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Property Tax and Sustainable Development in Ekiti State: Citizens' Perspective

ABSTRACT: *Ekiti State government enacted a new tax policy, the taxation of buildings and landed properties, in order to ensure sustainable development and boost its revenue profile. Although increasing tax revenue represents a vital aspect of developmental policy, knowledge, motivation, and compliance activate tax for inclusive economic development. In line with the fiscal social contract theory and using an exploratory–descriptive research design, this study specifically assesses the citizens' knowledge and their motivation to pay property tax, and how it affects their level of compliance. Multi-stage, stratified random, and simple random sampling techniques with questionnaires and key informant interviews were engaged. Findings suggested that citizens are not unaware of the property tax and the law backing it up, but due to their lack of trust in the government, their motivation and compliance cannot be improved. However, the government needs to set up practical actions in fulfilling their own part of the contract in order to gain citizens' trust.*

KEYWORDS: Property tax, IGR, Sustainable development, Tax compliance, Fiscal social contract

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INTRODUCTION

Every nation of the world tries to achieve macroeconomic objectives through the pursuit of sustainable development. Recently, the attention of governments in every nation has been centered on the achievement of the United Nation's Sustainable Development Goals (SDGs) which were designed for full accomplishment latest by 2030. The SDGs, which include the promotion of inclusive sustainable economic growth (SDGs-8), needs among others, the flow of revenue for its achievement. Unfortunately, in Nigeria, the revenue generated in 2020 reduced by #6.33 trillion. According to Varrella (2021), the total revenue generated in Nigeria in 2020 amounted to #3.93 trillion, compared to the revenue generated in 2019 which was #10.26 trillion, with over 60% of the revenue spent on debt servicing (Olisah, 2021). The economy of Nigeria is overly dependent on revenue generated from crude oil, and this revenue has been fluctuating due to glut, global competition, and incessant slump in price in the international market (Izevbigie and Ebohon, 2019). Oil prices fell sharply in Nigeria in the year 2020 and this negatively impacted the economy and posed a threat to the achievement of the SDGs.

The government of Nigeria performs the function of resource allocation, income distribution and redistribution, and economic stabilization as part of the effort meant to actualize the SDGs. The system of achieving this function, called fiscal federalism, is a system of taxation and public expenditure in which the revenue-generating powers and control over expenditure are vested on various levels of government for development (Dang, 2013). The income allocated by the federal government to the state governments, including Ekiti State, in previous months has been decreasing due to the negative impact of the pandemic and other crises such as the destruction caused to agricultural products by the Fulani herdsmen. This has left the state governments struggling with the payment of workers' salaries and emolument. In Ekiti State, subventions allocated to tertiary institutions and civil service commissions were reduced by 50%, which has brought about unhappiness and lack of satisfaction among the workers, because different institutions kept struggling with the payment of their staffs' emolument. In order to improve on their revenue, the state governments had to exercise revenue-generating power.

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The introduction of property tax represents an attempt made by the government of Ekiti State to augment the revenue received from federal allocation. As stated by the chairman of Ekiti State Internal Revenue Service (IRS), the introduction of the new tax policy was an effort made by the government to shore up the state's internally generated revenue for the purpose of increased infrastructural development and toward the achievement of the SDGs. He stated further that the tax is payable by landlords and landowners across the state and solicited for citizen's cooperation. However, the morale toward tax compliance hinges on citizen's expectation to judiciously use the revenue for the development of the state. The motivation to pay tax as a result of value derived represents the main essence of fiscal social contract theory.

Practically, in Nigeria, the fiscal social contract theory negates its real meaning, as the theory appears to be fraying. There has been shortage of public goods coupled with lack of fiscal accountability and as stated by Adeosun, Bello and Aruleba (2022), this has been hampering development in the nation. Although the economy of the nation has largely depended on oil revenue in the past, the impact of tax paid by the citizens and the revenue realized from oil sources has been felt poorly. Precisely, in Ekiti State, the electricity and road networks have been in poor condition with poor access to other public services. As a civil service state, tax payment is deducted at source, while those with personal business struggle with tax compliance. This lack of motivation may not be unconnected to the poor citizen relationship and engagement by the government. However, the Ekiti State government established a new tax policy, just like Lagos State that has recorded a success in the same tax policy through increased development and reduction in reliance on federal government allocation. Therefore, to record success with the new tax policy, citizens' compliance should be encouraged. This study assesses citizens' perspective on property tax for sustainable development in Ekiti State. Specifically, the study assesses the citizens' knowledge of property tax in Ekiti State, examines citizens' motivation on the payment of property tax in Ekiti State, and explores how citizens' motivation affects their level of compliance to the payment of property tax in Ekiti State.

