels of government. It means that neither the federal nor state or the local government should be dependent on each other in performing the statutory duties and functions assigned to it by the constitution. It further entails that every level of government has defined limits of autonomy and receives a share of financial resources tailored to their basic requirements as enshrined in the constitutional legislative list. The case in Nigeria is obviously that of dependence of the states and local governments on the central/federal government. The federalism practiced here is therefore lopsided, making it a case of political federalism devoid of fiscal federalism/independence.

In Nigeria fiscal federalism, the sources of revenue are limited but cover a range of taxes, and levies. These include personal income tax, tariffs, company or corporate income tax, excise duties, and improve custom duties collection, and royalties or levies on natural resources. The contributions of each of these to the total revenue depend on the introduction of new trends in revenue collections by revenue generating agencies and a host of other economic factors which include efficiency of tax collection method, enforcement of violation penalties, the size of the economy itself with respect to the level of employment, industrialization and income, the level of integration of the informal sector with the formal, the ability to blocked revenue leakages, the ability to bring more citizen into the tax net.

Regrettably the dismal performance of the public sector has cause the issue of fiscal federalism to remain dominant and most contentious in Nigeria's public discussion. Since the advent of democratic experience from 1999-2015, Nigerians have contended with not only vanishing real incomes but also unbearable levels of unemployment and inflation, decay in social amenities and failure to maintain, not to talk of improving the nation's infrastructures. This dismal performance of the public sector has prevented the creation of opportunities for a resilient and sustainable growth and development of the Nigerian economy, which should be the object of rational and functional fiscal federalism.

This paper is aim at carefully examines fiscal federalism in Nigeria within the context of the new trends in fiscal revenue derivations, control of revenue leakages as adopted and implemented by President Muhammadu Buhari regime and the prospects for a healthy fiscal federalism in Nigeria.

2.0 Conceptual Issues

Fiscal Federalism

Ajibola (2008) posit that fiscal federalism defines functions and responsibilities among the various levels of government as well as the financial resources to achieve stated objectives. It denotes or describes a governmental system by which the fiscal responsibilities rest with the various tiers of government. In countries where this system of government is operated; the federal, state and local governments have the joint responsibility of generating and expending revenue to carry on with governmental responsibilities. Fiscal federalism therefore relates to the division of tax income and functional responsibilities among the various tiers of government in a federal state. Ozor (2004), is also in consonant with this view as he argues that in a federalism, the allocation of taxing power, federally collectable revenue and federal expenditure to the different components of government is to enable them discharge their constitutionally assigned functions and responsibilities to their citizens. He added that in most federations, the taxes of citizens constitute the major items that go into the common purse of the federation while in Nigeria, the mining rents, and oil royalties by over 80% account for the largest items in the federation account i.e., the common fund that is shared amongst the units of the federation. Okoli (2004) in his discussion on the underlying imperatives of fiscal federalism maintained that the principle of fiscal autonomy and fiscal integrity is a sine qua non for the survival and continued existence of a truly federal system of government. She advocated that each level of government—federal, state and local must necessarily have a minimum source of independent revenue and full control of such revenues in order to enable it discharge its constitutional responsibilities. As a matter of fact, the greater the fiscal independence through internally generated revenue amongst the component states the stronger the foundation of its federal system and the greater the chances of the survival and continued existence of the federation. It is therefore essential that each unit of government in the federation must not only have identifiable independent sources of revenue, but that such independent sources should to a large extent, provide a solid base for its revenue needs and economic potentialities. It is sequel to this that it has become imperative and essential that others tiers of government in Nigeria should work assiduously towards adopting new trends in revenue generation and blockage of revenue leakages to compliment the efforts of the federal government.

3.0 New Trends in Revenue Generation and Blockage of Revenue Leakages

The regime of Buhari beginning from 2015 has witness innovations or new trends, introduced by revenue generating agencies that have led to an increase in the revenue based of the three tiers of government and aided government in blocking revenue leakages. We shall x-ray those new trends from the angle of MDAs.

