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Issues in the Practice of Land Taxation in Delta State, Nigeria

Ambrose Boyce Chukwunweike[1], Charles Chukwunwike Egolum[2]

[1,2]Department of Estate Management, Nnamdi Azikiwe University, Awka, Anambra, Nigeria

ABSTRACT: The rapid urbanization in Nigeria necessitates effective revenue generation sources available to municipal authorities. Land taxation has emerged as a significant source of municipal revenue in both developed and developing countries. This study examined the practice of land taxation in Delta State, Nigeria, with a view to identifying critical issues that impede its effectiveness. This research utilized survey method based on policy implementation to explore issues in property tax, capital gains tax, and probate tax practices in Delta State. Data collection was based on a questionnaire survey of a sample of 49 property tax administrators in the study area. Data were presented using a weighted mean Table, and results show that despite various reforms, including the Delta State Internal Revenue Service Act of 2020, the implementation of property taxation remains challenged by fragmented administration, outdated valuation systems, poor revenue collection mechanisms, and a lack of transparency and accountability. Following statistical analysis with Factor Analysis and Spearman's Bivariate Correlation, the study further reveals low awareness among property owners, significant barriers to implementation such as policy design flaws and political interference, and administrative inefficiencies. Recommendations include simplifying tax laws, enhancing transparency, improving technological infrastructure, and providing continuous training for tax officials. Addressing these issues is critical for optimizing revenue generation and fostering sustainable development in Delta State.

KEYWORDS: Administration, Challenges, Compliance, Delta, Implementation, Revenue

1. INTRODUCTION

The process of rapid urbanization in Nigeria has given rise to a substantial surge in the requirement for high-quality public services and urban infrastructure facilities. Consequently, there is an imperative need to explore efficient financing mechanisms to cater for these demands (Obi-Ani and Isiani, 2020). Within the context of revenue generation for municipal and local government operations, property tax emerges as a promising source of recurrent revenue, particularly in developing nations. This is attributed to its economic value, enforcement feasibility, and limited potential for evasion (Adeosun and Adebowale, 2022; Nondo and Haabazoka, 2024). Given the current challenges posed by reduced revenue generation capacity and mounting debt burden faced by federal, state, and local governments in Nigeria (Alonge, Afolalu and Olaniyan, 2023; Yusuf and Mohd, 2023), there arises an urgent demand for enhanced revenue mobilization through reforms in property taxation.

It is noteworthy that several states in Nigeria, including Delta, have followed the call to undertake property tax reform efforts. However, these efforts have been characterized with limited success in terms of implementation (Edet Jr, 2020; Oloyede, 2022). As a result, there have been evidences of revenue shortfalls arising from ineffective property taxation (Adekoya, 2023; Emeke, Okoko and Olajide, 2023). Table 1 further buttresses the argument of paucity or insignificant proportions of States' Internally Generated Revenue (IGR) as compared to Federal Account Allocation (FAA) to the States.

Table 1: Full List of State IGR Report for 2022

Economic Confidential Annual State Viability Index (ASVI) 2020
Ranking of States by Internally Generated Revenue (IGR) Compared to Federation Account Allocation (FAA) in 2020

