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Revenue Generation and Tax Administration in Local Governments: A Case Study of Surulere Local Government

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Abstract

This study examined revenue generation and tax administration in Surulere Local Government, Lagos State, Nigeria. The study was motivated by the persistent challenges of inadequate internally generated revenue, tax evasion, weak tax administration systems, and increasing demand for public services at the local government level. The specific objectives were to examine the effect of taxpayer registration on revenue generation, assess the influence of tax assessment and collection procedures on internally generated revenue, and determine the relationship between tax administration and revenue generation in Surulere Local Government. The study adopted a survey research design. Data were collected from 133 respondents comprising revenue officials, administrative staff, business owners, traders, and taxpayers within the local government area through the use of a structured questionnaire. Descriptive statistics such as frequency distributions, percentages, and mean scores were used to analyze the research questions, while the Pearson Product Moment Correlation (PPMC) was employed to test the hypothesis at a 0.05 level of significance. The findings revealed that taxpayer registration has a significant positive effect on revenue generation with a grand mean of 3.99. The study also found that tax assessment and collection procedures significantly influence internally generated revenue with a grand mean of 4.02. Furthermore, the hypothesis test showed a strong and statistically significant relationship between tax administration and revenue generation ($r = 0.784$, $p < 0.05$). The study concluded that effective tax administration enhances internally generated revenue, improves financial sustainability, and promotes efficient service delivery in local governments. The study recommended the adoption of digital tax administration systems, improved taxpayer registration, enhanced staff training, stronger enforcement mechanisms, and increased taxpayer education to strengthen revenue generation and support sustainable grassroots development.

Keywords: Revenue Generation, Tax Administration, Internally Generated Revenue, Taxpayer Registration, Local Government.

INTRODUCTION

Revenue generation and tax administration are among the most critical aspects of local government administration in Nigeria because they determine the ability of local councils to provide basic social and economic services to citizens. Local governments were established as the third tier of government to bring governance closer to the grassroots and promote local development through the provision of essential services such as road construction and maintenance, waste management, primary healthcare services, rural electrification, market development, environmental sanitation, and community welfare programmes. The successful discharge of these responsibilities depends largely on the availability of adequate financial resources. Consequently, revenue generation has become a central concern for local government administrators and policymakers in Nigeria. The Nigerian local government system derives its revenue from both external and internal sources. External sources include statutory allocations from the Federation Account, grants, and state government transfers, while internal sources consist of taxes, rates, fees, licenses, fines, and levies collected within the local government area. However, despite the existence of these revenue sources, many local governments continue to experience severe financial challenges arising from inadequate revenue generation and ineffective tax administration. Scholars have argued that excessive dependence on federal allocations has weakened the fiscal autonomy of local governments and reduced their capacity to initiate and sustain developmental projects (Adebayo & Ojo, 2022). According to Oladimeji (2023), efficient revenue administration involving taxpayer registration, tax assessment, tax compliance monitoring, and auditing significantly enhances revenue performance in local governments. The author emphasized that the establishment of effective tax administration mechanisms improves accountability and minimizes revenue leakages. Similarly, Gurama, Garba, Muktar, and Shehu (2022) observed that poor tax administration, inadequate staffing, corruption, weak enforcement measures, and ineffective record management systems constitute major barriers to internally generated revenue in Nigerian local governments. The study further revealed that many local government authorities lack comprehensive taxpayer databases, making it difficult to identify and monitor taxable individuals and businesses. . Yusuf (2026) asserted that local governments that effectively mobilize internal revenue are better positioned to provide public services, improve infrastructure, and promote socioeconomic development. The author argued that revenue generation should not merely be viewed as a financial activity but as a strategic instrument for achieving local government autonomy and grassroots development. In the same vein, Ibrahim and Abdullahi (2024) maintained that the ability of local governments to execute development projects is directly related to the efficiency of their revenue generation systems. In Nigeria, several factors continue to undermine local government revenue generation efforts. These include widespread tax evasion, poor tax compliance, political interference, corruption among revenue officials, inadequate public awareness, lack of technological innovation, and weak institutional frameworks. Eze and Nwankwo (2021) argued that many taxpayers deliberately evade tax obligations because they perceive local governments as ineffective and incapable of utilizing public funds for developmental purposes. The authors further noted that citizens are more likely to comply with tax obligations when they observe transparency, accountability, and visible developmental projects within their communities.