Custom and the Magic of Oracle Block-chain Technology

The Nigerian Customs Service (NCS) partnered with Oracle to deploy its Block-chain Cloud Service to boost efficiency and grow revenue. In the words of Assistant Comptroller-General, Modernization cited in Ajanaku (2018), the initiative of block-chain technology promises to grow revenue by over 50%. He further explains that Oracle's block-chain technology became necessary to help NCS automate as many processes as possible – securely and efficiently. The introduction of this new/ Information Communication Technology created a transparency and predictability business environment for Nigeria Customs which has enable NCS to improve revenue collection from \$195,000,000 per month to over \$280,000,000. Once the Excise Trade Automation on Block-chain is fully completed, NCS will see a revenue growth increase of about 50 percent. The impact of this technology is that it has improves transparency by allowing NCS to document and track products that are manufactured locally, right from the source of licensing and permits for manufacturing, to distribution and point of sale. The automated Excise enables Nigeria to have reliable statistical data of its manufacturing base, and goods produced in Nigeria. In addition, it helps control the manufacturing industry, and creates standards for global competitiveness; as well as regulates illegal manufacturing of products not fit for trade and consumption.

The Nigeria Customs Service because of this new technology recorded the highest ever monthly revenue collection of N140, 415,355,659.97 in the month of August 2018. Also in 2017, NCS recorded its highest revenue collection ever of over N1, 012,259,006,779.74. This spectacular performance in revenue collection shows N241,685,276,289.74 over the N770,573,730,490 target for the year and well above the N898,673,857,431.07 collected in 2016. Commenting on these historic feats, the Comptroller-General of Customs, Colonel Hameed Ibrahim Ali (Rtd), described it in the following words “as a result of dogged pursuit of the reform programmes, such included strategic deployment of manpower; upgrade on the electronic systems from Nigeria Integrated Customs Information System to NICIS II, which has blocked leakages; strict

enforcement of extant guidelines by the Tariff and Trade Department; robust stakeholder engagements resulting in higher compliance; and increased disposition of Officers and Men to change the way of doing things for the better”.

Federal Inland Revenue Service and the VAIDS option

VAIDS is an acronym for Voluntary Assets and Income Declaration Scheme. It is a project initiated by the Federal Government of Nigeria which is aimed at providing an opportunity for corporate and individuals to regularize their tax status relating to previous tax periods. Under the scheme, taxpayers were given the opportunity to benefit from total waiver of outstanding and overdue interests and penalties. They also stand to be the beneficiaries of the assurance that they will not face criminal prosecution for tax offences or be subjected to further tax investigations. To profit from the scheme, taxpayers will be required to fully and honestly declare previously undisclosed assets and income. The initiative planned to encourage voluntary disclosure of previously undisclosed assets and income for the purpose of payment of all tax liabilities. The Scheme is executed by the Federal Inland Revenue Service (FIRS) in association with all 36 State Internal Revenue Services and the FCT Internal Revenue Service (IRS). The disclosure requirements is in respect of all taxes payable to all levels of government –federal, state and local government taxes including Companies Income Tax, Personal Income Tax, Petroleum Profits Tax, Capital Gains Tax, Stamp Duties, Tertiary Education Tax and Technology Tax. It target is to increase Nigeria’s tax to GDP ratio from 6% to 15% by 2020, broadening the Federal and State tax brackets, for only 214 individuals’ nationwide pay N20 million or more in tax annually, curbing non-compliance with existing tax laws and discouraging use of tax havens, discouraging illicit financial flows and tax evasion. In addition to raising tax revenue for the period of its operation, VAIDS will provide an opportunity to increase general tax awareness and compliance among the general public. The key motivation is that in spite of the fact that Nigeria has some of the most profitable and well capitalized companies in Africa; the tax remittance rate is still low. Nigeria’s low tax revenues are inconsistent with the lifestyles and spending habits of a large number of citizens. Many are engaged in transfer of assets overseas, use of offshore companies in tax havens and registration of assets in nominee names.

Tax evasion is a weighty challenge. Some of the ways in which it is perpetrated are: manipulation of accounting records, use of complex structures for transactions, non- registration for VAT and non-remittance after charging, non-payment of CGT on assets disposal and escaping detection of income due to lack of machinery for tracing such. According to the Joint Tax Board, there were only 14 million taxpayers in Nigeria as at May 2017, compared to an estimated 69.9 million economically active people. Four months after the Federal Government launched the Voluntary Assets and Income Declaration Scheme (VAIDS), which commenced on July 1, 2017 an estimated \$50 million, was raised by tax authorities. At the expiration of the amnesty scheme, Fowler (2018) in Premium times said the Federal government had recovered ₦30 billion. According to him, the National Taxpayers’ Database has increased from 14 million in 2016 to over 19 million in 2018.

