

# The Socio-Economic Characteristics of Tax Payers in Informal Sector in Kwara Central Senatorial District

Ojerheghan G., Fajimi A., Salifu F., Martins J., Shaba N., Titiloye O., Sobayo O.

**Abstract—** This paper reviews the socio-economic characteristics of tax payers in the Informal Sector of Kwara Central Senatorial District. In this study, we considered the ages, educational qualifications, taxes paid, daily sales, ownership of bank accounts, tribes and genders of tax payers whose trades are artisans or markets or microbusinesses living in Kwara Central Senatorial District. A descriptive research design was used to collect data from 2,276 Informal Sector traders in 2019; the data were analyzed using the statistical tools such as frequencies, tables and bar charts; which revealed that the sector is dominated by young, well educated, Yoruba females whose trades are microbusinesses. Obtaining a clear understanding of these characteristics, taxation of the informal economy will be seamless for government and convenient for the tax payers. Government policies which may include skill acquisitions with starter packs; creating enablers such as constant electricity, social security; tax credits, statutory discussion forum, among others; will encourage quasi-voluntary tax compliance that will transform the sector to a formal type in the District.

**Index Terms-** descriptive research design, informal economy, socio-economic characteristics, taxation.

## I. BACKGROUND OF STUDY

Kwara State was founded on May 27<sup>th</sup> 1967 and headquartered at Ilorin. It is one of the States in the North Central Geopolitical Zone of Nigeria. It has sixteen (16) Local Government Areas with three senatorial districts which are Kwara North with five (5) Local Government Areas

(Baruteen, Edu, Kaiama, Moro and Patigi); Kwara Central with four (4) Local Government Areas (Asa, Ilorin East, Ilorin South and Ilorin West) and Kwara South with seven (7)

Local Government Areas (Ekiti, Ifelodun, Irepodun, Isin, Offa, Oke-Ero and Oyun) as shown in Figure 1.1 below.



Fig 1.1: Map of Kwara State

Source: Google Map

Most of the street businesses in the District falls under the Informal Sector where economic activities are done informally. The shops used for some of these businesses are so small without any meaningful feature of a typical office. The main players in the Informal Sector are traders who are either Artisans (such as cobblers, hair dressers, carpenters, auto electricians etc.), or engage in Markets (such as pepper sellers, meat sellers, etc.) or are into Microbusinesses (such as spare parts dealers, schools, etc.). The taxpayers in this sector pay low taxes due to the presumed low profits from their trades. The majority of people who seek to be self-employed find it difficult to start an income-generating activity on their own. They are forced to combine resources and start some form of business. Others develop linkages with people in the rural areas to supply them with products to sell.

Socioeconomics (also known as social economics) is the social science that studies how economic activity affects and is shaped by social processes. In general, it analyses how societies progress, stagnate, or regress because of their local or regional economy, or the global economy (Webster Online Dictionary). In this study, we are considering social factors such as age, gender, tribe and education; and economic factors such as minimum tax paid, daily sales and ownership of bank accounts of the taxpayers in the Informal Sector in Kwara Central Senatorial District.

### A. Objectives of Study

The objectives of this work are to:

- review the socio-economic characteristics of tax payers in Informal Sector in Kwara Central Senatorial District and
- draw potential policy implementations from the observed characteristics.

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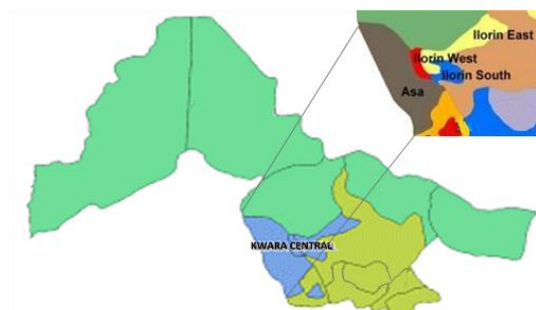
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### B. The Scope of Study

Kwara Central Senatorial District was considered as shown in Figure 1.2 below. The year covered for the study is 2019. This study focused on Artisans, Markets and Microbusinesses which are the main players in the Informal Sector of the District.



**Fig 1.2:** Map showing Kwara Central Senatorial District

**Source:** Google Map

### C. Significance of Study

An array of critical policy decisions on the socio-economic factors such as educational qualifications, genders, ages, bank accounts, daily sales, taxes paid and tribes of tax payers can improve tax compliance in the Informal Sector in Kwara Central Senatorial District.

## II. LITERATURE REVIEW

As revealed in [1] "Counting the Invisible Workforce: The case of Home-based workers", explain why informal sector activities have expanded in Africa. This expansion and strengthening of the informal economy in Africa has brought about a decrease in the formal sector employment. Reference [2] attributes the persistence of informal activities to the slowdown or decline in economic growth measured in Gross Domestic Product (GDP) terms. Underlying this explanation is the assumption that the share of the workforce in formal activities is positively correlated with GDP per worker. The lack of economic growth of many African economies during the 1990's may well explain the rise of informal activities throughout the continent. Capital intensive activities may have contributed to the decline in the number of formal sector workers, who have placed their hopes in the informal economy as an alternative source of income, though this does not offer a satisfactory explanation for the African case as most activities remain labour intensive as stipulated in United Nations Development Programme (UNDP) in 2002. The informal sector plays a vital role in the economy by reducing unemployment as indicated at the end of the UNDP summit in Ghana in 2012, that the informal sector accounts for about 86-90% total employment [3].

