

MULTIPLE TAXES IN NIGERIA AND OTHER JURISDICTIONS: TAX PAYERS RELIEF.

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ABSTRACT

It is noteworthy to reveal that there are lot of multiplicity of payments and inexplicable deductions from the same meagre source of economy of most tax payers in Nigeria and also in other jurisdictions. It is obvious that fines, rates and charges comes in various forms and upon all, the tax payer have to pay for the same thing knowingly or at times unconscious or taking judicial notice of. Hence, the main focus of this article is multiple taxation in Nigeria and other climes which way forward in this dispensation. Therefore, the methodology adopted in this work is doctrinal and further collection of data through secondary methods where relevant scholarly published books in the libraries, articles in the daily newspapers, internet and online materials are also germane to the achieving the set objective. However, one can imagine a worker and an obedient tax payer, having received his wages for the month with various domestic responsibilities and bills to pay, also as a faithful citizen pays his due tax and still having various minor multiplicity of payment which come as kinds of levies which have been created by the government agents taking out of the same source. This burdensome and refusal by the victim or taxpayer may attracts stipulated punishment imbedded in the law. However, the questions are; could this be stated to be fair? Are these laws not meant to be just in their applications? At this juncture, the following recommendations were made, that the government and its agent are implored to take critical look into issue of taxation; also to amend the aspect of the tax laws that is backing up double taxation. When this problem is not addressed, it will snowball into another serious tax problem known as tax evasion and tax avoidance.

Abstract: Taxes, Multiple, Jurisdiction, Way forward.

1.1 INTRODUCTION

Tax in most of the advanced and developing countries is a key source of revenue, and one of the easiest ways to get the annual budget finance by any government. Though, it is a compulsory levy which is paid voluntarily by the tax payers for the purpose of contributing their own quota to the state revenue generation to finance government budget. It is no gainsaying that tax system is one of the best means available to any government to guide, arouse and stimulate its financial cum social and societal development¹. However, this task of tax assessment, charging, collection and remittance are regulated by the enabling laws and statutes such as The 1999 Constitution², Personal Income Tax Act (PITA)³, Company Income Tax Act (CITA)⁴, Company and Allied Matter Act (CAMA)⁵, Stamp Duties Act (SDA)⁶, Value Added Tax Act (VATA)⁷, Federal Inland Revenue Service Act (FIRS)⁸ etceteral.

However, in the United State of American's case of *United States v Butler*, where Mr Justice Roberts⁹ stated;

A tax in the general understanding of the term and as used in the Constitution signifies an exaction for the support of the government.

Nevertheless, it is also regarded as a compulsory aid to the support of government levied on an individual, corporate bodies / institutions, properties, income, commodities, transactions and services at a fixed rate, mostly proportionate to the amount on which the contribution is levied.¹⁰

The Government of Nigeria, like other governments in various parts of the world, has legislative powers to impose on its citizens any form of tax at whatever rate it deems fit, although must not exceed constitutional limits stipulated for exercising such power.

1.2 Conceptual Analysis

What is Tax connoting in this perspective?

Tax according to the Oxford Advanced Learner's Dictionary¹¹ is defined as "money that has to be paid to the government so that it can pay (or finance) public services". In that wise, people pay tax and taxes according to the profits the realised in the course of their business and it is often paid on goods and services. Duff,¹² posited that taxes are generally imposed

¹ See Ayua, A. A. Tax Systems (Lagos: Sunday Publishers, 2001) page 4; See also Abdurasheed Lanre Suleiman, In Josephine A. A. Agbonika, Tropical Issues On Nigerian Tax Laws and Related Areas, (Ibadan: Ababa Press Ltd) page363-364.

² 1999 Constitution of the Federal Republic of Nigeria (as amended), No. 24.

³ Personal Income Tax Act, Cap P8, Laws of Federation of Nigeria(LFN) 2004, and the amendment thereto, PITA

⁴ Company Income Tax Act, Cap 21, LFN 2004 (CITA)

⁵ Company and Allied Matter Act, Cap C20 LFN 2004 (CAMA) as recently amended, 2018.

