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Economic Annals 2011 Volume 56, Issue 189, Pages: 27-50

<https://doi.org/10.2298/EKA1189027S>

Full text (PDF) 417 KB

Cited by

**Taxation, revenue allocation and fiscal federalism in Nigeria: Issues, challenges and policy options**

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Taxation is one of the most important and easy sources of revenue to any government, as the government possesses inherent power to impose taxes and levies. Nigeria tax system has been weak due largely to inadequate data of the tax base and heavy reliance on oil revenue. With the volatility in oil prices and excruciating impacts of the recent global financial crisis, taxation deserves more attention now than ever before in Nigeria. One issue that is critical to domestic resource mobilization and utilization is the issue of fiscal federalism. Nigeria operates three tiers of government; Federal, State and Local Governments with separate revenue, expenditure, and assigned responsibilities each. However, all decisions including resources are controlled from the centre and the vertical revenue allocations tilt more towards the direction of federal government, contrary to the tenets of federalism the country is practicing. Both vertical and horizontal revenue in Nigeria is engulfed in controversy. The paper presents key issues, trend and challenges of taxation and fiscal federalism in Nigeria. In addition, the paper highlights a number of suggestions that would stimulate increase in tax revenue and guarantee fiscal assignment acceptable to the federal and sub-national government.

Keywords: taxation, revenue allocation, fiscal federalism

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Monetary Policy Federal Government Niger Delta Revenue Sharing Fiscal Decentralization. We thank the participants of the workshop on Economic Policy Options for a Prosperous Nigeria, Abuja, 23-24 October 2006, for their useful comments on an earlier draft of this chapter. The usual disclaimer applies. This is a preview of subscription content, log in to check access. Ekpo A.H., Englama A. (2008) Fiscal Federalism in Nigeria: Issues, Challenges and Agenda for Reform. In: Collier P., Soludo C.C., Pattillo C. (eds) Economic Policy Options for a Prosperous Nigeria. Palgrave Macmillan, London. [https://doi.org/10.1057/9780230583191\\_11](https://doi.org/10.1057/9780230583191_11). Taxation is one of the most important and easy sources of revenue to any government, as the government possesses inherent power to impose taxes and levies. Nigeria tax system has been weak due largely to inadequate data of the tax base and heavy reliance on oil revenue. With the volatility in oil prices and excruciating impacts of the recent global financial crisis, taxation deserves more attention now than ever before in Nigeria. The paper presents key issues, trend and challenges of taxation and fiscal federalism in Nigeria. In addition, the paper highlights a number of suggestions that would stimulate increase in tax revenue and guarantee fiscal assignment acceptable to the federal and sub-national government. Tweet. Fiscal federalism, which mirrors the amount of fiscal autonomy and responsibility accorded to subnational government, has been an important subject in the policy equation of many developing, transition, and developed countries.. This paper, therefore, examined the evolution, structure, and practices of fiscal federalism in Nigeria. The issue of fiscal federalism is a unique one as it has generated intense debate in Nigeria. Arowolo (2011, p. 9) notes that it is characterized by constant struggle, clamour for change, and very recently, violence in the form of agitation for resource control in the Niger-Delta. Nature and challenges of fiscal federalism in Nigerian. Adeleke Salami, 2011. "Taxation, Revenue Allocation and Fiscal Federalism in Nigeria: Issues, Challenges and Policy Options," Economic Annals, Faculty of Economics, University of Belgrade, vol. 56(189), pages 27-50, April. J. Handle: RePEc:beo:journl:v:56:y:2011:i:189:p:27-50. as. HTML HTML with abstract plain text plain text with abstract BibTeX RIS (EndNote, RefMan, ProCite) ReDIF JSON. Download full text from publisher. File URL: <http://www.ekof.bg.ac.rs/wp-content/uploads/2014/06/189-1-2.pdf> Download Restriction: no. References listed on IDEAS.