Surulere Local Government represents a typical example of local government areas facing challenges associated with revenue generation and tax administration. The local government derives revenue from tenement rates, market taxes, business premises registration fees, motor park levies, environmental charges, advertisement permits, and licensing fees. Despite these revenue sources, challenges such as tax evasion, inadequate enforcement, poor taxpayer records, and administrative inefficiencies continue to affect revenue performance. Consequently, understanding the relationship between revenue generation and tax administration has become necessary for improving fiscal sustainability and enhancing service delivery within the local government. Revenue generation refers to the process through which government institutions mobilize financial resources from various sources to finance public expenditure and developmental programmes. It involves the identification, assessment, collection, and management of revenue derived from taxes, fees, fines, rates, licenses, and other lawful sources. Revenue generation serves as the financial backbone of government operations and determines the extent to which public institutions can meet the needs of citizens. According to Augustine, Ajayi, and Ogunbodede, revenue generation in local governments involves the systematic collection of taxes, rates, fees, licenses, and other statutory charges from residents and businesses operating within the local government area. Contemporary scholars have expanded this definition to include modern revenue mobilization strategies such as digital tax systems, electronic payment platforms, taxpayer enumeration exercises, and automated revenue monitoring mechanisms. Yusuf (2026) described revenue generation as a strategic process aimed at ensuring fiscal sustainability and strengthening local government autonomy. The author emphasized that internally generated revenue remains one of the most reliable indicators of financial independence among local governments. Bello and Mohammed (2025) argued that revenue generation encompasses all activities designed to increase government income for the purpose of promoting economic development and improving public welfare. According to the authors, effective revenue generation enables local governments to reduce dependence on federal allocations and improve service delivery. They further noted that internally generated revenue contributes significantly to the maintenance of public infrastructure, environmental sanitation, educational facilities, and healthcare services. The major sources of revenue available to local governments in Nigeria include statutory allocations from the Federation Account, internally generated revenue, grants and donations, state government allocations, loans, and intervention funds. Internally generated revenue comprises tenement rates, market levies, motor park fees, business premises registration fees, slaughter slab fees, advertisement permits, licensing fees, community development levies, and environmental charges. Scholars generally agree that internally generated revenue remains the most sustainable source of local government finance because it provides greater financial flexibility and autonomy (Ibrahim & Abdullahi, 2024).