### A. Informal Sector and Daily Income

The Nigeria informal sector currently offers a minimum wage of N 18,000 (\$50), which translates to an average daily income of \$1.67, still below the poverty threshold of \$ 1.9 per

day. The informal economy by contrast has grown faster in size at an annual average rate of about 8.5% between 2015 and 2017. Growing Nigeria's informal economy would require skills development, cheaper credit accessibility and improved power supply. Nigeria might need to tilt towards an informal driven economy to create more employment and significantly reduce poverty. The formal sector of the economy, which represents the aggregate output, grew by 0.8% in 2017. This weak growth might not be enough to reduce poverty levels to increase daily income in the country. A new approach is expedient [4].

### B. Informal Sector and Age

According to [5], the potential for growth and Africa's informal economy, indicates that by 2035, sub-Saharan Africa will have more working-age people than the rest of the world's regions combined with pressure on governments to provide jobs for them, adding that the size of Nigeria's informal economy stands at 65% of GDP. "The informal economy provides much-needed jobs to a growing working-age population, but also constrains growth."

### C. Informal Sector and Bank Account

As revealed by [6], the informal sector in Nigeria currently accounts for 35% of GDP or \$ 178.5 billion. Also, the informal sector contributes 80% of the labour force in Africa. According to World Bank, the informal economy refers to economic activities and income that are partially or fully outside of government regulation, taxation, and observation. Currently, the informal sector of Nigeria is about 35% of total GDP. This is more material and significant in Lagos, the national commercial hub, with an estimated informal sector of \$ 48.2 billion as at 2012. The informal sector's contribution to the work force is also notable. According to African Development Bank, the informal economy contributes 80% of the labour force in Africa. In Africa, 90% of rural and urban workers have informal jobs, with most of them being women and youth.

### D. Informal Sector and Educational Background

Reference [7] asserted that in spite of the gross neglect of the informal sector by the decision and policy makers, this section of the economy has shown resilience and strong dynamism in absorbing the low level qualification holders and rural-urban drift population which the country has started to experience as far back as 1970. Reference [8] cited Fapohunda (1985) and documented that informal sector constitutes "enterprises" distinguished by the following characteristics: Small-scale of operation in respect of capital and turnover; ownership of the enterprise by a family (or close relations); relatively low level of education of the owner of the enterprises; small number of employees, if any, apart from relations; predominant use of local resources; labour intensive and primitive technology; ease of entry and unregulated perfectly competitive market structure; skills acquired mainly informally or on the job and low labour productivity.

### E. Informal Sector and Gender

According to [9], promoting gender equality can be an economic game changer. The IMF's latest economic review of Nigeria's economy says closing the gender gap would mean higher growth, productivity and greater economic stability. In this podcast, IMF economist and co-author, Monique Newiak, says Nigerian women could help transform the economy given the chance. The report shows Nigeria suffers from wide-spread gender inequality and is therefore missing out on a key ingredient to economic success. Newiak says reducing gender inequality could boost growth by 1.25% on average.

### F. Informal Sector and Tax Payment

As observed by [10], there has been a lot of focus on the fact that Nigeria's tax to GDP ratio of about 6.1% is quite low and appears to remain unchanged despite all the efforts of the tax authorities to improve collection. Given the significant size of the informal sector in the economy, it is safe to say that the tax to GDP ratio will not significantly improve until this huge and untapped sector of the economy is effectively subjected to tax.

## III. METHODOLOGY

Descriptive research design was used in this study whereby research questionnaires were administered to the respondents and the derived data were analysed using the Statistical Package for Social Sciences (SPSS) software. The statistical tools used in this study are tables, cumulative frequencies, modes, correlations and bar charts.

The number of questionnaires administered in Kwara Central Senatorial District was 3,416 with valid 2,276 as shown in Table 3.1 below. Each questionnaire has 27 questions as shown in Appendix I, II, III and IV. Each answer to the questions were assigned a number for the purpose of coding in SPSS. The analytical results were derived for discussions.

**Table 3.1:** Distribution of Respondents according to Trade in the District

	Artisans	Markets	Microbusiness	Total
Asa	88	44	194	326
Ilorin East	138	41	320	499
Ilorin South	149	40	341	530
Ilorin West	261	97	563	921
<b>Total</b>	<b>636</b>	<b>222</b>	<b>1418</b>	<b>2276</b>

**Source:** Author's Computation

## IV. RESULTS AND DISCUSSIONS

The results obtained from the analyzed data of the socio-economic characteristics were matched with relevant government policies that can improve the tax compliance level in the Informal economy in the District.