The Scheme is in line with global best practices on disclosure of information and declaration of assets. Similar scheme adopted in India resulted in the addition of over 350,000 individuals to the tax net yielding approximately US\$1.2billion. It has been estimated that Nigeria will generate approximately US\$1 billion in tax revenues through this scheme. VAIDS is a welcome innovation in a bid to generate more revenue through efficient tax collection and/or administration. Judging from its widespread success in generating revenue and bringing much needed awareness of tax obligations of various citizens and corporate bodies, it is hoped that state governments will authorize similar tax amnesty programs, as a means of generating income, and to bring majority of Nigerians into full compliance with tax laws.

Federal Ministry of Finance and the onslaught on Ghost Workers through IPPIS Option

Nigeria Financial Regulations (2009) Part II (1518) pointed out that the standard payroll system shall be applied in all offices, unless otherwise provided under financial regulation. Part II (1519) also stated that; such as to ensure that records shall be made in single operation. Derek, Laura, Stephen (2005) agree with this when they observes that primarily aligning an organizations payment system with its business objectives is pivotal hence, if improved productivity is sought, a payment system which rewards efficiency and discourage ghost workers syndrome would be more appropriate. Also World Bank (2002) sees Integrated Personnel Payroll System to involve coordinating network of institutions and organizations compensation system through the modernization of information and record systems. Uzochukwu (2015) explained that IPPIS enhances confidence in payroll cost and budgeting, improve management information reporting and builds public confidence. The file based system is marred with practices such as collection of salaries from more than one ministry, personnel collecting salaries of ghost or non-existing workers.

This phenomenon of ghost workers is a huge drain on the resources of any country Nigeria inclusive; as hundreds of billions of Naira are spent paying salaries and pensions entitlements to non-existent workers and in many cases to individuals who

have no reason for collecting such monies other than the fact that they know somebody who easily added their names to the payroll. In 2016, the ministry of finance reported the discovery of 24,000 ghost workers in the payroll of the federal civil services this singular discovery saved the government in excess of N2billion Naira in salaries in that year. This is in addition to the over 60,000 ghost worker weeded out of the federal government payroll in 2014. In February 2012, after a successful nationwide biometric verification of pensioners, 71,133 fake pensioners were detected. Former Finance Minister, Kemi Adeosun, also reported uncovering 23,000 ghost workers, saving the government N2.29 billion monthly. The Senior Special Assistant to the President on Media and Publicity, Garba Shehu reported that, "Through a notable initiative, by the Efficiency Unit of the Federal Ministry of Finance, the government has embarked on the continuous auditing of the salaries and wages of government departments; as a result, about N13bn has been saved from the existing monthly salary bill of N151bn as from February 2016. In addition, N1.1bn would also be saved from the existing monthly pension bill of N15.5bn. The Federal Government on Monday the 10th of June, 2013 said it had so far identified 46,821 ghost workers in 215 of its ministries, departments and agencies where it had introduced the Integrated Payroll and Personal Information System – IPPIS. The IPPIS is a new innovation of the government that is meant to enhance efficient personnel cost planning and budgeting based on actual verified numbers and not estimates. After integrating the payroll of the Nigeria Police Force into the Integrated Payroll and Personnel Information System (IPPIS), the Federal Government of Nigeria reported to have discovered 80,115 ghost officers on the force's payroll. According to Premium Times report, before the integration, members of the Nigeria Police Force on the payroll stood at 371,800. But a subsequent audit from the Office of the Accountant-General of the Federation, showed it to be actually 291,685 with a gross salary of about ₦22.3 billion. According to Presidency sources, after overcoming stiff opposition "including sponsored protests by policemen in Abuja and Lagos", NPF was eventually enrolled into the Integrated Payroll and Personnel Information System (IPPIS) which revealed that officials of the force have padded the monthly emolument register with 80,115 ghost personnel.