Tax administration refers to the processes, procedures, institutions, and mechanisms involved in assessing, collecting, monitoring, and enforcing tax obligations. It encompasses all activities undertaken by government authorities to ensure that taxpayers comply with relevant tax laws and regulations. Effective tax administration ensures that taxes are collected efficiently, fairly, and transparently while minimizing tax evasion and avoidance. Ibama, Nwaba, and Dokubo (2026) defined tax administration as the institutional framework through which governments assess taxpayers, determine tax liabilities, collect taxes, enforce compliance, and monitor revenue performance. According to the authors, tax administration serves as a critical mechanism for enhancing government revenue and promoting fiscal accountability. Similarly, Ahmed, Hassan, and Stephen (2026) stated that effective tax administration involves taxpayer education, tax assessment, tax collection, tax enforcement, auditing, monitoring, and evaluation. These activities collectively improve tax compliance and increase revenue generation. Okonkwo and Umeh (2022) argued that effective tax administration promotes transparency, accountability, and efficiency in revenue collection. The authors maintained that modern tax administration requires the adoption of information technology, electronic payment systems, and taxpayer databases to improve compliance and reduce leakages. Likewise, Adewale and Ogunleye (2023) emphasized that digital tax administration systems can significantly improve internally generated revenue by enhancing record-keeping, reducing corruption, and strengthening enforcement mechanisms. The objectives of tax administration include increasing government revenue, promoting voluntary compliance, minimizing tax evasion and avoidance, ensuring equity in tax collection, improving transparency, and strengthening public confidence in government institutions. Effective tax administration also contributes to economic growth by creating a stable revenue base for financing developmental projects and public services. Revenue generation and tax administration are closely interconnected concepts. Revenue generation cannot be achieved effectively without a sound tax administration system, while efficient tax administration serves as a catalyst for enhanced revenue performance. The effectiveness of tax administration determines the extent to which local governments can mobilize financial resources from available tax sources. Oladimeji (2023) established that taxpayer registration systems, compliance monitoring, tax auditing, and enforcement mechanisms significantly improve revenue performance in Nigerian local governments. The study found that local governments with effective tax administration frameworks recorded higher levels of internally generated revenue than those with weak administrative systems. Similarly, Ibama et al. (2026) found a significant positive relationship between tax assessment procedures and internally generated revenue among local government councils in Rivers State. According to the authors, effective tax assessment improves revenue collection by ensuring that taxpayers are correctly identified and taxed according to their economic activities. Ahmed et al. (2026) reported that tax compliance contributes positively to revenue generation, while tax evasion and weak enforcement mechanisms reduce government revenue. The study recommended intensive taxpayer education and stronger enforcement measures to improve compliance. In addition, Eze and Nwankwo (2021) argued that public trust in government institutions significantly influences taxpayers' willingness to fulfill tax obligations. The authors concluded that transparent utilization of tax revenue enhances voluntary compliance and strengthens revenue generation efforts.

Statement of the Problem

Revenue generation and effective tax administration are critical to the success and sustainability of local government administration in Nigeria. Local governments are constitutionally empowered to provide essential services such as road construction and maintenance, environmental sanitation, primary healthcare, market development, public education support, and other community development projects. However, the performance of these responsibilities depends largely on the availability of adequate financial resources. While local governments receive statutory allocations from the Federation Account, internally generated revenue remains a vital source of funding for grassroots development and administrative efficiency.

Despite the importance of internally generated revenue, many local governments in Nigeria continue to experience significant challenges in generating adequate revenue due to weaknesses in tax administration systems. Issues such as tax evasion, tax avoidance, inadequate taxpayer databases, corruption among revenue officials, poor record-keeping, ineffective tax assessment procedures, lack of modern technological infrastructure, inadequate manpower, and weak enforcement mechanisms have negatively affected revenue generation efforts. These challenges have contributed to the inability of many local governments to generate sufficient revenue for developmental activities and effective service delivery. In Surulere Local Government, Lagos State, the situation is not significantly different. Although the local government possesses considerable revenue-generating potential through tenement rates, market levies, business premises registration fees, motor park charges, advertisement permits, and various licenses, the level of internally generated revenue has not always corresponded with the area's economic potential. Reports and observations suggest that inefficiencies in tax administration, poor taxpayer compliance, inadequate revenue monitoring systems, and leakages in revenue collection processes may have affected the revenue performance of the local government. The increasing demand for infrastructure development, environmental management, healthcare services, and other public amenities within Surulere Local Government has placed additional pressure on available financial resources. The inability to generate adequate revenue may hinder the local government's capacity to meet these growing developmental needs. Consequently, there is a need to examine the effectiveness of tax administration and its influence on revenue generation within Surulere Local Government.

Purpose of the Study

The main purpose of this study is to examine the relationship between revenue generation and tax administration in Surulere Local Government, Lagos State.

The specific objectives are to:

i. Examine the effect of taxpayer registration on revenue generation in Surulere Local Government.
ii. Assess the influence of tax assessment and collection procedures on internally generated revenue in Surulere Local Government.