### A. Distribution of Respondents by Age and relevant Government policies

Out of the 2,276 valid responses, the modal age of the tax payers in the District is 40 which is 19.1% of the respondents

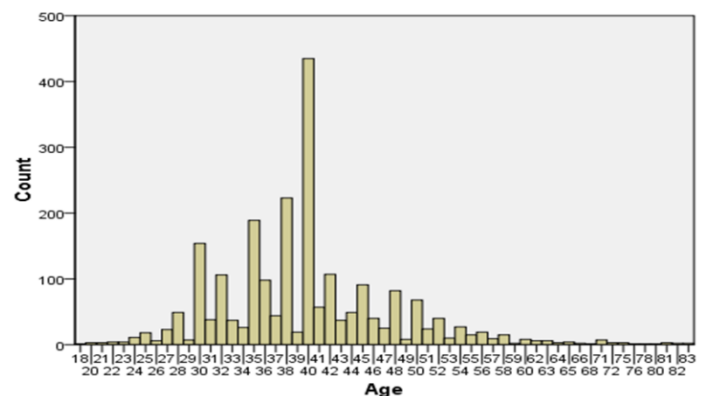
in Ilorin West whose trades are microbusiness as shown in Table 4.1(a), Table 4.1(b) and in Figure 4.1 below.

**Table 4.1a:** Distribution of respondents by age according to Local Government Areas

		Local Government Area				Total	Percent	Cumulative Percent
		Asa	Ilorin East	Ilorin South	Ilorin West			
Age	18 - 60	325	487	521	898	2231	98.0%	98.0%
	> 60	1	12	9	23	45	2.0%	100.0%
	<b>Total</b>	<b>326</b>	<b>499</b>	<b>530</b>	<b>921</b>	<b>2276</b>	<b>100.0%</b>	

**Table 4.1b:** Distribution of respondents by age according to Trade in each Local Government Area

Age		Name of Business			Total
		Artisan	Market	Micro-Business	
18 - 60	Local	Asa	88	43	194
	Government	Ilorin East	130	39	318
	Area	Ilorin South	149	40	332
		Ilorin West	252	96	550
	<b>Total</b>		<b>619</b>	<b>218</b>	<b>1394</b>
> 60	Local	Asa	0	1	0
	Government	Ilorin East	8	2	2
	Area	Ilorin South	0	0	9
		Ilorin West	9	1	13
	<b>Total</b>		<b>17</b>	<b>4</b>	<b>24</b>
Total	Local	Asa	88	44	194
	Government	Ilorin East	138	41	320
	Area	Ilorin South	149	40	341
		Ilorin West	261	97	563
	<b>Total</b>		<b>636</b>	<b>222</b>	<b>1418</b>



**Fig 4.1:** Distribution of respondents by age showing the modal value

The modal age contributed 65.8% cumulatively to the whole population. From the table above, the high cumulative frequencies ranged from 12.4% to 87.3% which indicates the active ages range from 30 to 48 years with a significant number of these young tax payers in Ilorin West Local Government Area. Young people are energetic, enthusiastic and full of visions. The government can create policies such as innovative skill acquisition in several fields like Information Technology, welding, tailoring, agriculture, and so on; mini-soft loans with zero interest for indigenous businesses, tax incentives for those who pay their taxes within the tax period.

*B. Distribution of Respondents by Tribe and relevant Government policies*

The distribution of respondents by tribe revealed that 80.9% of the total respondents are into micro-businesses with a significant number of the tribe in Ilorin West Local Government Area as shown in Table 4.2(a) and Table 4.2(b) below.

**Table 4.2a: Distribution of respondents by tribe according to Local Government Areas**

Tribe		Local Governemnt Area				Total	Percent	Cumulative Percent
		Asa	Ilorin East	Ilorin South	Ilorin West			
Yoruba		266	397	457	722	1842	80.9%	80.9%
Hausa		16	40	16	49	121	5.3%	86.2%
Igbo		34	47	36	101	218	9.6%	95.8%
Others		10	15	21	49	95	4.2%	100.0%
Total		326	499	530	921	2276	100.0%	

**Table 4.2b: Distribution of respondents by tribe according to Trade in each Local Government Area**

Tribe			Name of Business			Total
			Artisan	Market	Micro-Business	
Yoruba	Local Government Area	Asa	81	40	145	266
		Ilorin East	114	30	253	397
		Ilorin South	131	30	296	457
		Ilorin West	211	84	427	722
	Total		537	184	1121	1842
Hausa	Local Government Area	Asa	4	1	11	16
		Ilorin East	14	11	15	40
		Ilorin South	6	0	10	16
		Ilorin West	20	5	24	49
	Total		44	17	60	121
Igbo	Local Government Area	Asa	1	3	30	34
		Ilorin East	8	0	39	47
		Ilorin South	3	7	26	36
		Ilorin West	11	7	83	101
	Total		23	17	178	218
Others	Local Government Area	Asa	2	0	8	10
		Ilorin East	2	0	13	15
		Ilorin South	9	3	9	21
		Ilorin West	19	1	29	49
	Total		32	4	59	95
Total	Local Government Area	Asa	88	44	194	326
		Ilorin East	138	41	320	499
		Ilorin South	149	40	341	530
		Ilorin West	261	97	563	921
	Total		636	222	1418	2276

Examples of micro-business are electronic shops, provision stores, shopping malls, event centres, betting/pool centres, spare parts dealers, car dealers etc. The government policies to be implemented could be provision of constant power that can encourage night markets, social security for traders, low excise duties to encourage indigenous industries, tax holidays for new businesses, soft loans for medium-scale businesses that will engage at least 10 unemployed individuals and subsidized import duties for tested medium-scale businesses. This will improve the micro-businesses in the sector and gradually translate them into formal sector.