⁶ Stamp Duty Act (SDA) 2004 Laws of federation

⁷ Value Added Tax Act, No 102 of 1993 now Law of Federation of Nigeria, 2004 (VATA)

⁸ Federal Inland Revenue Service (Establishment) Act, 2007 (FIRS)

⁹United States v Butler 410 US 123, 167-65 (1998)

¹⁰ Per Carter, 'wener.com'(education blog, 4 November 2013) <http://wener.com/2013/11/4/what-is-tax-and-nature-of-tax.html.m/> Accessed 2 October 2017

¹¹Joanna Turnbull, Oxford Advanced Learners dictionary (Tax, 10th edition, oxford writer, 2016)

¹² Duff J, in the case of Lawson v Interior Tree Fruit and Vegetable Committee of Direction (1931) SCR 357

under the authority of the legislature, that they are levied by a public body and that they are intended for public purposes within the purview of the law.

Bryan A Garner¹³ in his popular edited work put tax succinctly as monetary imposed by the government on persons, entities, transactions, or property to yield public revenue.

It is in the light of the above that Yusuf Ali¹⁴ identified the following elements of tax, that is;

- i) It is a monetary charge which includes duties, impost, and excise;
- ii) It is imposed by the government on persons, entities, or property through statutes and laws;
- iii) Its purpose is mainly to yield public revenue.

Furthermore, Akande¹⁵ corroborating Yusuf, defined tax as “a compulsory levy imposed on a subject or upon his property by government having authority over him.” This aspect of tax definition can be summarised from the perspective that it is compulsory charge and equally it is assumed to be voluntary payment by all.

1.3 Multiple Taxation

Multiplicity of taxes simply connotes a situation where variety of charges and levies are paid directly or indirectly or both by the targeted tax payers. These cankerworms are not limited to Nigeria tax regime, but no tax regime is multiple taxes free, the only difference is the ability of each country's tax authority to manage tax system efficiently. The word could also be said to mean the quality of being many, a multitude, as a multiplicity of thoughts or objects. However, in a lopsided federation like Nigeria multiple taxes may be unavoidable due largely to the said Federal structure. In this perspective, each of the three tiers of government of the federation may desire to charge and levy certain fees, taxes, and charges in order to insert its own tax jurisdictional¹⁶ authority as stipulated in the Constitution¹⁷ and other applicable statutes.

It must be clearly stated that, most of the multiple tax deductions or charges affected the same tax basis or source of tax payers' source. The only excusable aspect of multiplicity that is easily preventable in favour of tax payers by the Constitution is that where the tax, rate and fee is charged on the same source and tax person in reverse of the same tax liability by more than one tier of the federation.

1.3.1 National Tax Policy on Multiple Taxation

However, multiple taxation seems to be a Nigerian origin, though yet to receive universal acceptability. By its application, to Yusuf Ali, “connotes the imposition of more than one tax on the same tax base by different taxing authority or government agency. Multiple taxation

¹³ Bryan Garner, Black Law Dictionary, 9th Edition (USA: WEST, 2009) page 1594.

¹⁴ Yusuf Ali, Multiple Taxation and Non- Compliance with Tax Laws and Regulations in Nigeria: Issues and Challenges, in Oyesola Animashaun et al, Changing Perspectives in the Law and Practice of taxation in Nigeria; Essays in Honour of Professor M.T Abdurazaq, (Lagos: Hybrid Consult and College of Law, Kwara State University, March 2017) pages 3-4.

¹⁵ O. Akande, “Nigerian Income Tax Law and Practice” Centre for Business and Investment Studies Limited, Nigeria, (1999) page 4.

¹⁶ See Part II of the Taxes and levies (Approved List for Collections) Decree No 21 of 1998; now Cap T2 LFN 2004.

¹⁷ 1999 Constitution of the Federal Republic of Nigeria as variously amended till date.

occurs when the same income is subject to more than one tax assessment.”¹⁸ This fact was supported by the National Tax Policy Document description that, multiplicity of taxation occurs “where the tax, fee or rate is levied on the same person in respect of the same liability by more than one State or Local Government Council.”¹⁹

Multiple taxes as variously defined, usually evident and manifest in four major ways as posited by Sanni²⁰.