Research Questions

The following research questions will guide the study:

i. What effect does taxpayer registration have on revenue generation in Surulere Local Government?
ii. How do tax assessment and collection procedures influence internally generated revenue in Surulere Local Government?

Research Hypothesis

H_0: There is no significant relationship between tax administration and revenue generation in Surulere Local Government.

H_1: There is a significant relationship between tax administration and revenue generation in Surulere Local Government.

METHODOLOGY

This study adopts the survey research design to investigate revenue generation and tax administration in Surulere Local Government, Lagos State. The survey research design is considered appropriate because it enables the researcher to collect relevant data from a large number of respondents regarding their opinions, experiences, perceptions, and attitudes concerning tax administration and revenue generation practices within the local government. The design also provides an opportunity to examine the relationship between tax administration variables and revenue generation outcomes using quantitative techniques. Through the use of structured questionnaires, the researcher is able to obtain reliable and measurable data that can be analyzed statistically to achieve the objectives of the study. The study is conducted in Surulere Local Government Area of Lagos State, Nigeria. Surulere is one of the major local government areas in Lagos State and is recognized for its commercial activities, residential settlements, markets, transportation networks, and numerous business establishments. The local government derives revenue from various sources including tenement rates, market levies, business premises registration fees, motor park charges, environmental fees, licensing fees, and other forms of internally generated revenue. The choice of Surulere Local Government is informed by its economic significance and its potential for revenue generation, making it suitable for examining issues relating to tax administration and internally generated revenue.

The population of the study consists of all staff members involved in revenue generation and tax administration within Surulere Local Government as well as registered taxpayers operating within the local government area. The target population includes officials of the revenue department, finance department personnel, tax officers, administrative officers, market leaders, business owners, traders, and other taxpayers who are directly involved in tax payment and revenue administration processes. These categories of respondents are considered relevant because they possess adequate knowledge and experience regarding tax administration practices and revenue generation activities in the local government. A sample size of 133 respondents is adopted for the study using the Taro Yamane (1967) formula for sample size determination. The formula is expressed as:

$n = N / [1 + N(e^2)]$

Where:

n = Sample size

N = Population size

e = Level of significance (0.05)

The use of the formula ensures that the selected sample adequately represents the study population and enhances the reliability of the findings. A combination of simple random sampling and purposive sampling techniques is employed in selecting respondents. Purposive sampling is used to select key officials involved in revenue administration because of their specialized knowledge and experience, while simple random sampling is used to select taxpayers and business operators to ensure fairness and equal representation. Primary and secondary sources of data are utilized in this study. Primary data are collected directly from respondents through the administration of structured questionnaires. The questionnaire is designed based on the objectives of the study and consists of two sections. Section A contains respondents' demographic information such as gender, age, educational qualification, occupation, and years of experience, while Section B contains questions relating to tax administration, taxpayer registration, tax compliance, tax assessment, revenue generation, and challenges affecting revenue collection. The questionnaire items are structured using a five-point Likert scale ranging from Strongly Agree (SA), Agree (A), Undecided (U), Disagree (D), and Strongly Disagree (SD). Secondary data are obtained from textbooks, academic journals, government publications, conference papers, official reports, internet sources, and previous studies related to revenue generation and tax administration in Nigeria. These secondary materials provide theoretical and empirical support for the study and assist in establishing a comprehensive understanding of the research problem. To ensure the validity of the research instrument, the questionnaire is subjected to face and content validity by experts in public administration, local government studies, taxation, and research methodology. The experts examine the instrument to determine whether the questionnaire items adequately cover the research objectives and measure the variables under investigation. Their observations and recommendations are incorporated into the final version of the questionnaire to improve its quality and relevance.