*C. Distribution of Respondents by Gender and relevant Government policies*

Most of the tax payers in the District are females as shown in Table 4.3a and Table 4.3b below where they were

represented by 51.7% of the 2,276 valid respondents. The males were in close range with a representation of 48.3%.

The major contributor to the 51.7% is females in Ilorin West Local Government Area whose trades are in Microbusinesses as indicated in Table 4.3b below. These are good business women whose trading time spans into the night time. They are resilient and willing to abide by the tax rules.

**Table 4.3a: Distribution of respondents by gender according to Local Government Areas**

Gender		Local Government Area				Total	Percent	Cumulative Percent
		Asa	Ilorin East	Ilorin South	Ilorin West			
Male		172	225	224	478	1099	48.3%	48.3%
		154	274	306	443	1177	51.7%	100.0%
Total		326	499	530	921	2276	100.0%	

**Table 4.3b: Distribution of respondents by gender according to Trades in each Local Government Area**

Gender			Name of Business			Total
			Artisan	Market	Micro-Business	
Male	Local Government Area	Asa	68	12	92	172
		Ilorin East	100	23	102	225
		Ilorin South	91	17	116	224
		Ilorin West	181	23	274	478
	Total		440	75	584	1099
Female	Local Government Area	Asa	20	32	102	154
		Ilorin East	38	18	218	274
		Ilorin South	58	23	225	306
		Ilorin West	80	74	289	443
	Total		196	147	834	1177
Total	Local Government Area	Asa	88	44	194	326
		Ilorin East	138	41	320	499
		Ilorin South	149	40	341	530
		Ilorin West	261	97	563	921
	Total		636	222	1418	2276

Generally, females are key ingredient in economic success in Nigeria [9]. Suggested government policies are empowerment of women on any trade and reduction of presumptive taxes for women on any trade in Kwara Central Senatorial District. This will increase the revenue base and automatically increase the revenue in the District.

*D. Distribution of Respondents by ownership of bank accounts and relevant Government policies*

The tax payers in Informal Sector in Kwara Central Senatorial District own bank accounts with 93.1% of the 2,276 valid responses as stipulated in Table 4.4a and Table 4.4b below. This reveals that they can pay their taxes through Unstructured Supplementary Service Data (USSD) which will minimize tax leakages.

**Table 4.4a: Distribution of respondents by ownership of bank accounts according to Local Government Areas**

		Local Government Area				Total	Percent	Cumulative Percent
		Asa	Ilorin East	Ilorin South	Ilorin West			
Do you own a bank account?	No	35	41	30	51	157	6.9%	6.9%
	Yes	291	458	500	870	2119	93.1%	100.0%
Total		326	499	530	921	2276	100.0%	



**Table 4.4b:** Distribution of respondents by ownership of bank accounts according to Trade in each Local Government Area

Do you own a bank account?			Name of Business			Total
			Artisan	Market	Micro-Business	
No	Local	Asa	15	7	13	35
	Government	Ilorin East	14	4	23	41
	Area	Ilorin South	10	1	19	30
		Ilorin West	20	7	24	51
	<b>Total</b>		<b>59</b>	<b>19</b>	<b>79</b>	<b>157</b>
Yes	Local	Asa	73	37	181	291
	Government	Ilorin East	124	37	297	458
	Area	Ilorin South	139	39	322	500
		Ilorin West	241	90	539	870
	<b>Total</b>		<b>577</b>	<b>203</b>	<b>1339</b>	<b>2119</b>
Total	Local	Asa	88	44	194	326
	Government	Ilorin East	138	41	320	499
	Area	Ilorin South	149	40	341	530
		Ilorin West	261	97	563	921
	<b>Total</b>		<b>636</b>	<b>222</b>	<b>1418</b>	<b>2276</b>

The government could formulate tax payment through USSD and Point-of-Sales (POS) to avoid tax leakages and enhance quick tax reporting. Banks should be allowed to open their branches in all the Local Government Areas in the Districts provided they are adequately guaranteed of security as the taxpayers will find it convenient to pay their taxes in the banks.

#### E. Distribution of Respondents by Highest Educational Qualification and relevant Government policies

Tax payers in Informal Sector in Kwara Central Senatorial District have Secondary School Certificate Examination (SSCE) as modal educational qualification with 41.7% of the 2,276 valid responses as stipulated in Table 4.5a and Table 4.5b below.

**Table 4.5a:** Distribution of respondents by Highest Educational Qualification according to Local Government Area

		Local Government Area				Total	Percent	Cumulative Percent
		Asa	Ilorin East	Ilorin South	Ilorin West			
Highest Educational Qualification	No formal education	30	22	29	35	116	5.1%	5.1%
	Primary Certificate	52	49	42	96	239	10.5%	15.6%
	SSCE	163	234	174	378	949	41.7%	57.3%
	NCE	26	57	76	92	251	11.0%	68.3%
	ND	22	88	96	137	343	15.1%	83.4%
	BSc/HND	33	48	109	168	358	15.7%	99.1%
	Postgraduate	0	1	4	15	20	0.9%	100.0%
Total		326	499	530	921	2276	100.0%	

the basics of taxation when schooled either by adverts through radio and television programs or any other means.