Firstly, it means the variety of unauthorised compulsory payments being charged and collectible by the local and state governments without appropriate legal backing through intimidation and harassment of the payers at that level. Such collection of is characterised by the use of stickers, mounting of roadblocks, use of revenue Agent or Consultants including motor park touts.²¹This includes illegal taxes imposed by MDAs.²²

Secondly, it refers to situations where a taxpayer is faced with demands from two or more different levels of government either for the same or similar taxes. A good example here is the administration of the value Added Tax (VAT) and Sale Tax simultaneously; the imposition of levies for Environmental Impact Assessment (EIA) by the Federal (through NESREA) and States (through their various agencies) governments.²³

Thirdly, the term refers to where the same level of government imposes two or more taxes on the same tax base. A good example is payment of Companies Income Tax, Education Tax and Technology Levy by the Federal Government on companies such as telecommunication companies²⁴.

Fourth, it refers to cases whereby various government agencies “imposes taxes” in the form of fees or charges.²⁵

1.3.2 Metamorphosis of Multiple Taxes in Nigeria

Multiple taxation was known during colonial and period after independence. The ugly trend begins to rear its horrible tentacles in Nigeria in the middle 1980’s when national income /revenue accruing to the states and local governments from the Federal Allocation Account begin a downward pace.²⁶ Unfortunately, the level of autonomy of the states on revenue coming from the Federation purse was so enormous to the extent that most of the States did not have efficient Board of Internal Revenue (BIR). The situation was pathetic that only few

¹⁸ Yusuf Ali, *supra* page 4.

¹⁹ The National Tax Policy Document, p.78 Paragraph 6.0.

²⁰ Abiola Sanni, “Multiplicity of Taxes in Nigeria: Issues, Problems and Solutions”, *International Journal Of Business and Social Science*, Vol. 3 No17; September 2012, page 229.

²¹ Report of the Main Report of the study Group on the Nigerian Tax System in Nigeria Tax Reform in 2003 and Beyond, July 2003 (Hereinafter referred to as “The 2003 Tax Study Group”) pp. 286-290.

²² *ibid.*

²³ *ibid.*

²⁴ *ibid.*

²⁵ *ibid.*

²⁶ F Izendomi. “Eliminating Multiple Taxation in the Capital Market-The Capital Market Perspective” <<http://www.secure.irs-ogun.org/downloads/ORIGIN%20of%20MULTIPLE%20TAXATION.pdf>> accessed 4 February 2018.

States begins to contract out their tax collection administration to private consultants (probably party loyalists) in such a way that ultimately jeopardising the tax management in the various states civil service. As a result rendering the civil servants who are professionals in the area taxation surplus and less committed to their primary assignment.

Henceforth, the tax consultants whose professional prowess cannot be established assigned to themselves the power to determine the percentage or the rates and fees to be paid for various governmental services apparently to depict the revenue realities of each state. It was discovered that unequal levies were charged on different tax bases by the Revenue Consultants. Most of the activities of the Consultants are not backed up by express State enabling laws particularly in the aspect of charging of business premises and various development levies. With the above fact, the states who suppose to put the Consultants in check fails in this regards and left the helpless tax payers in their hands to exploited with multifarious fees, levies, rates and charges.

1.4 Tax Administration and Enforcement of Tax Law in Nigeria

Henceforth, there are various steps to restrain the threat of multiplicity of charges in the name of taxes. The Joint Tax Board (JTB) has a well organised list of taxes collectable by the three tiers of government. Most of the tiers at different times were largely ignored by the states that were in dire need of boosting their revenue. The tax administration and enforcement of tax law in Nigeria was statutorily backed up through the Taxes and Levis Approved List for Collection Act.²⁷The Act stipulated as follows:

- No other person, other than the appropriate tax authority, shall assess or collect, on behalf of the Government, and tax or levy listed in the Schedule to the Act.
- Members of the Nigeria Police Force shall only be used in accordance with the provisions of the tax laws.
- No person, including a tax authority, shall mount a roadblock in any part of the Federation for the purpose of collecting any tax or levy.
- Prescribes the amount chargeable as development levy and business premises levy.
- Make anyone who contravenes the law guilty of an offence and liable on conviction to a fine of #50,000 or imprisonment for three years or to both such fine and imprisonment.