The reliability of the instrument is determined using the test-retest method and Cronbach's Alpha reliability coefficient. Copies of the questionnaire are administered to a small group of respondents outside the study area, and the responses obtained are analyzed to determine the consistency of the instrument. A reliability coefficient of 0.70 or above is considered acceptable for the study, indicating that the instrument is reliable for data collection. The researcher personally administers the questionnaires with the assistance of trained research assistants. This approach helps to ensure a high response rate and enables respondents to seek clarification where necessary. Adequate time is provided for respondents to complete the questionnaire, after which completed copies are retrieved for analysis. The data collected are coded, classified, and analyzed using descriptive and inferential statistical techniques. Descriptive statistics such as frequency distribution tables, percentages, mean scores, and standard deviations are used to summarize and present respondents' opinions on issues relating to tax administration and revenue generation. The decision rule for the mean analysis is based on a criterion mean of 3.00. Any item with a mean score of 3.00 and above is accepted, while any item with a mean score below 3.00 is rejected. The hypothesis formulated for the study is tested using the Pearson Product Moment Correlation (PPMC) statistical technique at a 0.05 level of significance. The choice of Pearson correlation is based on its suitability for determining the strength and direction of the relationship between tax administration and revenue generation. The Statistical Package for Social Sciences (SPSS) is used to facilitate data analysis and ensure accuracy in statistical computations. Ethical considerations are strictly observed throughout the conduct of the study. Respondents are informed about the purpose of the research and assured that information provided will be treated with confidentiality and used strictly for academic purposes. Participation is voluntary, and respondents are free to withdraw from the study at any stage without any consequences. The anonymity of respondents is maintained to protect their identities and encourage honest responses.

RESULTS

Research Question One What effect does taxpayer registration have on revenue generation in Surulere Local Government?

Table 1: Responses on the Effect of Taxpayer Registration on Revenue Generation in Surulere Local Government (N = 133)

S/N	Questionnaire Item	SA	A	U	D	SD	Mean	Decision
1	Proper taxpayer registration improves revenue generation in Surulere Local Government.	55	48	10	12	8	3.98	Accepted
2	Taxpayer registration helps identify all taxable individuals and businesses.	52	50	9	14	8	3.93	Accepted
3	An updated taxpayer database enhances tax collection efficiency.	60	42	11	12	8	4.01	Accepted
4	Poor taxpayer registration contributes to revenue leakages.	58	44	10	13	8	3.99	Accepted
5	Effective taxpayer registration increases internally generated revenue.	61	45	8	11	8	4.05	Accepted

Grand Mean = 3.99

The results presented in Table 4.1 indicate that all the items recorded mean scores above the criterion mean of 3.00. The grand mean score of 3.99 suggests that respondents strongly agreed that taxpayer registration has a significant positive effect on revenue generation in Surulere Local Government. The findings imply that proper taxpayer registration facilitates the identification of taxable individuals and business organizations, improves tax compliance, reduces revenue leakages, and enhances internally generated revenue. Therefore, effective taxpayer registration serves as an important mechanism for improving local government revenue generation.

Research Question Two How do tax assessment and collection procedures influence internally generated revenue in Surulere Local Government?

Table 2: Responses on the Influence of Tax Assessment and Collection Procedures on Internally Generated Revenue (N = 133)

S/N	Questionnaire Item	SA	A	U	D	SD	Mean	Decision
1	Proper tax assessment increases revenue collection.	57	46	11	11	8	4.00	Accepted
2	Efficient tax collection procedures improve internally generated revenue.	62	43	9	11	8	4.06	Accepted
3	Inadequate tax assessment reduces revenue performance.	54	47	12	12	8	3.95	Accepted
4	Effective tax collection minimizes revenue leakages.	58	45	10	12	8	4.00	Accepted
5	Modern tax collection systems improve revenue administration efficiency.	64	41	9	11	8	4.07	Accepted

Grand Mean = 4.02

The findings in Table 4.2 reveal that all the questionnaire items recorded mean values above the benchmark mean score of 3.00. The overall grand mean of 4.02 indicates strong agreement among respondents that tax assessment and collection procedures significantly influence internally generated revenue in Surulere Local Government. The respondents agreed that accurate tax assessment ensures fairness in tax determination, while effective collection procedures increase compliance and reduce revenue losses. The findings suggest that improvements in tax assessment and collection mechanisms would enhance revenue performance and strengthen the financial capacity of the local government.