Due to certain level of accounting for daily transactions, the taxpayers in microbusiness are well educated than in other trades as shown in Table 4.5b below.

**Table 4.5b:** Distribution of respondents by Highest Educational Qualification according to Trade in each Local Government Area

Highest Educational Qualification			Name of Business			Total
			Artisan	Market	Micro-Business	
No formal education	Local Government Area	Asa	10	4	16	30
		Ilorin East	7	0	15	22
		Ilorin South	5	1	23	29
		Ilorin West	9	6	20	35
	Total		31	11	74	116
Primary Certificate	Local Government Area	Asa	17	10	25	52
		Ilorin East	20	9	20	49
		Ilorin South	19	4	19	42
		Ilorin West	27	19	50	96
	Total		83	42	114	239
SSCE	Local Government Area	Asa	40	25	98	163
		Ilorin East	67	21	146	234
		Ilorin South	54	15	105	174
		Ilorin West	136	27	215	378
	Total		297	88	564	949
NCE	Local Government Area	Asa	7	5	14	26
		Ilorin East	15	6	36	57
		Ilorin South	22	5	49	76
		Ilorin West	13	15	64	92
	Total		57	31	163	251
ND	Local Government Area	Asa	8	0	14	22
		Ilorin East	23	2	63	88
		Ilorin South	27	8	61	96
		Ilorin West	43	11	83	137
	Total		101	21	221	343
BSc/HND	Local Government Area	Asa	6	0	27	33
		Ilorin East	6	3	39	48
		Ilorin South	22	7	80	109
		Ilorin West	31	19	118	168
	Total		65	29	264	358
Postgraduate	Local Government Area	Ilorin East	0	0	1	1
		Ilorin South	0	0	4	4
		Ilorin West	2	0	13	15
	Total		2	0	18	20
Total	Local Government Area	Asa	88	44	194	326
		Ilorin East	138	41	320	499
		Ilorin South	149	40	341	530
		Ilorin West	261	97	563	921
	Total		636	222	1418	2276

#### F. Distribution of Respondents by Daily Sales and relevant Government policies

According to the average daily sales of the respondents in Kwara Central Senatorial District, 7.3% of the 2,272 respondents make less than N1,000 daily while 23.8% make above N7,000. Tables 4.6a and b show clearly that majority of the respondents make above N7,000 and these people engage in micro businesses and reside in Ilorin West Local Government.

**Table 4.6a:** Distribution of respondents by Daily Sales according to Local Government Areas

		Local Government Area				Total	Percent	Cumulative Percent
		Asa	Ilorin East	Ilorin South	Ilorin West			
How much is the estimated value of your daily sales on average?	<N1,000.00	15	51	46	54	166	7.3%	7.3%
	N1,001.00 - N2,000.00	11	61	90	73	235	10.3%	17.6%
	N2,001.00 - N3,000.00	42	100	101	136	379	16.7%	34.3%
	N3,001.00 - N4,000.00	57	39	39	94	229	10.1%	44.3%
	N4,001.00 - N5,000.00	83	86	77	145	391	17.2%	61.5%
	N5,001.00 - N6,000.00	40	48	43	106	237	10.4%	71.9%
	N6,001.00 - N7,000.00	21	13	11	53	98	4.3%	76.2%
	>N7,000.00	57	101	123	260	541	23.8%	100.0%
	Total	326	499	530	921	2276	100.0%	

This is followed by those who do businesses in the market. Cumulatively, 76.2% make N 7,000.00 and less. Among those who record average daily sales of less than N 1,000.00 those who engage in micro businesses are the most followed by the artisans and then those in the market. But for those who make greater than N 7,000.00 behind those who engage in micro businesses are those in the markets and then the artisans.