LITERATURE REVIEW

Institutional Framework of Taxation in Nigeria

The Nigerian tax system is made up of a tripartite foundation which consists of the tax policy, tax legislation, and tax administration (Adesanya and Oguntola, 2018). The tax policy is the basis of the tax laws upon which tax administration and implementation is based. In Nigeria, the administration of the tax laws hinges on the federal government, state government, and the local government. Each of the levels of government set up their administrative techniques as provided by the enabling law. As stated by Sani (2015), the Federal Board of Inland Revenue (FBIR), the Body of Appeal Commissioners, and the Joint Tax Board (JTB) constitute the body responsible for tax administration at the federal level, while the State Board of Inland Revenue (SBIR) is responsible for tax administration at the state level. The FBIR is responsible for tax assessment, collection, audit, investigation, and litigation, as well as the planning and management of tax laws. The Body of Appeal Commissioners is responsible for hearing and determining the appeals on all company-related tax disputes; the JTB is responsible for advising the federal government on double taxation matters and promotes uniformity in the application of income tax deductions all over the country, while the SBIR is responsible for assessing, collecting, and administrating tax at the state level.

The fall in federal government allocation coupled with the rising government expenditure and the need to generate revenue for sustainable development has brought all levels of government in Nigeria to focus more on taxation. Despite the dynamic ability of taxation as a tool for sustainable development, the Nigerian tax system is, however, stated by Federal Ministry of Finance in 2017 to be combed with several challenges. The challenges include, among others, the lack of a robust framework for the taxation of high-network individuals in the country and the informal sector which limits the revenue base of tax-generated and -created inequality across the country; ambiguity in the taxation power at each government level and their inordinate drive to grow IGR, which has led to the peremptory exercise of regulatory powers for IGR purpose; inadequate information available to taxpayers on tax compliance requirements, which has created noncompliance; inadequate tax revenue accountability; using aggressive method for tax collection; tax authorities' failure in honoring taxpayers' refund obligations; and the irregular tax legislation review which forms obsolete laws that do not reflect current economic realities.

The challenges faced by the Nigerian tax system, according to Dibie and Dibie (2020) and Okauru (2012), are evident in the tax system across all levels of government in Nigeria and negate the equity and fairness, convenience, as well as the simplicity, certainty, and clarity principles of the Nigerian tax system. The lack of a robust framework which exempts high-network individuals and the

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informal sectors from paying tax creates a lack of fairness in the tax system, which, at most times, triggers noncompliance among taxpayers. The obsolete tax laws that do not take into consideration the economic reality in the country also creates inconveniencies for taxpayers, as majority of the tax laws do not take into account the harsh economic conditions experienced by citizens. These challenges, as stated by Olokoba *et al.* (2018), as well as corruption derail the motivation and compliance level of citizens to tax payment, which, at times, makes the tax authorities to exert force in making the citizens comply to tax laws.

A Brief History of Property Tax in Ekiti State

The property tax law came into existence in 2020 as a result of the low revenue realized from federal allocation in the state. The law which is backed by the State Land Use Charge Law No. 3 of 2013 was brought back into existence by Governor Kayode Fayemi in an attempt not to impose an obnoxious tax policy or double taxation on the citizens. The Land Use Charge Law comprises the payment of tenement rates, ground rent, and neighborhood improvement levy. The existing law, which has been abandoned in the state, was implemented in order to boost the revenue profile of the state, fast track the capturing of more citizens in the tax net, and make citizens discharge their statutory obligations to the government for effective public service delivery and proper planning for sustainable development across the state. Ekiti State revenue house, an arm of the Ekiti State IRS, is responsible for the administration of the tax law. The property tax law represents an annual tax payable on all privately or commercially owned real estate properties, including ordinary parcel of land. The modality of the payment involves the owners or, alternatively, the tenants who are to get reimbursed from the owners at a later date.

Property Tax, Sustainable Development, and Fiscal Social Contract of Taxation Theory

The building of a social contract, in which citizens pay tax and, in turn, enjoy the benefit of the tax paid through the provision of public goods and services by the government, represents an integral part of a nation's sustainable development (Mcculloch, Moerenhout, and Yang, 2020; Tengs, 2020). The establishment of a new tax policy, in order to ensure the availability of adequate fund, for the pursuit of inclusive sustainable development cannot be overemphasized, especially in developing nations such as Nigeria and, by extension, Ekiti State. Real development is experienced when the government fulfills its aspect of the social contract (Umar, Derashid and Ibrahim, 2017), hence, the existence of the fiscal social contract theory propounded by Timmons in 2005.

The theory holds that taxation should be considered to be a significant and integral part of the social contract between the citizens and the state (Prichard, 2019; Timmons, 2005; Mahon, 2005) and proposes that the tax paid by the citizen should be utilized by the government to execute public programs that will be of benefit to the citizens. As posited by Umar *et al.* (2017), social contract is the implied relationship between societies and the elected people who are to govern them and administer the affairs of the citizens under their jurisdiction, in which the fiscal social contract is an offshoot. Similarly, Obayuwana (2020) and Christains (2008) opined that social contract is an agreement in which citizens relinquish their rights and collective interests in exchange for protection and other public goods from the government. Obayuwana (2020) went on to say that taxation is an example of a social contract because it creates indisputable clarity and understanding of the transaction between the state and its residents, with the citizens contributing their own assets in exchange for the government's delivery of public goods. Based on the above, it can be said that the underlying principle of fiscal social contract, which is the support given by the citizens to the State in return for the anticipation of public goods and services, is the reason behind the payment of tax by citizens and also an opportunity to participate in the benefit of governance provided by those elected to govern them.