Treasury Single Account TSA as Revenue Leakage Blocker

Letswla and Egwemi (2013) in their study on Corruption and the challenges of democratic governance in Nigeria, noted that corruption did not begin today but came with ancient civilizations, carrying with it traces of widespread illegality such as multiple accounts operated by various ministries, departments and agencies in the public sector which were so unaccounted for, banks intentionally holding back the remittance of revenue collected by them, only to trade with the money at the expense of government, MDAs trading with government revenue for their personal gains resulting in poor execution of budget. It became pertinent that TSA be implemented to block all such leakages in government revenue. The introduction and full implementation of the Treasury Single Account policy by the Buhari administration therefore became vital in reducing the proliferation of bank accounts operated by Ministries, Departments and Agencies (MDAs) towards promoting financial accountability among governmental organs and safeguard government revenue, enhance openness and avoid misappropriation of State's funds. Adeolu, (2015) agree with this view when he opined that the operation of Treasury Single Account guarantees adequate cash utilization by eliminating the concept of having funds kept idle, usually with different deposit money banks and in a way ensure that revenue receipts and payments agree. Allen and Carletti (2006) submitted that TSA opens up the financial activities of government in a way that there will be no more hiding place for those who divert or loot government money; as it goes a long way to ensure budgeting process and implementation, including contract awards, should be in the open for Nigerians to see both how revenues are generated and how public money is spent by those in the government and why. TSA is bound to improve transparency and accountability in Public Financial Management. First, it removes MDA's secrecy around the management of public finances. The second is that revenue generating agencies that have been depriving the Treasury of due revenue through a plethora of bank accounts under their purview unknown to the authorities will no longer be able to defraud government since all funds are swept into the TSA. Larson (2007) noted that TSA implementation impacts beyond transparency and accountability, TSA ushers into the economy efficiency in the overall management of public finances and this, in the long run leads to effectiveness of government spending since it places the government in a better position to realize overall policy goals. So, at its full implementation in first quarter of 2016, the Federal Government took full control of over 3 trillion Naira (US\$15 billion) of its cash assets remitted by Commercial banks (OAGF, 2016).

TSA implementation will and has put a stop to some if not all revenue leakages that have often times jeopardize the economic growth of this country. Oftentimes, there were cases where most MDAs connive with banks to run and manage their finances like private empires and at the end either they do not remit or remit to government treasuries below what was actually collected. A typical instance is the case by Aso Savings and Loan Plc., as cited by Akinkuotu (2018), that in 2005 the Federal government set up an Ad hoc committee on the sales of Federal government houses within the Federal Capital Territory, the sum of ₦9.8 billion was realized by the committee between 2010 and 2014 from the sales of the properties and the money realized deposited with Aso Savings and Loans Plc. The financial institution did not remit the money to the federal treasury, it rather used the money. Within a system of government where TSA is properly run, this is impossible; as maintaining a

single account by government ensures proper monitoring of funds flow by the Ministry of Finance as no government agency is permitted to operate a bank account that is outside the surveillance of the Ministry of Finance.

Fiscal Responsibility Act, 2007

The Fiscal Responsibility Act 2007 is an act that provide for prudent management of the Nation's Resources; ensure Long-Term Macro-Economic stability of the National Economy; secure greater accountability and transparency in Fiscal operations within the Medium Term Fiscal Policy Framework; and the establishment of the Fiscal Responsibility Commission to ensure the promotion and enforcement of the Nation's Economic objectives; and for related matters. The 2007 Act has been amended by the Fiscal Responsibility Act 2011. The Act is divided into different parts. Part I established the Fiscal Responsibility Commission which is saddled with the responsibility of implementing the provisions of the Act. The commission is vested with the following powers: Power to compel any person or government institution to disclose information relating to public revenues and expenditure; Power to cause an investigation into whether any person has violated any provisions of the Act; If the Commission is satisfied that such a person has committed any punishable offence under this Act violated any provisions of this Act, the Commission shall forward a report of the investigation to the Attorney- General of the Federation for possible prosecution.

PART V deals with the budgetary execution and achievement of targets by the relevant bodies. It dwells on issues like the preparation of Annual Cash Plan, Disbursement Schedule, power of the Minister to approve virement, power to restrict further commitments, restriction on the grant of tax relief, responsibility of the budget office to monitor and report on implementation, and the application of this Part to States and Local Governments. PART VI is on public revenue. It deals with forecast and collection of public revenue. PART VII deals with savings and asset management and the penalties for non-compliance with Part VI. PART VIII is on public expenditures; it deals with the conditions for increasing government expenditure and the conditions for increasing personnel expenditure. It also provides that all contracts with regards to the execution of annual budget shall comply with the rules and guidelines on (a) Procurement and award of contracts; and (b) Due process and certification of contract. Part 111 also stipulated the effect of Violation of Public expenditure rules and the application of Part VIII to States and Local Governments.