The consultants were recruited to work in the state tax system through appropriate ‘reward’ for their political patronages. The tax consultants that were operating at the state level, and those who were not fortunate to get patronage at the state level tried their luck at the Local Council level. In the resent dispensation particularly the roles of tax consultants between 2015 till date spread accross all the states and local government councils in Nigeria. In order to put this in place, Personal Income Tax Act was amended to accomodate a Revenue/ Rate Committee for each Local Council and equally prescribed the commitee membership

²⁷Supra note 9

composition.²⁸ The Joint State Revenue Committee was also included in the amendment for each state of the federation comprising a Chairman as head of the revenue committee of each Local Council. The Joint State Revenue Committee was similar to the JTB at the federal level.

It can be stated further that the hiring of tax consultants has become an imbibe culture for tax administration at all levels of the Nigerian federation. Although, the consultants are not as efficient as civil servants who are specifically trained for this purpose but it is partly job for the boys within the political party setting. Despite the complaint from all over, the services of private consultants still paramount.

1.5 Double Taxation Syndrome

Double taxation is concept far different from the multiple or multiplicity of taxes as discussed earlier in this paper. Double taxation syndrome has both international and legal remedy. It has international connection, though, if not properly addressed it can snowball into multiple taxation at the peril of the tax payer. Therefore, what is the essence of double taxation relief within the legal space?

Double taxation relief is granted to all individual tax payers or companies who receive taxable income from abroad and such an income is also taxable in Nigeria.²⁹ In this wise, double taxation arises where a citizen or a company belonging to one country and such an individual or a company is residing in another country, receiving income or profits and the profit realised is now liable to tax in the two countries. As a result, the countries need double taxation relief agreements in such a way that the profits accruing are once. However, the main reason for granting tax relief is to eliminate or to reduce to barest minimum the harshness of tax burden on the incomes of the tax payers either individual or corporate bodies. The tax relief rule is an agreement between the countries who are members of Commonwealth of Nations. It is applicable in the law in force in any of these countries within the Commonwealth. The arrangement is limited to Countries in the Common alone, the tax reliefs agreement can be made with any country or countries where her citizens interests lies.

1.5.1 TAX SYSTEM IN CHINA: IN RELATION TO DOUBLE TAXATION

China's existing tax structure was a product of the Tax Reforms implemented in 1994 to convey and boost the requirements of the socialist market economy. Hitherto, the beginning of 21st century witnessed the Chinese government series of adjustments and deliberate impact to accelerate the tax system, which no doubt have ensures the government's revenue flow and impacted in no small measure to the Chinese's rapid economic development till date³⁰. In accordance with the country's, double taxation policy, Meng Yuying, said on March 14 in Beijing that by the end of 2016, China had signed tax conventions with 106 countries and regions, including 54 countries along the Belt and Road, in an attempt to remove double

²⁸Ibid, Section 90. The provision were inserted into PITA vide the Finance (miscellaneous) Taxation Provisions Decree (No. 31) 1996.

²⁹ Mathew O Omotoso, Principles of Taxation, Volume 2,(Ibadan: First Shepherd Publications Investment, 2001), pages 18-19.

³⁰ Deputy Director of the International Tax Department of the State Administration of Taxation (SAT)

taxation.

According to Meng Yuying³¹, this is the third largest convention network across the world, covering major investment destinations of China. China will continue to press ahead with the negotiation, signing and amendment of tax conventions, to provide protection and support for taxpayers involved in cross-border operations. At the same time, China's tax authorities are active in implementing the conventions and creating a favorable business environment to ensure the legitimate rights and interests of Chinese enterprises going global. They are also promoting mutual consultation to help enterprises settle cross-border tax-related disputes, pursue equal tax treatment and build a transparent tax environment.

These were what Meng Yuying said at the online interview on Tax Supporting the Belt and Road Initiative held at the website of the SAT on March 14.

According to Meng Yuying, China has witnessed rapidly increasing outbound investments in recent years. Chinese enterprises are becoming keener to participate in international competition and expand the international markets. But for lack of the knowledge of the channels of the host country's tax system, many enterprises ignored the significance of mutual familiarity with tax policies of both countries, and failed to rationally judge and effectively control the tax risks associate with cross-border operations.