Although fiscal social contract is an agreement between taxpayers and the government that is not explicitly stated, it connects citizen tax compliance with public service delivery and political decision-making and empowers the citizens to hold the government to account on how they spent their money (Cobham, 2022). The contract is a relationship that emerges from the combination of five variables. The variables are explained by Cloutier *et al.* (2021), Cloutier (2021), and Rasul and Roger (2016) to be an interaction of the society with the state, the ability of the state to provide public services and to secure revenue from the citizens for this purpose, the will of the state to direct public resources and capacity to meet the social expectations, the mediation by the political system in operation with the state that reinforced the contract, and legitimacy which plays a complex role in shaping expectation and facilitating political system. By inference, the political system set up by the state plays a vital role in ensuring the operationalism

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of fiscal social contract. An interaction is created between the citizens and the state through the legitimacy of the political system, which also influences the willingness of the state to divert public resources to meet social expectations. If a state possesses a legitimate political system, citizens' motivation and compliance to tax payment will be easily facilitated.

In addition to the above, Haldenwang (2020) also posited that the contract that governs taxation relationship is based on three simultaneous observations, which are the willingness of citizens to comply with their tax obligations on the perception of tax burden distribution fairness, the efficiency of the political policy that imposes tax revenue, and an effective taxation system which is facilitated when both citizens and the state know their expectations from each other. He stated further that this empowers the citizens to meaningfully influence the political decision-making process of a state. Likewise, Lenton, Masiye and Mosley (2017) stipulated that a state develops when a beneficial expenditure is delivered to the citizens in exchange of their tax, instead of enforcement by the government. The beneficial expenditure delivered by the government is viewed by Adeosun et al. (2022), to formulates a precursor for human development and underlines the sustainability of every nation. Therefore, sustainable development is contingent upon a smooth taxation relationship between the citizens and the government, which is rooted in the legitimacy of the political system in operation and an equal proportion of benefit received by the citizens in line with the tax paid.

Property tax, as positioned by Goodfellow and Owen (2018) and Puleri and Puleri (2015), has the potential to yield substantial revenue, produces social equitability, and leads to rapid sustainable development. This represents the main agenda of the United Nation's SDGs. It is a broad-based, stable, and efficient source of fiscal revenue that produces further development to a state and increases the quality of life of the citizens through expansion and the provision of quality public services to the state (Carrillo, Castro and Scartascini, 2021; Kim, 2019). However, the sustainable functionality of the tax overtime needs some degree of acceptance and understanding by the society as a whole. The record of success in property taxation requires attention to social norms and beliefs of the citizens and its design and effectiveness as an efficient and equitable fiscal revenue (Bird and Slack, 2002). This is because the implementation of a new tax policy requires accountability and effectiveness as highlighted by Brautigam *et al.* (2008) and also involves the state getting deeply involved with the citizens, which avails the state with the opportunity to extend its domain into new areas. It also requires the reciprocal accommodation of the citizens by the state through knowledge creation and understanding by the citizens about the new tax policy.

For instance, Lagos State was able to record an enormous success on their Land Use Charge due to the government's accountability and involvement with the citizens. Lagos State has been previously known for lack of tax compliance (Goodfellow and Owen, 2018), but the revenue realized from its property tax has aided other forms of tax and has also helped to solidify the fiscal contract between the state and the citizens. The achievement realized was in line with the view of Grover and Walacik (2019) that property tax possesses the ability to make vital contribution to efficient functioning and fairness of a tax system.

In addition, the Lagos State government was able to achieve success in the administration of property tax by getting involved with the citizens through follow-up, follow-through, and feedback (Obayuwana, 2020). It was recorded that the state governor encouraged people to provide feedback on their performance by publishing his mobile number in the newspaper, and he would systematically forward all messages received to the relevant staffs for accountability, effectiveness, and feedback. The strategy adopted by Lagos State in the collection of tax represents the quality of their tax system, and this is in line with the view of Plimmer and McCluskey (2010), which stated that the quality of the administration of a tax system is crucial to the effective operation of property tax. Therefore, a quality tax system, getting the citizens engaged through knowledge creation, opportunity to seek legal redress against government public service delivery failure, unhindered freedom of speech, and ease to access elected government officials for accountability will unlock acceptance and compliance to tax policy and also bolster the fiscal relationship between the citizens and the state.