**Table 4.6b: Distribution of respondents by Daily Sales according to Trade in each Local Government Area**

How much is the estimated value of your daily sales on average?			Name of Business			Total
			Artisan	Market	Micro-Business	
<N1,000	Local	Asa	7	4	4	15
	Government	Ilorin East	7	1	43	51
	Area	Ilorin South	16	2	28	46
		Ilorin West	16	4	34	54
	<b>Total</b>		<b>46</b>	<b>11</b>	<b>109</b>	<b>166</b>
N1,001-N2,000	Local	Asa	4	1	6	11
	Government	Ilorin East	23	5	33	61
	Area	Ilorin South	47	1	42	90
		Ilorin West	40	1	32	73
	<b>Total</b>		<b>114</b>	<b>8</b>	<b>113</b>	<b>235</b>
N2,001-N3,000	Local	Asa	10	5	27	42
	Government	Ilorin East	43	10	47	100
	Area	Ilorin South	31	7	63	101
		Ilorin West	60	10	66	136
	<b>Total</b>		<b>144</b>	<b>32</b>	<b>203</b>	<b>379</b>
N3,001-N4,000	Local	Asa	20	10	27	57
	Government	Ilorin East	15	6	18	39
	Area	Ilorin South	17	2	20	39
		Ilorin West	40	3	51	94
	<b>Total</b>		<b>92</b>	<b>21</b>	<b>116</b>	<b>229</b>
N4,001-N5,000	Local	Asa	28	13	42	83
	Government	Ilorin East	29	2	55	86
	Area	Ilorin South	20	3	54	77
		Ilorin West	37	7	101	145
	<b>Total</b>		<b>114</b>	<b>25</b>	<b>252</b>	<b>391</b>
N5,001-N6,000	Local	Asa	7	3	30	40
	Government	Ilorin East	7	6	35	48
	Area	Ilorin South	5	5	33	43
		Ilorin West	41	9	56	106
	<b>Total</b>		<b>60</b>	<b>23</b>	<b>154</b>	<b>237</b>
N6,001-N7,000	Local	Asa	3	1	17	21
	Government	Ilorin East	5	2	6	13
	Area	Ilorin South	4	0	7	11
		Ilorin West	6	2	45	53
	<b>Total</b>		<b>18</b>	<b>5</b>	<b>75</b>	<b>98</b>
>N7,000	Local	Asa	9	7	41	57
	Government	Ilorin East	9	9	83	101
	Area	Ilorin South	9	20	94	123
		Ilorin West	21	61	178	260
	<b>Total</b>		<b>48</b>	<b>97</b>	<b>396</b>	<b>541</b>
Total	Local	Asa	88	44	194	326
	Government	Ilorin East	138	41	320	499
	Area	Ilorin South	149	40	341	530
		Ilorin West	261	97	563	921
	<b>Total</b>		<b>636</b>	<b>222</b>	<b>1418</b>	<b>2276</b>

#### G. Distribution of Respondents by Tax paid and relevant Government policies

Most of the tax payers in Kwara Central Senatorial District pay between N 1,500 to N 5,000 as shown in Table 4.7a with 76.0 % of 2276 valid responses. It was also observed that 2.1 % of the valid respondents do not pay tax yet. This reveals that majority of the tax payers pay their tax even though they are under-assessed because majority still pay between N 1,500-N 5,000 while most of them earn above N 3,000 daily.

**Table 4.7a: Distribution of respondents by Tax paid according to Local Government Area**

		Local Government Area				Total	Percent	Cumulative Percent
		Asa	Ilorin East	Ilorin South	Ilorin West			
How much did you pay on the average?	No payment yet	31	15	0	1	47	2.1%	2.1%
	N1,500.00 - N5,000.00	263	399	401	667	1730	76.0%	78.1%
	N5,001.00 - N10,000.00	30	61	111	180	382	16.8%	94.9%
	N10,001.00 - N15,000.00	2	6	13	42	63	2.8%	97.6%
	N15,001.00 - N20,000.00	0	17	4	30	51	2.2%	99.9%
	N20,001.00 - N25,000.00	0	1	1	1	3	0.1%	100.0%
<b>Total</b>		<b>326</b>	<b>499</b>	<b>530</b>	<b>921</b>	<b>2276</b>	<b>100.0%</b>	

The government should create a policy that will allow the Relevant Tax Authority to properly assess the tax payers and also take necessary action in seeing the tax compliance rate in the state is improved.

**Table 4.7b: Distribution of respondents by Tax paid according to Trade in each Local Government Area**

How much did you pay on the average?			Name of Business			Total
			Artisan	Market	Micro-Business	
No payment yet	Local	Asa	10	0	21	31
	Government	Ilorin East	9	5	1	15
	Area	Ilorin South	0	0	0	0
		Ilorin West	0	0	1	1
	<b>Total</b>		<b>19</b>	<b>5</b>	<b>23</b>	<b>47</b>
N1,500-N5,000	Local	Asa	77	44	142	263
	Government	Ilorin East	101	26	272	399
	Area	Ilorin South	137	31	233	401
		Ilorin West	226	73	368	667
	<b>Total</b>		<b>541</b>	<b>174</b>	<b>1015</b>	<b>1730</b>
N5,001-N10,000	Local	Asa	1	0	29	30
	Government	Ilorin East	17	5	39	61
	Area	Ilorin South	10	7	94	111
		Ilorin West	26	16	138	180
	<b>Total</b>		<b>54</b>	<b>28</b>	<b>300</b>	<b>382</b>
N10,001-N15,000	Local	Asa	0	0	2	2
	Government	Ilorin East	2	0	4	6
	Area	Ilorin South	2	0	11	13
		Ilorin West	3	6	33	42
	<b>Total</b>		<b>7</b>	<b>6</b>	<b>50</b>	<b>63</b>
N15,001-N20,000	Local	Asa	0	0	0	0
	Government	Ilorin East	9	4	4	17
	Area	Ilorin South	0	2	2	4
		Ilorin West	6	2	22	30
	<b>Total</b>		<b>15</b>	<b>8</b>	<b>28</b>	<b>51</b>
N20,001-N25,000	Local	Asa	0	0	0	0
	Government	Ilorin East	0	1	0	1
	Area	Ilorin South	0	0	1	1
		Ilorin West	0	0	1	1
	<b>Total</b>		<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>
Total	Local	Asa	88	44	194	326
	Government	Ilorin East	138	41	320	499
	Area	Ilorin South	149	40	341	530
		Ilorin West	261	97	563	921
	<b>Total</b>		<b>636</b>	<b>222</b>	<b>1418</b>	<b>2276</b>