PART IX provides the framework for debt management and places limits on consolidated debt of federal, State and Local Governments. It also for the services of external debts which according to the Act shall be the direct responsibility of the Government that incurred the debt and that the cost of servicing Federal Government guaranteed loans shall be deducted at source from the share of the debtor level of Government from the Federation Account.

PART XI for transparency and accountability in the conduct of government affairs. It states that the Federal Government shall ensure that its fiscal and financial affairs are conducted in a transparent manner and accordingly ensure full and timely disclosure and wide publication of all transactions and decisions involving public revenues and expenditures and their implications for its finances. It also provides that the National Assembly shall ensure transparency during the preparation and discussion of the Medium-Term Expenditure Framework, Annual Budget and the Appropriation Bill. In line with the transparency and accountability, the Act provides for the publication of Audited accounts and Publication of a summarized report on budget execution.

Voluntary Offshore Assets Regularization Scheme VOARS

Nigeria President, Muhammadu Buhari, signed Executive Order (008) for the introduction of the Voluntary Offshore Assets Regularization Scheme (VOARS or the Scheme). The VOARS requires Nigerian taxpayers who hold offshore assets and income for which no taxes have been paid, to voluntarily disclose and regularize the payment of the tax on these assets. The Scheme, took effect from 8th October, 2018, will run for a 12-month period and is open to all persons, entities, and their intermediaries holding offshore assets and are in default of their tax obligations in any way, including those who are not already under investigation by law enforcement agencies in Nigeria or any other country and have not been charged with any crimes including theft of public funds or obtaining offshore assets through corrupt practices. Taxpayers that apply for the VOARS shall obtain immunity from prosecution for tax offenses and offenses related to offshore assets, among others. However, defaulting taxpayers that fail to take advantage of the VOARS shall, at the expiration of the scheme be subject to investigation and enforcement procedures concerning offshore assets anywhere in the world pursuant to information now readily available through the automatic exchange of information between Nigeria and foreign countries.

In order for participation in the VOARS to be valid, the Order specifies that the disclosure should be; voluntary, honest, complete and verifiable in all material respect. Disclosures should be made through the Voluntary Offshore Assets Regularization Facility in Switzerland (VOARFS), and in accordance with compliance procedures required by the VOARFS or in any other manner prescribed by the Regulations governing the Scheme. A valid declaration means that the taxpayer consents that a one-time levy of 35% of the offshore assets will be paid to the FGN in the manner prescribed by the regulations governing the Scheme and that assessment of future taxes payable will be carried out by relevant tax authority on income from residual offshore assets.

Taxpayers that truthfully and voluntarily comply with the regulations and guidelines governing the Scheme will enjoy the following benefits: Permanent waiver of criminal prosecution for tax offenses and offenses related to the offshore assets, penalties and interests concerning such declared offshore assets; Immunity from tax audit of the declared and regularized offshore assets; Receipt of an Offshore Assets Regularization Compliance Certificate on the declared and regularized offshore assets from the FGN; Right to use or invest duly regularized residual offshore assets in any manner in Nigeria or overseas, and be subject only to annual tax to FGN on the income earned on such residual offshore assets. However, the benefits of the Scheme will not invalidate any court order or judgment already obtained in respect of any default in the payment of tax for which interest and/or penalties have already accrued.

Defaulting taxpayers that do not take advantage of the Scheme shall at the end of the VOARS be subject to: Investigations, charges and enforcement procedures concerning offshore assets held anywhere in the world pursuant to information now readily available through automatic exchange of information between Nigeria and foreign countries; Loss of the right to plea bargain; Liability to pay in full, the principal sum due, 100% of all interest and penalties arising therefrom; Liability to be prosecuted in accordance with relevant existing laws for tax offenses; Withdrawal of any reliefs, which may have been granted; Liability to undergo comprehensive tax audit; Any sum paid in relation to the Scheme may be counted as part payment of any further outstanding tax in respect of undisclosed information.