Review of Empirical Literature

In an attempt to establish an understanding between fiscal social contract and tax compliance for sustainable development, Umar *et al.* (2017) linked tax noncompliance to taxpayers' frustration arising from poor fiscal social contract of governance. In a similar way, Teng (2020) applied logistic regression across 28 sub-Saharan African countries to show that fiscal social contract matters a lot, and social solidarity, rather than social cohesion, increases tax compliance. Also, Goodfellow and Owen (2018) revealed in their exploratory study on taxation, property right, and social contract in Lagos State that Land Use Charge has helped to solidify fiscal contract between the government and the society and has boosted personal income tax. Likewise, Obayuwana (2020) revealed that tax policymakers must interact with fiscal social contract because it forms an integral part of governance. Also, Dibie and Dibie

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(2020) made use of correlation analysis to reveal that lack of tax knowledge and low level of education in Nigeria have a strong positive relationship with tax compliance. However, they also revealed that people failed to comply with tax payment because of the poor economic situation of Nigeria and the lack of satisfaction with the distribution of public goods and services. Lenton *et al.* (2017) stated in their explorative study that government can increase tax compliance in developing countries by sending an effective signal to taxpayers, stating the benefit they will derive from paying tax. On the contrary, Mcculloh *et al.* (2020) revealed that there is no connection between service delivery and tax morale in Nigeria, as tax compliance is based on social cohesion by tax officials and the belief of citizens that their fellow citizens are paying tax. In addition, Udezo and Onuora (2021) made use of regression analysis to show that taxation has positively impacted revenue performance significantly in Nigeria. Onuselogu and Onuora (2021) used ordinary least square method of analysis and presented their findings similar to those of Udezo and Onuora (2021) that income tax payment has positively impacted revenue generation in Nigeria, while Aliyu and Moshood (2021) made use of multiple regression analysis to establish that tax revenue in Nigeria brings about development and sustainability.

Research Setting and Study Population

This study was conducted in Ekiti State, which is a southwestern state in Nigeria. The state was carved out of the old Ondo State and was declared a state on October 1, 1996. It has 16 local governments, with its capital city in Ado-Ekiti. The state is majorly a civil servant state, with a few entrepreneurs, and is governed by the All-Progressive Congress (APC) party under the leadership of Governor Kayode Fayemi. The State, in a bid to implement its new Land Use Charge policy, embarked on enumeration of buildings early this year. The data got from the Ekiti State Revenue House on November 2, 2021 showed that the state has recorded a grand total of 56,688 properties so far in all its local governments, since the enumeration exercise commenced this year. The enumeration exercise is still ongoing. The state recorded 45,664 properties in Ado-Ekiti, 931 in Efon, nine in Ekiti East, 1834 in Ekiti South West, 12 in Ekiti West, five in Emure, nine in Gboyin, 13 in Ido-Osi, 11 in Ijero, 218 in Ikere, 110 in Ikole, six in Ilejemeje, 3,999 in Irepodun/Ifelodun, 10 in Ise/Orun, 10 in Moba, and 3,847 in Oye local government at the time the data was collected. The study population for this study consisted of 397 citizens from Ado, Ikere, and Ikole.

METHODOLOGY

This study employed exploratory–descriptive research design. It is exploratory because it is a novel study that exposes citizens' perspectives on the new tax policy in Ekiti State. It is also descriptive because it describes citizens' views about the new tax policy. A triangulation of multi-stage, stratified, and simple random techniques was engaged to select three senatorial districts (Ekiti North, Ekiti South, and Ekiti Central), towns in the selected senatorial districts (Ado, Ikere, and Ikole) where the research instrument was administered, and the interview participants. Yaro-Yamane formula was used to calculate the sample size, and we arrived at 397 as the sample size from the available total number of 56,688 properties enumerated at the time the data was collected. Key informant interviews were carried out with five participants who were civil servants and entrepreneurs. Questionnaires were administered to landlords, landladies, landowners, and tenants in the state, and the elicited responses were analyzed using Statistical Package for the Social Sciences (SPSS) 20.

RESULTS AND DISCUSSION

The following findings reflect the responses from the questionnaires distributed and the interviews conducted among the landlords, landladies, landowners, and tenants in Ekiti State. Data collection took 2 months due to the busy schedule of the researcher and the respondents, and only 200 questionnaires out of the questionnaires distributed and the five interviews conducted were analyzed and are discussed below. Some questionnaires that were not properly filled, including the ones not filled, were exempted from the analysis.

The sociodemographic characteristics showed that 18.5% of the respondents were between 25 and 30 years of age, 18% were between 31 and 35 years, 17% were between 36–40 years of age, 17% were of 41–45 years of age, 15% were aged 51 years and above,