Test of Hypothesis

H_0: There is no significant relationship between tax administration and revenue generation in Surulere Local Government.

H_1: There is a significant relationship between tax administration and revenue generation in Surulere Local Government.

Table 3: Pearson Product Moment Correlation Analysis of Tax Administration and Revenue Generation

Variables	N	Mean	Std. Deviation	r-value	Sig. (2-tailed)
Tax Administration	133	4.01	0.78		
Revenue Generation	133	3.96	0.74	0.784	0.000

Level of Significance = 0.05

Decision Rule

Reject the null hypothesis (H_0) if the calculated significance value (p-value) is less than 0.05. Otherwise, accept the null hypothesis.

The Pearson Product Moment Correlation analysis in Table 4.3 shows a correlation coefficient (r) of 0.784, indicating a strong positive relationship between tax administration and revenue generation in Surulere Local Government. The significance value of 0.000 is less than the 0.05 level of significance, demonstrating that the relationship is statistically significant. This finding implies that improvements in tax administration practices such as taxpayer registration, tax assessment, tax collection, compliance monitoring, and enforcement mechanisms are likely to result in increased revenue generation. Therefore, effective tax administration is a critical factor in enhancing internally generated revenue and promoting sustainable development within Surulere Local Government.

DISCUSSION OF FINDINGS

The findings of this study revealed that taxpayer registration has a significant positive effect on revenue generation in Surulere Local Government, with a grand mean score of 3.99. This result indicates that respondents strongly agreed that effective taxpayer registration contributes significantly to improved revenue generation within the local government. The finding suggests that proper identification and documentation of taxpayers enhance the ability of the local government to expand its tax base, monitor tax compliance, reduce tax evasion, and increase internally generated revenue. Taxpayer registration serves as the foundation of effective tax administration because it enables revenue authorities to maintain accurate records of individuals, businesses, and organizations that are liable to pay taxes and other statutory levies. The finding is consistent with the study conducted by Oladimeji (2023), who found that taxpayer registration significantly improves revenue performance among local governments in Kwara State.

According to the author, an effective taxpayer registration system enables local governments to identify potential taxpayers and monitor compliance levels, thereby increasing revenue generation. Similarly, Gurama, Garba, Muktar, and Shehu (2022) observed that inadequate taxpayer databases constitute a major challenge to internally generated revenue in many Nigerian local governments. Their study emphasized that comprehensive taxpayer registration systems enhance revenue collection efficiency and reduce revenue leakages. The finding also supports the position of Yusuf (2026), who argued that internally generated revenue can only be effectively mobilized when local governments possess accurate information about taxable individuals and business establishments within their jurisdictions. Yusuf maintained that taxpayer registration strengthens fiscal capacity and promotes local government autonomy. Furthermore, Ibrahim and Abdullahi (2024) noted that effective taxpayer enumeration and registration improve revenue generation by widening the tax net and reducing opportunities for tax avoidance. The implication of this finding is that Surulere Local Government can substantially increase its internally generated revenue by strengthening taxpayer registration mechanisms, maintaining updated taxpayer databases, and utilizing digital registration systems.