## V. SUMMARY AND RECOMMENDATIONS

The summary of this work shows the key findings of the research work and the recommendations depict the policy implementations as tabulated in Table 5.1 below

**Table 5.1: The key findings and policy implementations for Taxpayers in Informal Sector in Kwara Central Senatorial District**

SOCIO-ECONOMIC CHARACTERISTICS	KEY FINDINGS	POLICY IMPLEMENTATIONS
Tribes	Yoruba dominates the total sample population. There are pockets of other languages all over the population like Nupes, Igbos, Fulanis, etc.	Tax adverts and educational programmes should be done in Yoruba and other languages identified in the State.
Educational Background	In the 4 LGs observed, the basic education of SSCE were seen as dominant.	Hand bills and banners on tax compliance can be pasted in strategic locations where most literate can easily see them.
Gender	Male slightly dominate this sector in Asa while female dominates in the rest LGs.	The Government should provide credit assistance to females who are interested in small businesses and give tax amnesty to the female tax payers.
Ownership of Bank Accounts	Generally, over 90% of the sampled population has bank accounts.	A policy on Tax payment through POS and USSD should be created.
Daily Sales	Majority of the tax payers earn above N7,000 daily.	Government should create a policy that will compel all tax payers whose daily sales are above N2,000.00 to open a sales book for proper tax computation after filing their returns at the stipulated period. In order to increase daily sales, the Government should create a policy to patronize indigenous stores and buy items from them in any government functions.
Taxes paid	Most of the taxpayers pay between N1,500 and N5,000 as tax.	Government should create a policy that will allow the Relevant Tax Authority to perform proper assessment and ensure that tax payers pay the right amount of taxes that is fair to all and sundry.
Age	Most of the people who engage in any of the three types of businesses fall between the ages of 29 and 45 years.	Government should grant soft loans to these youths and encourage them to engage in mini and micro businesses. The government should engage the youths and provide more job opportunities for them after skill trainings and start-up packs.

## APPENDIX B

QUESTIONNAIRE TO STUDY TAX COMPLIANCE IN THE INFORMAL SECTOR OF  
KWARA STATE

- Name of Artisan/Street.....
- Location: LGA..... Ward:..... City/Town/Village.....
- Is your business registered: Yes [ ]/No [ ]
- How long have you been in this business?.....
- Type of Wares/Services Sold.....
- Nature of Business: (a) Retailer [ ] (b) Wholesaler [ ] (c) Services [ ]  
Others [ ]
- Business Size: Micro [ ] Small [ ] Medium [ ] Large [ ]
- No. of Employees: [ ]
- Business Ownership: a. Sole Proprietor [ ] b. Family Business [ ] c. Partnership [ ]  
d. Others (Specify).....
- For Partnership (No. of partners).....
- Owner(s) information  
(i) Nationality..... State of Origin..... Religion.....  
Tribe..... Age..... Sex: Male [ ] Female [ ]  
(ii) Highest Educational Qualifications: (a) No Formal Education [ ]  
(b) Primary Cert. [ ] (c) SSCE [ ] (d) NCE [ ] (e) ND [ ]  
(f) B.Sc/HND. [ ] (g) Postgraduate [ ]
- Do you own a Bank Account? Yes [ ]/No [ ]
- Do you keep your business record? Yes [ ]/No [ ]  
If No, why?  
(a) I don't know how to keep record  
(b) I don't think it's necessary to keep record  
(c) Tax authorities over deduct my income for tax purpose
- Are you aware that your record keeping may reduce your tax burden? Yes [ ]/No [ ]
- How much is the estimated value of your daily sales on average?  
(a) ≤ ₦1000 [ ] (b) ₦1001 - ₦2000 [ ] (c) ₦2,001 - ₦3,000 [ ]  
(d) ₦3,001 - ₦4,000 [ ] (e) ₦4,001 - ₦5,000 [ ] (f) ₦5,001 - ₦6,000 [ ]  
(g) ₦6,001 - ₦7,000 [ ] (h) > ₦7,001 [ ]