4 Prospects of New Trends in Revenue Generation and Blockage of Revenue Leakages

In the past two decades Nigeria had experience a turbulent economy, characterize significantly by the problem of ‘no-enough’ revenue to fund our budgets and provide for the basic infrastructures for the citizenry. Nangih & Obara (2017) capture this in their study when they posit that ‘oil booms are no more and many developing countries, who predominantly are dependent economies, now struggle financially’. The former DG of Budget Office, Dr. Bright Okogu, equally shared this fear, affirming that the threat to oil earnings in 2013 was enormous. He warned that the oil supply-demand gap for crude oil in Nigeria has unpalatable implications on sales. To avert such negative implications, Okogu pressed for an increase in the Internally Generated Revenue. He further argue that revenue generating agencies, such as the Nigerian National Petroleum Corporation (NNPC), the Nigeria Customs Service (NCS) and the Federal Inland Revenue Service (FIRS), were to ensure proper remittance of all revenues collected on behalf of the government to the last kobo. Dr. Ngozi Okonjo Iweala, also advocated for government to block all revenue leakages as part of measures to rev up revenue to make up for the shortfall caused by fall in oil prices at the international market. The AU (2015), added a shocking revelation when they reported that \$40.9billion or about N6.87 trillion an amount far in excess of the national budget is stolen annually from Nigeria, representing 68.1% of Africa’s total revenue loss. Revenue governance experts further warn that except urgent steps are taken the country may be heading for bankruptcy considering the extent of underhand dealings in these revenue generating agencies. Unfortunately all these several ceaseless advocacies for fairness and transparency in the utilization of earned incomes, where met with little or no political will to save and to put in place an effective anti- corruption fight to ensure that revenue leakages loopholes were blocked.

In the face of oil market uncertainties, threats of macroeconomic instability, deepening poverty, growing youth unemployment, insecurity as well as paucity of infrastructure that ordinarily should drive growth in the economy, the need for Nigeria to raise revenue and grow GDP from non-oil sector to reduce overdependence on oil revenue and ensure its judicious utilization for accelerated development cannot be over-emphasized. The introduction of these new trends; Block-chain Technology in NCS, VAIDS, VOARS, WISTLE BLOWING, GHOST WORKERS, TSA, and IPPIS is to aid both the generation of revenue and blockage of revenue leakages in our revenue generating agencies.

It is often said that nobody does the same thing, the same old way and expect a different results. For the administration of Buhari to have chosen these new trends in a bid to generate more revenue and block revenue leakage is a welcome innovation. As evidence are beginning to show that with VAIDS, Nigeria tax narrative has change; four months after the federal government launched the Voluntary Assets and Income Declaration Scheme (VAIDS), an estimated \$50 million, was raised by tax authorities. At the expiration of the amnesty scheme, the Federal government had recovered ₦30 billion; the National

Taxpayers' Database has increased from 14 million in 2016 to over 19 million in 2018. NCS has shown evidence of an improve revenue collection from \$195,000,000 per month to over \$280,000,000, with a likely revenue growth increase of about 50 per cent. TSA has ushers into the economy efficiency in the overall management of public finances and this, in the long run has led to effectiveness of government spending since it places the government in a better position to realize overall policy goals. IPPIS on it part has enhanced efficient personnel cost planning and budgeting based on actual verified numbers and not estimates which has help to block revenue leakages as billions of naira are safe, that would have been paid to ghost workers.

The Nigerian Government's drive to boost non-oil revenue is clearly evident with intensified tax audits, increase in treaty networks, and promulgation of new Transfer Pricing Regulations and the launch of tax amnesty schemes. The launch of the VOARS in addition to the various multilateral competent authority treaties on automatic exchange of financial information already entered into by Nigeria will have far-reaching effect on tax compliance enforcement in Nigeria. It is expected that this Scheme should have a large participation similar to the Voluntary Asset and Income Declaration Scheme (VAIDS) set up by the Federal Government in 2017. The VOARS Order mandates the Attorney General of the Federation and Minister of Justice to set up the VOARS facility in Switzerland. To take advantage of the Scheme, taxpayers are required to access the facility by paying a 2% facility access fee and making all necessary disclosures. While not all taxpayers may be immediately affected, the wide covering eligibility scope of the Scheme indicates that taxpayers should perform internal checks to review the components of their offshore assets and income and confirm that they are not at default either by under-disclosing, underpaying or under-remitting taxable income and taxes due to the relevant tax authorities. The 12-month duration of the VOARS should provide taxpayers with enough time to comply and take advantage of the Scheme as it is expected that the implementation of the Scheme will bring to the purview of the Nigerian tax authorities previously unavailable financial information of taxpayers.