Meng Yuying suggested that Chinese enterprises going global should understand the tax policies and collection of a host country, China's tax regulations on outbound investments and cross-border operations, and the tax conventions signed between China and other countries, so that they could make tax plans and control tax risks.

Meng Yuying also said that in October 2015, the SAT summarized the experiences in the preliminary pilot program, and promoted the country-specific information research to cover all the countries along the Belt and Road, and the major investment destinations of Chinese enterprises going global. The Tax Guide on Country-specific Investments compiled in the period can help enterprises understand the overall operation and tax environment in 19 countries and regions including the US, Russia, Japan, India and the Philippines, so as to enhance cooperation and compliance, and reduce the risks associated with taxes³².

1.5.2 Double Taxation Reliefs Agreement in Singapore

Singapore is one of the countries that signed DTA. It is obvious that there is an increasing trend in Singapore businesses as well as Singaporeans enterprises overseas to consolidate taxable profits both within and diasporas. These corporate bodies and individuals derives profits from a foreign jurisdiction, such incomes may be subject to tax both in the Diasporas jurisdiction and home country, Singapore. That is, such incomes are subject to what is known as international double taxation if not addressed or regulated.

The Singaporean Government has entered into International Double Taxation Agreement with many of her allied countries to avoid her citizens in Diasporas' same income being taxed twice. Singapore has therefore concluded two types of DTAs treaty with many states in the comity of Nations to ease the burden of double taxation:

³¹ ibid

³² ibid

- (1) Comprehensive Double Taxation Agreements: This policy covers all income flows and
- (2) Limited Double Taxation Agreements: This treaty also covers only shipping and/or air, transport income.

1.5.3 TAX TREATY IN THE UNITED STATES OF AMERICA

The United States Government has entered into variety of tax treaties with a number of foreign countries in order to relief their citizens and corporate entities. Hence, with these tax treaties, residents (essentially citizens and corporate bodies) of foreign countries are taxed at a reduced agreed percentage or rate, or are out rightly exempted from U.S. taxes on particular items of income/ profits they receives and sourced within the United States. These agreed relieved rates and exemptions vary among the allied countries and also depend on the items of income in the tax treaty. However, residents or citizens of the United States are taxed at a reduced rate under these treaties, or are exempt from foreign taxes, on certain items of income they receive and sourced in the foreign countries. In other words, most of these tax treaties include what is called a "saving clause" which disallows any citizen or resident of the United States from capitalizing on the provisions of a tax treaty in order to avoid or evade taxes of United State source income.³³

However, where the treaty does not include certain kinds of incomes, or where there is no tax treaty or tax agreement between a particular and the United States, one must pay tax or benefit from tax treaty reliefs on the income in the same way and at the same rates agreed upon in the directives for the applicable U.S. tax return.³⁴

USA is federation, as such, each of the individual states have tax incomes policy, which are sourced in their states. This due largely to the fact that, tax matters in a federating state is usually under Concurrent Legislative Lists. Hence, one need to consult the tax authorities of a particular state from which income is derived to find out whether any state tax applies to any income you are earning. Though, honoring of tax treaties by some states of the United States is persuasive ground, it is mandatory for any State in the U.S to honor the provisions of Tax Treaties³⁵.

1.5.4 The France- Singapore DTT (Agreement)

The main access road to the European Union (EU) markets generally is the France. Ordinarily, France is a single market with more than 500 million consumers with sufficient high purchasing power (economy). Fortunately and advantageously, France location at the main center of European Countries, is no doubt a catalyst not only to Europe but also to the neighboring Middle East and Africa. France economy is the second best in whole of Europe and one of the best four economies in the whole world. Aside this, France is the European Region's second largest destination for overseas financial institutions (firms). To buttress these facts, Paris, the capital city, is the regarded as one of the largest asset management hub

³³ United States Income Tax Treaties - A to Z, <https://www.irs.gov/businesses/international-businesses/united-states-income-tax-treaties-a-to-z> accessed 4, March 2018.

³⁴ ibid

³⁵ ibid

in the entire world economy. Furthermore, in 2011, France's total cumulative FDI inflow returns was estimated at US\$963.8 billion, placing France at fourth position in the world behind the U.S, China and the United Kingdom.