	States	GROSS FAAC 2020 (N)	IGR 2020 (N)	% of IGR to FAA
1	Lagos	299,574,177,490.98	418,988,587,897.11	139.9%
2	Rivers	198,872,359,463.64	117,189,729,245.29	58.9%
3	Ogun	88,228,938,942.32	50,749,595,850.07	57.5%
4	Kaduna	124,117,287,804.39	50,768,523,407.34	40.9%
5	Oyo	127,892,831,961.29	38,042,733,036.47	29.7%
6	Anambra	94,576,929,448.66	28,009,906,580.48	29.6%
7	Edo	99,079,898,180.20	27,184,350,734.90	27.4%
8	Enugu	87,673,368,489.37	23,650,723,357.00	27.0%
9	Ondo	97,113,397,577.37	24,848,466,192.88	25.6%
10	Kwara	77,041,208,838.71	19,604,303,787.64	25.4%
11	Delta	247,249,962,109.33	59,732,882,662.97	24.2%
12	Zamfara	82,904,058,004.05	18,499,252,091.61	22.3%
13	Plateau	90,009,350,978.91	19,122,375,801.59	21.2%
14	Osun	96,269,949,599.37	19,668,371,916.01	20.4%
15	Cross River	86,126,670,983.75	16,183,341,456.32	18.8%
16	Ebonyi	73,418,997,939.06	13,591,038,584.15	18.5%
17	Kano	174,936,625,935.83	31,819,816,711.74	18.2%
18	Kogi	98,349,938,950.40	17,357,833,531.99	17.6%
19	Nasarawa	73,578,134,387.78	12,476,738,650.15	17.0%
20	Abia	86,718,246,066.38	14,376,871,322.30	16.6%
21	Imo	111,463,991,007.57	17,081,878,984.93	15.3%
22	Kebbi	95,092,876,291.51	13,778,260,800.14	14.49%
23	Akwa Ibom	212,356,774,234.22	30,696,770,278.06	14.46%
24	Gombe	72,465,718,147.32	8,537,983,927.43	11.8%
25	Bauchi	106,533,072,603.62	12,502,599,363.55	11.7%
26	Ekiti	74,565,128,916.20	8,716,460,193.84	11.7%
27	Sokoto	101,791,914,560.40	11,796,827,128.19	11.6%
28	Borno	115,258,055,220.28	11,578,518,120.67	10.0%
29	Benue	106,279,366,861.45	10,463,674,280.73	9.8%
30	Taraba	82,543,354,050.64	8,114,973,143.14	9.8%
31	Niger	109,817,607,828.67	10,524,281,921.17	9.6%
32	Yobe	84,307,152,241.37	7,779,631,175.54	9.2%
33	Adamawa	91,552,239,076.31	8,329,870,706.65	9.1%
34	Katsina	130,230,911,386.63	11,399,650,509.67	8.8%
35	Jigawa	107,405,774,700.60	8,667,720,607.78	8.1%
36	Bayelsa	152,541,915,950.11	12,180,775,243.00	8.0%
37	FCT	30,003,717,459.53	92,059,700,897.42	306.8%
	Total	**4,187,941,903,688.23**	**1,306,075,020,099.92**	**31.2**

Table computed and designed by the Economic Confidential Magazine
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Source: Economic Confidential (2023).

Table 1 shows that while Lagos State's IGR was greater than the amount it received from the Federation Account, in the year under reference, and Rivers and Ogun States generating a little more than fifty percent of their FAA receipts, Delta State was in the 11th place with merely 24.2. Since State's IGR mostly comes from taxation (Ahannaya et al., 2021; Augustine and Oluwatosin, 2023), the data in Table 1 points to the ineffective issue in the taxation practice in the States. Amongst the reasons for this property taxation ineffectiveness is Nigeria's over reliance on the wealth from natural resources, particularly crude oil, which contributes significantly to the economy. This has been widely acknowledged as a dominant factor (Nnah, 2024; Offor, 2023). Similar argument can be made about Delta State, which being an oil-rich State in Nigeria, has also overtly relied on oil revenue, resulting in the neglect of revenue generation diversification (Dickson et al., 2023; Okpebenyo, Onoh, Cornell and Igwe, 2023).

This asymmetry is not for want of efforts because the State has embarked on a series of tax reforms. For instance, prior to the property tax reform initiated by Delta State through the Internal Revenue Service Bill in 2020, the property tax administration in Delta State faced a few significant challenges. One key issue was the fragmented administration of property tax collection, with local government councils being responsible for the tax administration. This decentralized system led to inconsistencies and inefficiencies in the collection process, as there were lack of proper coordination and data management. Another major problem was the outdated valuation system used in determining property values; assessments were often based on outdated information.

Furthermore, the poor revenue collection mechanisms in place exacerbated the revenue generation challenges. Weak enforcement mechanisms and inadequate infrastructure contributed to widespread tax evasion and low collection rates. Significant contributors to the weak enforcement mechanism were the lack of transparency and accountability within the property tax system. These lead to erosion of public trust in the system. Consequently, tax evasion, under-valuation of properties, and non-compliance with tax laws were prevalent, leading to revenue loss. These challenges severely hampered the state's ability to generate revenue for development and provision of essential public services. The Delta State Internal Revenue Service Bill of 2020 aimed to address these issues by centralizing administration, updating valuations, improving collection methods, enhancing transparency, and strengthening the legal framework.

The reforms advanced by the Delta State Internal Revenue Service Act of 2020 (effective January 2021) established the Delta State Revenue Service as a body corporate with the objective of consolidating, controlling, administering, and collecting different taxes and levies within the state. This consolidation of taxes assessment, collection, recovery, and enforcement functions was a response to the earlier fragmented property taxation practice in the State. The Act also updated property valuation system, improved collection mechanisms, and introduced utilization of technology to enhance compliance and fraud detection. To address the ineffectiveness and accountability issue of property tax administration in the State, the reforms introduced an Internal Revenue Service Board, saddled with the obligations and responsibility of providing policy guidelines and overseeing the management of the Service. To ensure and enhance compliance, the reforms granted the Service the autonomy and extensive powers, while empowering the Governor from time to time to review and amend tax rates and revenue tariffs subject to legislative approval.