## APPENDIX A

QUESTIONNAIRE TO STUDY TAX COMPLIANCE IN THE INFORMAL SECTOR OF  
KWARA STATE

- Name of Market/Street.....
- Location: LGA..... Ward:..... City/Town/Village.....
- Is your business registered: Yes [ ]/No [ ]
- How long have you been in this business?.....
- Type of Wares/Services Sold.....
- Nature of Business: (a) Retailer [ ] (b) Wholesaler [ ] (c) Services [ ]  
Others [ ]
- Business Size: Micro [ ] Small [ ] Medium [ ] Large [ ]
- No. of Employees: [ ]
- Business Ownership: a. Sole Proprietor [ ] b. Family Business [ ] c. Partnership [ ]  
d. Others (Specify).....
- For Partnership (No. of partners).....
- Owner(s) information  
(i) Nationality..... State of Origin..... Religion.....  
Tribe..... Age..... Sex: Male [ ] Female [ ]  
(ii) Highest Educational Qualifications: (a) No Formal Education [ ]  
(b) Primary Cert. [ ] (c) SSCE [ ] (d) NCE [ ] (e) ND [ ]  
(f) B.Sc/HND. [ ] (g) Postgraduate [ ]
- Do you own a Bank Account? Yes [ ]/No [ ]
- Do you keep your business record? Yes [ ]/No [ ]  
If No, why?  
(a) I don't know how to keep record  
(b) I don't think it's necessary to keep record  
(c) Tax authorities over deduct my income for tax purpose
- Are you aware that your record keeping may reduce your tax burden? Yes [ ]/No [ ]
- How much is the estimated value of your daily sales on average?  
(a) ≤ ₦1000 [ ] (b) ₦1001 - ₦2000 [ ] (c) ₦2,001 - ₦3,000 [ ]  
(d) ₦3,001 - ₦4,000 [ ] (e) ₦4,001 - ₦5,000 [ ] (f) ₦5,001 - ₦6,000 [ ]  
(g) ₦6,001 - ₦7,000 [ ] (h) > ₦7,001 [ ]

## APPENDIX C

QUESTIONNAIRE TO STUDY TAX COMPLIANCE IN THE INFORMAL SECTOR OF  
KWARA STATE

- Name of Micro-Business/Street.....
- Location: LGA..... Ward:..... City/Town/Village.....
- Is your business registered: Yes [ ]/No [ ]
- How long have you been in this business?.....
- Type of Wares/Services Sold.....
- Nature of Business: (a) Retailer [ ] (b) Wholesaler [ ] (c) Services [ ]  
Others [ ]
- Business Size: Micro [ ] Small [ ] Medium [ ] Large [ ]
- No. of Employees: [ ]
- Business Ownership: a. Sole Proprietor [ ] b. Family Business [ ] c. Partnership [ ]  
d. Others (Specify).....
- For Partnership (No. of partners).....
- Owner(s) information  
(i) Nationality..... State of Origin..... Religion.....  
Tribe..... Age..... Sex: Male [ ] Female [ ]  
(ii) Highest Educational Qualifications: (a) No Formal Education [ ]  
(b) Primary Cert. [ ] (c) SSCE [ ] (d) NCE [ ] (e) ND [ ]  
(f) B.Sc/HND. [ ] (g) Postgraduate [ ]
- Do you own a Bank Account? Yes [ ]/No [ ]
- Do you keep your business record? Yes [ ]/No [ ]  
If No, why?  
(a) I don't know how to keep record  
(b) I don't think it's necessary to keep record  
(c) Tax authorities over deduct my income for tax purpose
- Are you aware that your record keeping may reduce your tax burden? Yes [ ]/No [ ]
- How much is the estimated value of your daily sales on average?  
(a) ≤ ₦1000 [ ] (b) ₦1001 - ₦2000 [ ] (c) ₦2,001 - ₦3,000 [ ]  
(d) ₦3,001 - ₦4,000 [ ] (e) ₦4,001 - ₦5,000 [ ] (f) ₦5,001 - ₦6,000 [ ]  
(g) ₦6,001 - ₦7,000 [ ] (h) > ₦7,001 [ ]

## APPENDIX D

16. Do you engage in other activities? Yes [ ] / No [ ]  
If yes which of the following (a) Civic Service [ ] (b) Farming [ ]  
(c) Others please specify: \_\_\_\_\_

17. Are you a member of your Business Association? Yes [ ] / No [ ]

18. In which of the following years did you pay yearly your tax? Yes [ ] / No [ ]  
(You can tick more than one if applicable)  
(a) 2016 [ ] (b) 2017 [ ] (c) 2018 [ ] (d) 2019 [ ]

19. Don't you think what you are paying is too high? Yes [ ] / No [ ]

20. How much did you pay on the average?  
(a) ₦1,500 - ₦5,000 [ ] (b) ₦5,001 - ₦10,000 [ ] (c) ₦10,001 - ₦15,000 [ ]  
(d) ₦15,001 - ₦20,000 [ ] (e) ₦20,001 - ₦25,000 [ ]

21. If you have not paid in any of the years in Question 18, which of the following is/are the reason(s) why?  
(a) Government has not provided social amenities [ ] (b) No Sales [ ]  
(c) No tax collector visited me for tax [ ] (d) The tax is too high [ ] (e) New business [ ]

22. How did you pay your tax? (a) Paid cash to the revenue collector [ ]  
(b) Paid cash through Association [ ] (c) Paid through the Bank [ ]  
Answer question 22 if you paid through the bank

23. How much does it cost you to get to the nearest bank? ₦ \_\_\_\_\_

24. Have you ever been enforced by police or tax officers for not paying your tax at any time in the past? Yes [ ] / No [ ]

25. Do you know how your tax is being computed? Yes [ ] / No [ ]

26. What is the condition of your street road (a) Good [ ] (b) Fair [ ] (c) Bad [ ]

27. Do you trust the government with your tax? Yes [ ] / No [ ]

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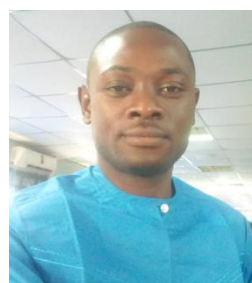
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