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and 14.5% were between 46 and 50 years of age. Thus, it could be inferred that the active workforce paying tax in Nigeria is between 25 and 70 years of age. The education qualification section showed that a little above one third, 37%, possessed a postgraduate degree, 35% had a bachelor's degree and its equivalent, a little below a quarter, 20%, had Nigerian Certificate of Education (NCE)/Ordinary National Diploma (OND) degree, and 9% had a Senior Secondary School Certificate (SSCE) certificate. This shows that Ekiti State is filled with educated people, because a larger percentage of the respondents was well educated, a little below two-thirds of the respondents were civil servants with a percentage rate of 61%, 27% were business owners, and 12% were unemployed, thus implying that a larger percentage of Ekiti State citizens pays tax. The ownership status section revealed that 40% of the respondents were tenants, one third, 33%, were landlords, 14% were landladies, and 12% were landowners. Thus, it could be inferred that majority of the Ekiti State citizens possessed landed properties. The marital status section showed almost all the respondents, 74%, were married, less than a quarter, 21%, were single, and 2.5% represented the respondents who were widowed or divorced, respectively. Thus, it could be inferred that a larger percentage of the tax revenue generated in Ekiti State comes from the section of the citizens who were married, while 58% of the respondents were male and 42% were female, thus implying that the male gender represents the majority of the Ekiti State citizens who pay tax.

Table 1 statements results- 1, 2, 3, 5, 7, and 8 which are accepted because they are above the calculated mean cut-off score 3.0, have the following individual mean score of 3.13, 3.52, 3.50, 3.21, 3.29, and 3.79. This reveals that the citizens of Ekiti State have awareness about property tax and those who are supposed to pay the tax, and also believe that it is not a new tax policy imposed without prior backup by the existing tax law. It also shows that the citizens are aware of the shortfall in the federal allocation given to Ekiti State. Also, they believe that property tax will help to shore up the revenue generated in Ekiti State for developmental purpose, and that the achievement of the United Nations' 2030 SDGs requires their cooperation with the government for full delivery through the fulfillment of their tax obligations. These findings are substantiated by the studies of Udeze and Onuora (2021), Onuselogu and Onuora (2021), Aliyu and Moshood (2021), and Goodfellow and Owen (2018), which state that taxation can help to increase revenue and also bring about development and sustainability. However, statement results 4 and 6, which are below the calculated mean cutoff score of 3.0, are rejected as they have mean scores of 2.52 and 2.88. This reveals that the citizens do not support the clause added in the tax policy statement that tenants can pay on behalf of their landlords. Also, it could be inferred that the citizens believe that the introduction of property tax at this time, given the bad economic situation of Nigeria characterized by inflation, represents an additional tax burden. The implication of these findings compared to the harsh reality in Nigeria is that the citizens might be uncooperative with the government regarding the payment of property tax because the current implementation of the tax policy does not take into consideration convenience of the citizens, in spite of the harsh economic conditions currently faced by the state. This finding is also in line with the studies of Dibie and Dibie (2020) and Okauru (2012) which state that the Nigerian tax system negates the principle of convenience, which should be taken into consideration in tax laws.

The qualitative responses also showed that the introduction of property tax is a good development because it will enable the government to attend to pressing issues without waiting for the revenue accrued from the federal government. However, they also showed that the introduction of the new tax policy is not a brilliant idea at the time when citizens are being faced with difficulties due to the State of Nigeria, and that the payment of property tax by tenants on behalf of their landlords is not supported. A participant explained thus:

> Property tax is a welcome development. I believe the state is purely a civil servant state and if the citizens are able to visualize this particular tax, it is going to build the economy of the state. I believe the governor is trying to bring about development in the state. In Ekiti State recently, the federal government allocation has not been forthcoming and salaries have not been paid. I believe if the state IGR is increased, the governor will be able to pay workers salary before the federal allocation. Every property owner should be able to pay a token to the government as a tax. (Civil servant/Landlord/Bachelor's degree)

On a similar term, another participant expressed that anybody who owns a property should be ready to pay tax:

> It is a normal thing for government to generate fund, even at a time like this, the government must function. The problem is that the citizens are not ready to contribute to the government. I believe the property tax is okay. The present situation Nigeria is being faced with is as a result of brutality of the foreign exchange, there is a drop in oil and allocation from federal government. The private sector doesn't pay anything as tax. It is only the civil servants that are paying tax. So, it is normal to impose tax so that there can be a uniformity. Anybody that owns property should pay tax. The non-performance of the previous governments depends on the goals of the leadership, so if the present government has a good goal, there is nothing bad with imposing a new tax. (Civil servant/Landlord/Postgraduate degree)

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Nonetheless, a participant expressed that the introduction of a new tax policy is not the best at time because the citizens are not satisfied with the government:

> The way the government is spending tax money is not encouraging, justifying from the poor conditions of our roads. So, the introduction of a new tax is not the best at this time because the citizens are not satisfied with the way the government has been spending their taxes. If the government has a positive mind for truly establishing this tax policy, I would have said it is better, but judging from the way other taxes paid in the past have been utilized, I can say that the government will not use the money realized for the purpose stated. I believe the way the government has been utilizing previous taxes, the same way will still be applied to this new tax. (Business owner/Landlord/Bachelor's degree)

Asserting this, another participant expressed thus:

> I don't think the introduction of property tax in Ekiti State is ideal because there is inflation, salaries are not being paid on time, nor has it been increased despite the hard economic situation in Nigeria. Now property tax is being introduced, and landlords cannot increase the house rents because they have to be considerate of their tenants whose salaries are being owned. It is the landlords that keeps paying the money that is not coming in from anywhere. The introduction is not really necessary. The tax is like putting a heavy weight on citizens because everything has increased including the price of foodstuffs, school fees, and so on. The government should have sourced for another way of getting money instead of adding additional heavy burden on the citizens. (Business owner and civil servant/Landlady/Postgraduate degree)

On the payment of property tax by tenants on behalf of their landlords, a participant expressed thus:

> Except the landlords gave the tenants directive to pay property tax on their behalf, if the tenants make property tax payment on behalf of their landlords, they make the payment at their own detriment because landlords will not reimburse them. Personally, if my tenants carry me along that they want to make the payment on my behalf I will reimburse them back, but if they don't, I won't pay them back. (Business owner/Landlord/Bachelor's degree)

Similarly, a participant is of the opinion that the payment of property tax by tenants on behalf of their landlords is a subtle act by the government of telling the landlords to increase their rent:

> That cannot work, but it also depends on the relationship between the landlord and the tenant. Some landlords might not accept because they will want to get their full rent payment if their tenants deduct the property tax payment made from their rent fee. Indirectly, property tax is a way of telling landlords to increase their house rent, because they will need to start paying tax on their property. (Civil servant/Landlord/Postgraduate degree)

Tab. 1: Percentage distribution of participants by citizens' knowledge on property tax.

	1	2	3	4	5	X
Questions	**D**	**SD**	**N**	**A**	**SA**	**Mean**
The introduction of property tax in Ekiti State is to increase revenue for the achievement of the United Nation's 2030 SDGs	41	35	27	52	45	3.13
Property tax is a tax payable on land and buildings owned privately and for commercial use	20	26	28	82	44	3.52
Property tax is payable by landlords, landladies, and landowners	28	16	26	89	41	3.50
Tenants can pay property tax on behalf of their landlords for later reimbursement	69	35	37	42	17	2.52
Property tax is backed by Land Use Charge Law No. 3 of 2013	19	19	52	84	26	3.21
Property tax is not an additional tax burden imposed to make life difficult for the citizens	41	38	45	57	19	2.88
Sustainable development is dependent on the citizens' cooperation with the government through property tax payment	39	11	53	68	29	3.29
Sustainable development is dependent on the ability of the government to provide the citizens with public goods and services	17	10	40	64	69	3.79

Source: Field Survey, 2021
SDGs: Sustainable Development Goals

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Cent. Eur. J. Public Policy 2022; 16(2): 18–29
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Four statement results shown in Table 2 (9, 10, 11, and 12), which are above the calculated mean cutoff of 3.0, are accepted with the individual mean scores of 3.26, 3.18, 3.44, and 3.18, respectively. This infers that the citizens of Ekiti State will be motivated to pay property tax if the government is willing to fulfill their own aspect of the fiscal social contract by delivering public goods and services to the citizens, and also, it has to ensure that the payment translates to inclusive sustainable development. The findings of this study are attested by the studies of Mcculloh *et al.* (2020) and Lenton *et al.* (2017), which reported that motivation to pay tax will increase if the government is committed to perform and the citizens are assured of the benefit they will derive. On the other hand, statement result 13, which is below the mean cutoff of 3.0, is rejected and has an individual mean score of 2.85. This infers that the citizens do not believe that their tax payment could avail them the opportunity to participate in political decision-making. This finding clearly reveals that the citizens are aware of the lack of development in the state and the country, and desire development that could transform into a better standard of living for them. Although the citizens are aware that the current situation in the country does not provide them with the opportunity to participate fairly in political decision-making, they are, however, willing to abide by any new tax policy, provided that the government will be willing to judiciously use the revenue realized to channel developmental projects and provide public goods and services for the citizens. They are also willing to support the government more to any extent if their participation in political decision-making is engendered. This finding negates the study of Lenton *et al.* (2017), which states that taxation enables citizens to influence political decisions. The qualitative responses also showed that citizens will be motivated toward tax payment if the government is sincere and ensures that the revenue generated would translate to sustainable development. They also showed the disinterestedness of citizens in participating in political decision-making.

In this regard, a participant expressed thus:

> Citizens will be motivated to pay if the government is sincere. However, the taxes we have been previously paying, which are not property tax has not been effective. When Fayemi came during his first tenure, he told us the total amount the government was making from taxes per year, but the government that came in after that did not disclose anything about the IGR received. We kept wondering the amount the state is receiving as allocation from the federal government. Therefore, if the government is sincere with the property tax, it will translate to sustainable development. The issue is that the government will enforce a sense of sincerity on the citizen in order to ensure the payment of the tax, but on the other hand, who will enforce the same sincerity on the government to ensure that they judiciously utilize the money for the purpose stated? (Civil servant/Landlord/Postgraduate degree)

Furthermore, another participant expressed that if all things are equal, citizens will be motivated to pay tax:

> Citizens will be motivated to pay property tax if all things are being equal. Presently, things are not equal because salaries are not been paid, the price of foodstuffs is on the increase, and there is inflation everywhere. Also, if the money generated is put into developmental use, it will bring about sustainable development. Another thing is the ability of people to pay, because presently, a pending issue is the inability of the citizens to get the money due to the present state of things. Therefore, government should settle pressing issues as regard the citizens, so that they can comply with the payment. (Business owner and civil servant/Landlady/Postgraduate degree)

As regards citizens' participation in political decision-making, a participant expressed thus:

> The payment of property tax will not influence citizens' participation in political decision-making in the Nigeria that I know. Although the citizens have been voting the leaders with a kind of trust, and that trust have been betrayed severally. In Nigeria, those we elected never really understand the constitution. Besides, the citizens have not be given the freedom to elect who they really want. Those in power select those they desire to work with them, who are merely puppets that hardly understand a simple grammar, and will not challenge their non-performance, but rather keep mute due to their personal interest. If those in power sees those who are capable to work with, they won't allow them to be elected because of the fear that such people will oppose their activities. (Civil servant/Landlord/Postgraduate degree)

Affirming this, another participant expressed that because the government has not been giving the citizens a sense of belonging, it will be difficult for them to influence political decisions. He expressed thus:

> There is what is called sense of belonging. If the government can give this to the citizens, with a feeling from the citizens that they own the government together with those they elected into power, and the governor is willing to accept and work on the citizens' idea for the development of the state, the citizens will be motivated to pay tax. In such way, it will be easy for them to buy the idea of the government, knowing fully well that the government will buy their own idea too. It will also enable them to indirectly monitor the government for performance, but such situation is not possible in Nigeria. (Business owner/Landlord/Bachelor's degree)

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Cent. Eur. J. Public Policy 2022; 16(2): 18–29
DOI: 10.2478/cejpp-2022-0006

Tab. 2: Percentage distribution of participants by citizens' motivation on property tax.

	1	2	3	4	5	X
Questions	**D**	**SD**	**N**	**A**	**SA**	**Mean**
Citizens will be motivated if the government provides public goods and services with the revenue generated from property tax	30	42	17	69	42	3.26
Citizens will be motivated if the payment of property tax establishes a social contract between the government and the citizens	38	26	27	80	29	3.18
Citizens will be motivated if fiscal social contract connects citizens' property tax with public service delivery	24	16	43	82	35	3.44
Citizens will be motivated if property tax translates to inclusive sustainable development in Ekiti State, which is the reason for its implementation	38	20	43	71	29	3.18
Citizens are able to influence political decision through their property tax	45	36	49	44	26	2.85

Source: Field Survey, 2021

Statements results 14, 15, 16, 17, and 18 in Table 3, which are below the mean cutoff of 3.0, are rejected and have individual mean scores of 2.97, 2.91, 2.87, 2.92, and 2.91, respectively. This reveals the disinterestedness of the citizens in complying with the payment of property tax, irrespective of the effort the government is willing to put into ensuring development with the tax policy implementation. Also, it is inferred that the citizens will not comply with property tax payment even if they are opportune to demand compensation from the government for nonperformance through legal means. The practical implication of this finding is that the citizens have developed a distrust in the government over time due to their insincerity with the provision of public goods and service and their lack of accountability with public money. This is in line with the current state of art in the state and even the country as a whole. Despite the tax that has been paid by the citizens over time, Ekiti State has been backward as regard developmental issues, and the citizens believed that it is a result of the corrupt practices of the government officials who channel citizens' tax revenue for their personal use. This situation is also the same all through the country. Also, the citizens do not trust the Nigerian judiciary system because it is generally believed that no citizen can win a case against the government, but rather, such a citizen will be instigating trouble against him/herself for embarking on this move. The findings of this study are affirmed by the studies of Dibie and Dibie (2020), Teng (2020), Obayuwana (2020), and Umar *et al.* (2017), which state that citizens' tax noncompliance arises as a result of frustration from poor fiscal social contract, and lack of trust and satisfaction of the citizens with the government. The qualitative response also expressed the citizens' lack of trust in the government and their disbelief on the workability of legal redress in Nigeria.

A participant expounded thus:

> I believe the citizens are not interested in complying with the property tax payment. In my environment where the government has been pasting the house numbers and the amount to be paid, the citizens have been reacting negatively by saying the government are not serious. This is because the citizens contribute money to manage their roads, and to provide other amenities in the community, which is the responsibility of the government. They believed the government has no right to ask them to pay any tax whatsoever because they have been performing the responsibility of the government. (Civil servant/Landlord/Bachelor's degree)

On the issue of seeking legal redress against the government, a participant succinctly stated that it is not possible to sue the government. He expressed thus:

> Have you ever heard of legal redress in Nigeria? As of today, no citizen can win a case against the government. Those in power owns the judge in the judiciary. For instance, if I want to sue the government, where will I see the money to pay my lawyer with the salary that is not even enough for me. How wealthy is the lawyer I will hire? Gone are the days when we have lawyers with integrity who are willing to work for justice, but such lawyers no longer exist. It is not possible for me to sue the government in their own court and before their own, because, behind every case witnessed in the court of law, there must have been behind-the-scene phone calls. When the judge says they want to go for a recess, do you know the number of telephone calls that would have gone between the period of the recess and when the final judgement is made? Therefore, the judge dance to the tune of the incumbent government, and that is if they don't turn the case against you. Legal redress cannot work in Nigeria. (Civil servant/Landlord/Postgraduate degree)

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Cent. Eur. J. Public Policy 2022; 16(2): 18–29
DOI: 10.2478/cejpp-2022-0006

Likewise, another participant concisely expressed thus:

> This is a hypothetical question, because in real terms legal redress is not possible. In Nigeria, when you elect a leader, you as a citizen will not be given accountability, and because the citizens do not know the elected leaders, there is no way to indict them. Our law and institution are week. Due to this, any leader can do whatever he likes. In reality, our leaders are meant to be accountable to us, and we should be able to indict them. But in this kind of situation, immediately they are elected into office, they became a semi-God. Checking the constitution, there is a lot of irregularities there. The judge did not even know how to pass the right judgment, if you seek legal redress, the case might be postponed till the end of the incumbent governor's tenure in office. So, there are lots of bottleneck in the judiciary. The amount you will spend to seek justice is not small, even to seek legal counsel is not easy and you might not achieve anything. (Civil servant/Landlord/Postgraduate degree)

Tab. 3: Percentage distribution of participants by property tax and citizens' level of compliance.

	1	2	3	4	5	X
Questions	**Low**	**Very Low**	**Moderate**	**High**	**Very High**	**Mean**
Citizens will comply with the payment of property tax if an equal proportion of public service delivery is received	54	22	40	45	39	2.97
Citizens will comply with the payment of property tax if the political policy that imposes it is efficient with public service delivery	46	30	48	48	28	2.91
Citizens will comply with the payment of property tax if the government is ready to be accountable	54	28	43	41	34	2.87
Citizens will comply with the payment of property tax if the government encourages feedback on their progress	39	37	52	45	27	2.92
Citizens will comply with the payment of property tax if given the opportunity to seek legal redress against public service delivery failure	56	26	40	37	41	2.91

Source: Field Survey, 2021

CONCLUSION AND RECOMMENDATIONS

The central concern of this study is to examine the perspectives of the citizens on the property tax policy recently enacted in Ekiti State. Research has shown that the citizens are not unaware of the role of property tax, the law backing it up, and the situation of revenue in Ekiti State. However, their motivation to pay will be inspired if the government is committed to fulfilling its own aspect of the fiscal social contract by providing equitably public goods and services. Also, it has been revealed that the citizens have no trust in the government, and this might spur their disinterestedness in complying with the new tax policy, irrespective of the intention behind its enactment. The study, therefore, recommends that the government should be committed to the fulfillment of the purpose of establishing the new tax policy. In order to gain the trust of the citizens, and also to motivate them to pay of their own will and without using coercion, the government must be ready to be accountable for the revenue generated through property tax by engaging the citizens through transparency. The citizens' engagement could take the form of follow-up, follow-through, and feedback, which represent the method adopted by Lagos State in recording tremendous success in the collection of the same tax. The governor should be interested in establishing a platform where the citizens' opinion concerning his performance on the new tax will be gathered and another platform where those opinions will be worked on for implementation. He should also be open to providing the citizens with feedback on the utilization of the revenue and give progress updates on the developmental project in which the revenue realized from property tax is being channeled. Once the citizens are assured that there would not be any form of corruption as regards the revenue and are also convinced through the practical actions set up by the government that the revenue will be used for inclusive development in the state, they will be interested in complying with the new tax policy. In addition, the federal government should establish laws in the national tax policy that will eradicate the challenges faced by the Nigerian tax system. The law should be properly implemented by the government at all levels, and the government at all levels should ensure compliance by all citizens, regardless of their social status. The establishment of laws that could provide a workable solution to the issues faced by the Nigerian tax system will go a long way

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Cent. Eur. J. Public Policy 2022; 16(2): 18–29
DOI: 10.2478/cejpp-2022-0006

in eradicating the exemption of high-network individuals and the informal sector from paying tax, thereby ensuring tax equity and fairness. The federal government could ensure that all state governors set up at least a developmental project that is achievable during their tenure and set up structures that will ensure its achievement through openness and accountability. The gradual achievement of developmental project and services will boost the standard of living of the citizens and eradicate the lack of conveniences associated with new tax policies. In this way, the issue of insincerity, lack of accountability, and diversion of public fund for personal use will be eradicated, and if the citizens realized that things are gradually changing for good on the part of the government, their trust in the government in Ekiti State will be increased and it will become more easier for the government to expand their revenue base through taxation.

CONFLICT OF INTEREST

On behalf of all the authors, there is no conflict of interest on this paper.

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