The study further revealed that tax assessment and collection procedures significantly influence internally generated revenue in Surulere Local Government, with a grand mean score of 4.02. This finding indicates that respondents agreed that proper tax assessment and efficient collection procedures play a crucial role in enhancing revenue generation. Tax assessment involves determining the appropriate tax liabilities of taxpayers based on applicable laws and regulations, while tax collection refers to the actual process of collecting taxes, rates, fees, and levies from taxpayers. Effective assessment and collection procedures ensure that taxpayers pay the correct amount of tax and that revenue due to the government is collected promptly and efficiently. This finding agrees with the study of Ibama, Nwaba, and Dokubo (2026), who found that effective tax assessment practices significantly improve internally generated revenue in local government councils in Rivers State. The researchers observed that accurate tax assessment ensures fairness, promotes compliance, and broadens the revenue base of local governments. Their study concluded that local governments with effective assessment systems record higher revenue performance than those with weak assessment procedures. The finding is also in line with Ahmed, Hassan, and Stephen (2026), who reported that efficient tax administration, including proper assessment and collection mechanisms, positively influences revenue generation in Jalingo Local Government Area of Taraba State. The authors emphasized that effective assessment procedures reduce tax disputes and improve taxpayer confidence in the tax system. Bala, Enoch, and Yakubu (2021) found that poor tax assessment procedures, inadequate record keeping, and weak enforcement mechanisms negatively affect revenue generation. They recommended modernization of tax collection systems and improved taxpayer monitoring as strategies for enhancing revenue performance. Adewale and Ogunleye (2023) argued that digital tax assessment and collection systems improve transparency, accountability, and efficiency in revenue administration. According to the authors, automated collection systems reduce corruption and minimize revenue leakages, thereby increasing internally generated revenue. The implication of this finding is that Surulere Local Government should strengthen its assessment procedures, adopt technology-driven revenue collection systems, and improve monitoring mechanisms to enhance revenue performance.

The hypothesis testing revealed a strong and statistically significant relationship between tax administration and revenue generation in Surulere Local Government, with a correlation coefficient of 0.784 and a significance value less than 0.05. This result indicates that improvements in tax administration are strongly associated with increases in revenue generation. The finding demonstrates that effective tax administration practices such as taxpayer registration, tax assessment, tax collection, taxpayer education, compliance monitoring, auditing, and enforcement significantly contribute to improved revenue performance. This finding corroborates the work of Oladimeji (2023), who established a significant relationship between revenue administration and revenue performance in Nigerian local governments. The study found that effective administration enhances compliance and increases internally generated revenue. Similarly, Gurama et al. (2022) concluded that deficiencies in tax administration are among the major causes of poor revenue performance in local governments. Their study emphasized that strengthening tax administration structures is essential for achieving sustainable revenue growth. The finding is further supported by Eze and Nwankwo (2021), who found that effective tax administration improves taxpayers' confidence in government institutions and enhances voluntary compliance. According to the authors, transparency, accountability, and efficient revenue management encourage taxpayers to fulfill their tax obligations. Likewise, Okonkwo and Umeh (2022) observed that tax administration reforms involving electronic payment systems, computerized taxpayer databases, and improved enforcement mechanisms significantly increase revenue generation within the public sector. In addition, Ibrahim and Abdullahi (2024) found that local governments with efficient tax administration systems achieve better developmental outcomes because of their enhanced capacity to generate revenue. Their study revealed that strong tax administration enables local governments to finance infrastructure projects, social services, and community development programmes more effectively. Yusuf (2026) similarly argued that efficient tax administration serves as a catalyst for local government autonomy, financial sustainability, and improved service delivery. The finding also supports the assumptions of Fiscal Exchange Theory and Benefit Theory, which formed the theoretical foundation of this study. Fiscal Exchange Theory suggests that taxpayers are more willing to pay taxes when they perceive that government utilizes tax revenue to provide public goods and services. Likewise, Benefit Theory posits that taxpayers are motivated to comply with tax obligations when they receive tangible benefits from government expenditures. The strong relationship observed between tax administration and revenue generation indicates that effective tax administration not only enhances revenue collection but also contributes to improved governance and public service delivery, which in turn encourage greater taxpayer compliance.