Nevertheless, France is classified as Singapore's second major trading partner in the European Union Region and Singapore on the other hand is the leading trade associate for France in ASEAN. Singapore benefited immensely because the highest concentration of French companies in the region are located there. Some of the world acclaimed businesses and the big names, such as Michelin, Renault and Rémy Cointreau International, have established their regional headquarters in Singapore. Therefore, Singapore is the second foremost recipient of French firms (investments) in the whole of European Region behind Japan.

The Double Tax Treaties as reliefs mechanisms amongst Nation-States provides significant tax benefits in the form of foreign tax credits and competitive withholding tax rates which is very advantageous to the beneficiary states.

1.6 International Tax Treaties

Many countries have entered into one or more tax treaties. These treaties are called Double Tax Agreements, or DTA's in the international arena and entered into with other countries to circumvent or mitigate double taxation problem. The treaties usually cover a variety of taxes including Income Taxes, Companies Income Tax, Withholding Tax, Capital Gain Tax, Inheritance Taxes, and other taxes.³⁶ Apart from bilateral treaties, multilateral treaties are not excluded among more than two countries put in place on different taxes. The Commonwealth countries have DTA among themselves and liking to multilateral treaties. In a similar vein, European Union (EU) countries established a multilateral agreement in respect of Value Added taxes under umbrella of the European Union. Whereas, a joint treaty on common administrative assistance of the Council of Europe and the Organisation for Economic Co-operation and Development (OECD) is generally accessible to all countries. The importance of Tax Treaty Agreement is to mitigate taxes of one treaty country for residents of the other treaty country to reduce harshness of double taxation of the same income or tax base.

The provisions and objectives of the tax treaties vary significantly, although, some can be similar but cannot be same; they are:

- Treaty defines which taxes are covered and who is a resident and eligible to benefit
- Reduce the amounts of tax withheld from interests, dividends and royalties paid by a resident firm of one country to residents of other countries,
- Limit tax of one country on business income of a resident / corporate institutions of the other country to that income from a permanent establishment in the first country,
- Define circumstances in which income of individuals resident in one country will be taxed in the other country, including salary, self-employment, pension, and other incomes,

³⁶ Agreements on tariffs, while technically tax treaties, are generally called agreements on tariffs and trade.

- Provide for exemption for certain types of organization and individuals from taxes,
- Provide procedural frameworks for enforcement and dispute resolutions where one arises,

The actual goal for entering into a treaty particularly tax treaty is often include mitigation of double taxation, elimination of tax evasion, and allows cross-boundary trade development.³⁷ With these facts, it is generally agreed that tax treaties reduce problem of double taxes for taxpayers and tax authorities outside their domestic transactions.³⁸

Double taxation treaties follow the OECD Model Convention³⁹ and the official remarks⁴⁰ and member observations afterwards serve as direction to interpretation by each State who is member. Another significant model is the UN Model standard⁴¹ which concerns the aspect of treaties agreement by the United States.

It is obvious that, essence of signing variety of tax treaties is to provide specific mechanism for elimination of double taxation or to reduce it to the barest minimum. Despite all these efforts, the risk of double taxation is still in attendance. This system generally requires that each state grant a credit for the taxes of the other states to mitigate the taxes of residents of the state. On the other hand, the treaty may or may not make provision for mechanism for restraining this credit and may or may not restrain the application to do likewise.⁴²

1.7 Advantages of Multiplicity of Taxation

It would be an incomplete write up if the merits of multiple taxation are not looked upon or discussed about in this work. It would be of a shocking fact that even as the name implies to which people may look at it as a pain to their pocket to see that this concept has some given advantages to the economy, these merits are discussed as follows;

Firstly, multiple tax system generally results in equitable tax burden since it is composed of other tax components. That is, progressive, proportional, regressive are charged differently on variety of formulae.

Secondly, it would be difficult for individual who may have the intention of evading the tax systems or means for them to pay their taxes. This is to state that, even if they are able to evade one means provided by the tax administration there is always the provision of another means to which tax can be derived from such individuals in the society.

Thirdly, one of the major importance to which tax is being charged by the government is to provide social amenities for the people of the public and other basic amenities, therefore multiple taxation is useful to achieve social and political objectives so far the excess collected goes to government covers.