Challenges in the implementation of the New Trends in Revenue Generation and Blockage of Revenue Leakages

These new trends are laudable ideas and innovations. However, there may likely be some perceived hitches, issues, challenges or problems that will affect their smooth and seamless implementation in Nigeria. As Eme, Chukwurah & Iheanacho (2015) in their study on addressing revenue leakages in Nigeria posit that the incoming federal government administration led by General Buhari will likely follow through on its promise to block revenue leak-ages based on its anti-corruption stance. This is a step in the right direction but will not come easy since some of the problems are deep- rooted and may require some time to overhaul.

Nangih & Ogbara(2017) studied 'Tax compliance barriers facing SMEs and Revenue Generation in Nigeria. They identified lack of data base and non-automation of tax payment procedures as some of the banes of revenue generation in Nigeria.

Theoretical Issue

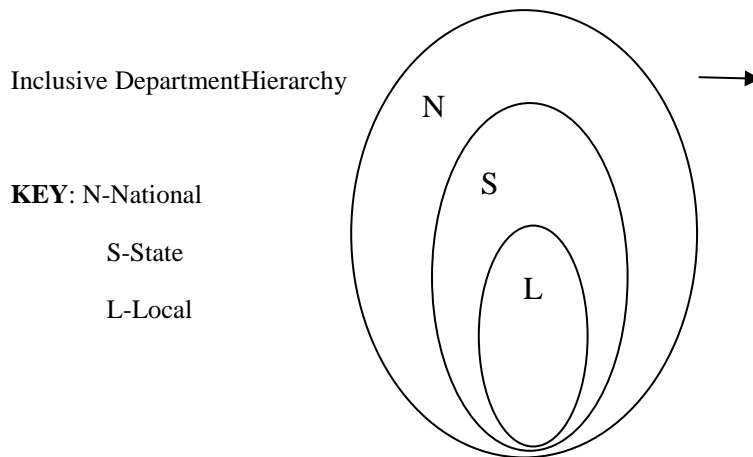
The theoretical framework adopted in this study is the Inclusive Authority model propounded by Deil (1978). The model is figuratively represented by concentric circles diminishing in size from national to state and local government. The area covered by each circle represents the proportion of power exercised by that jurisdiction with respect to the others.

The local governments and the state government are appendages of the national government. If the national government wants to expand its proportion of power in relation to state and local government, two strategies are possible, reduce the various powers of either the state or local government or both or enlarge the national governments circle with or without enlarging the state and local government who are mere minions of the national governments with insignificant or accidental impact on national policies and public policy. On the question of who governs, this model provides an equivalent answer, the national government.

The hallmark of the Inclusive Authority model is clear, one, that state and local government depend totally on a decision that is nationwide in scope and arrived at by national government or by some combination of the two. The second premise is that non-national political institutions such as governor(s), state legislators, mayors etc have approved a condition of nearly total atrophy. The third premise is that the functions formerly performed by these new vestigial organs have been fused into a centralised hierarchical system.

The Inclusive Authority model of Intergovernmental fiscal relation by Diel (1978) can be represented diagrammatically as presented in figure 1 below

Figure 1: Inclusive Authority Model of Intergovernmental Relations



Source: Wright Deil (1978:20) Understanding Inter-Governmental Relations: Public Policy and Participants Prospective in Local, State and National Government. Massachusetts: Duxbury Press

Relevance of Inclusive Authority Theory to the Study

The relevance of this model to the issue of fiscal relationship existing between the federal, states and local government areas in Nigeria has to do with the form of decentralisation of power as obtained in a federal system of government.

The model is premise on the way and manner in which the state and local government be inclusively a beneficiary of these new trends of fiscal federalism, policy of revenue allocation, re-distributed and stabilization, with the view to determine its attendance values on government financial viability and performances.

One major argument of this theory was the power “function” formally performs by lower organs has been fused into a centralised hierarchical system.

Findings/Policy Options

The paper finds out that these new trends if substance and embrace by the federal units are capable of snow-balling the country into a wealth hop; secondly because of the ability to blocked financial leakages within the system, cope with a good control system and a disciplined fiscal management it will become a catalyst for development. The paper thus recommends that; there should be legislation in place mandating all federating units to adopt this new trends; the federal government should be mandated to channel the excess resources saved as a results of the implementation of these new trend for mainly infrastructural development in all sector, if these is done and sustained it is our utmost believe that the country will soon be counted among the league of developed nations. Amnesty period should be left open for a fairly long period, if not indefinite; as was the case of Singapore; and not time-bound. These will help the scheme work in Nigeria.

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