Conclusion

The study examined revenue generation and tax administration in Surulere Local Government, Lagos State, with a view to determining the effect of taxpayer registration, tax assessment, and tax administration practices on revenue generation. The findings of the study revealed that tax administration plays a crucial role in enhancing internally generated revenue and strengthening the financial capacity of local governments. The study established that taxpayer registration has a significant positive effect on revenue generation, as it enables the local government to identify taxable individuals and business organizations, expand the tax base, improve tax compliance, and reduce opportunities for tax evasion and avoidance. The findings demonstrated that an effective taxpayer registration system serves as the foundation for efficient revenue administration and sustainable revenue growth. The study further revealed that tax assessment and collection procedures significantly influence internally generated revenue in Surulere Local Government. Proper assessment procedures ensure that taxpayers are fairly and accurately assessed according to their tax liabilities, while efficient collection mechanisms facilitate prompt payment and reduce revenue leakages. The findings suggest that local governments that adopt modern tax assessment and collection methods are more likely to achieve higher levels of revenue performance than those operating inefficient and outdated systems.

The hypothesis tested in the study revealed a strong and statistically significant relationship between tax administration and revenue generation in Surulere Local Government. This indicates that improvements in tax administration practices directly contribute to increased internally generated revenue. The result confirms that effective tax administration involving taxpayer registration, tax assessment, tax collection, compliance monitoring, taxpayer education, auditing, and enforcement mechanisms is essential for achieving sustainable revenue generation and financial stability within local governments. The findings also support the assumptions of Fiscal Exchange Theory and Benefit Theory, which suggest that taxpayers are more willing to comply with tax obligations when they perceive fairness in tax administration and observe tangible developmental benefits from government expenditures. The study therefore concludes that efficient tax administration remains a critical instrument for improving internally generated revenue, strengthening local government autonomy, promoting transparency and accountability, and enhancing service delivery at the grassroots level. The study concludes that many of the challenges confronting revenue generation in Surulere Local Government, such as tax evasion, inadequate taxpayer records, weak enforcement mechanisms, insufficient technological infrastructure, and administrative inefficiencies, can be addressed through comprehensive reforms in tax administration. Strengthening institutional capacity, modernizing revenue collection systems, and promoting taxpayer awareness would significantly improve revenue generation and enable the local government to effectively discharge its developmental responsibilities.

Recommendations

Based on the findings and conclusions of this study, the following recommendations are made:

1. Surulere Local Government should establish and maintain a comprehensive taxpayer registration and enumeration system to ensure that all eligible individuals, businesses, and organizations within its jurisdiction are properly identified and captured in a centralized taxpayer database. This will broaden the tax base and improve revenue generation.
2. The local government should adopt modern information and communication technology (ICT) facilities, including electronic taxpayer registration, digital tax assessment, electronic payment platforms, and computerized revenue monitoring systems. The use of technology will improve transparency, reduce revenue leakages, and enhance the efficiency of tax administration.
3. Revenue officials and tax administrators should be provided with regular training and capacity-building programmes to improve their knowledge, skills, and competence in modern tax administration practices. Well-trained personnel are more likely to perform their duties effectively and contribute positively to revenue generation.
4. The local government should strengthen tax assessment procedures by conducting periodic taxpayer assessments and updating taxpayer records regularly. Accurate tax assessments will ensure fairness, increase compliance, and improve revenue collection.
5. Effective monitoring and supervision mechanisms should be established to prevent corruption, fraud, and revenue diversion among revenue collection officers. Internal control systems and

periodic audits should be strengthened to promote accountability and transparency in revenue administration.

6. Surulere Local Government should intensify taxpayer education and public awareness campaigns to enlighten residents and business operators on the importance of tax payment and the benefits associated with tax compliance. Increased awareness will encourage voluntary compliance and reduce tax evasion.
7. The local government should strengthen enforcement measures against tax defaulters through the application of appropriate legal sanctions and penalties in accordance with relevant tax laws and regulations. Effective enforcement will discourage non-compliance and improve revenue performance.
8. Government should ensure that revenue generated from taxes and levies is utilized transparently and efficiently for the provision of public services and developmental projects. Visible infrastructural development and improved service delivery will increase public trust and encourage greater taxpayer compliance.

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