³⁷The speech by Professor McIntyre of Michigan's Wayne State University.

³⁸ "Comments by New Zealand Revenue Minister". Government of New Zealand.

³⁹ OECD Model Tax Convention (2014 version)

⁴⁰ "Official commentary". OECD

⁴¹ UN Model Convention (2011 version)

⁴² All of the treaties cited above feature the credit mechanism.

Fourthly, as a result of the multiple tax system, tax becomes broad based and even covers every sector in the country economy.

1.8 Challenges of Multiple of Taxation

It is generally believed that, there are no pros without cons. Therefore, viewing the merits of multiplicity of taxation it would be important to discuss the challenges or demerits that bedevilled the Nigerian tax regime and diasporas owing to myriad of effect of multiple taxation which includes those challenges highlighted or identified as follows:

Firstly, the issue of having tax payers pay so many taxes has a great disadvantage in the sense that in the grab of a multiple tax system can become uncomfortable and annoying to the tax payers and general public and also cause inconvenience for tax collection authorities.

Secondly, the cannons of taxation (simplicity, equity, ability to pay, administrative efficiency, certainty, flexibility, and stability) of economy productivity convenience may be adversely affected because of excessive multiplicity of taxes.

Thirdly is the challenge of non-availability of tax statistics. Taxation is the oldest government activities since January, 2014 when the southern and northern protectorates of Nigeria were amalgamated. As a result, one would expect tax statistics to be readily available. This problem affected all the states of the federation and the ministries and parastatals of the federal government not exempted.

1.9 Conclusion

In line with all that has been discussed above, it can be duly noted that though the use of double taxation may be viewed from different optical views as one which could ensure that every citizen of a particular country pay their taxes and therefore ensuring that no one (tax payers) evade this legal obligation. Although, this task should be viewed from the point that it is no doubt cumbersome, tedious and could be burdensome. Therefore the government should ensure that tax laws are reformed and furthermore any means to which could bring about double taxation should be blocked to ensure that there's a less burden placed on the taxpayers to ensure a smooth run of the tax administration. Hence, the power to administer taxes is vested in the State and Federal governments on both individuals and companies respectively. Therefore, the contention of the Nigerian Postal Services the apex Bank, The Central Bank of Nigeria to administer taxes or introduce additional taxes on their customers because the government at all levels are yearning for additional sources of revenue particularly from the duties on all transactions in the banks is not tenable as the power to collect Stamp Duties on instruments executed by companies belong to the Federal Inland Revenue Services.

In addition to the above the federal government should ensure strict compliance with treaty on tax signed with the foreign governments, so as to ease the burden of taxes payable by the country's citizens in the diasporas.

1.10 Recommendations

Though, assumptions have been made that the effect of multiplicity of taxes can be drastically reduced or be blocked by delimiting the range of taxes and levies collectible by each tier of government by enacting laws or restriction of the role of tax consultants in tax administration, and establishing revenue authorities by the three tiers of government and imposing penalties for contravention of the law.

At various state levels, the principle of tax jurisdiction as stipulated in the 1998 Tax and Levies Jurisdiction Act should be followed to the letter by the stakeholders to the letter. The states usually cross their tax jurisdiction to the area of local councils. No serious efforts have been made to resolves this problem. This problem needs to be addressed by the appropriate regulatory body in due course.

There is need for genuine inter-government relationship between the three tiers of government under the leadership of Joint Tax Board (JTB). Therefore, without the genuine co-operation of the other tiers of governments particularly the State governments the problem of multiple taxation may be difficult to resolve. It is obvious that the various State Governments have failed to address the problems because they are liable for creating a circumstance, which resulted to the financial desperation of their local governments by withholding the revenue payable to the local governments. In that wise, states have usurped the taxes assigned to the local governments as codified in the Constitution to assign the responsibility of state taxes to the local councils.

Also, the following steps are further recommended for any state that is ready puts a stop to the effect of problem of multiplicity of taxes and levies. That is:

- (a) make available to the local governments directly, all the revenue due from the federation account,
- (b) allocate 10% of state revenue to the local government councils,
- (c) adequately fund the various agencies and department and
- (d) ensure that the ministry of local government and the house of assembly play their oversight functions very well on the activities of the local government.