Despite the introduction of these reforms by the Delta State government, there is minimal empirical observation to how it has helped resolve the challenges of ineffective property taxation in the State. A critical appraisal of the reforms, on paper, may present some arguments. For example, while the law provides checks and balances in the form of a Board to manage the too much power concentrated in one body, being the Service, the Board composition was skewed in favour of government representatives, showing an evidential stakeholder salience inadequacy. Furthermore, the law does not indicate clear provisions for the property taxpayer rights, appeals process or impartial oversight in disputes with the powerful Service. The law clearly indicates a lack of explicit measures to simplify the tax system, reduce compliance costs or improve taxpayer services. It can also be argued that granting tax policy powers to the executive without strong legislative oversight may undermine democratic accountability.

In addressing this research gap and the identified issues, the study undertakes an assessment of the implementation of the law as it concerns property taxation practice. Utilizing a triangulated analytical framework based on policy implementation (Henry and Christian, 2023), this study aims to explore the issues bothering the implementation of property tax reforms in the practice of property tax, capital gains tax, and probate tax in Delta State, Nigeria. The focus on the issues bothering the implementation of land taxation in the State is premised on the logic that the implementation phase is widely acknowledged as the most critical stage in the policy process (Dilapanga, Pangalila and Supit, 2023; Rizal and Susilahati, 2023).

1.1 Aim and Objectives of the Study

The aim of the study is to critically examine the issues in the practice of land taxation in Delta State, Nigeria, with the view to devising feasible means of improving the effectiveness of the land taxation system in the State. The objectives of the study are to:

i) Portray the issues in the practice of property taxation in Delta State, Nigeria.
ii) Highlight the issues in the practice of probate taxation in Delta State, Nigeria.
iii) Determine the issues in the practice of capital gains taxation in Delta State, Nigeria.
iv) Assess the impact of these issues on revenue generation from land taxation in Delta State.

1.2 Justification of the Study

The justification for this study is rooted in the imperative to address the challenges and inefficiencies in the domain of land taxation in Delta State, Nigeria, and to propose viable solutions for enhancement. Primarily, the study is anchored on the empirically backed argument that a proficient land taxation system has the potential to significantly bolster the state's revenue, enabling the government to adequately finance crucial services, develop infrastructure, and implement social welfare programs. Also, the study is justified by the requirement to enhance public awareness and comprehension of land taxation. It is noteworthy that heightened public awareness can lead to increased tax compliance with potentials of augmenting tax revenue.

Accordingly, the study is justified by the need to generate insights that inform policy formulation and decision-making in the field of land taxation in Delta State and other parts of the country. The empirical evidence and insights into the issues prevailing within the ambit of land taxation in the State has prospects of guiding policymakers and stakeholders in formulating effective policies, regulations, and reforms to enhance the land taxation system in Delta State. Thus, the justification for this study lies in its potential to contribute to the enhancement of the effectiveness of land taxation in Delta State, Nigeria, and to promote sustainable development, fiscal sustainability, and equity in the realm of taxation.

2. REVIEW OF RELATED LITERATURE

2.1 Conceptual Perspectives

The taxation of land plays a critical role in shaping economic development, urban planning, and public finance. Under the auspices of land taxation are the key instruments of property tax, capital gains tax, and probate tax employed by governments to generate revenue from land ownership and transfers. Property tax is a recurring tax levied on the value of land and improvements. It serves as a primary source of revenue that enables governments to fund public services and infrastructure development. Odimegwu and Anyakora (2023) aver that it is usually based on the economic rent derived from land ownership which is reflective of its market value and potential.

This reliance on economic rent implies that the assessment of property tax involves various factors, including land value, property characteristics, zoning regulations, and market conditions. While property tax can incentivize efficient land use, discourage speculative behaviour, and promote economic stability (Morgan and Shahab, 2023), it also presents challenges such as administrative complexities, tax evasion, and potential impacts on property values and affordability (Adekoya, 2023).

Capital gains tax, on the other hand, aims to capture the appreciation in the value of land arising from the locational dynamics of infrastructural development, demographics, and environmental wellbeing. The calculation of capital gains tax involves determining the original cost basis of the property, adjusting for improvements and depreciation, and applying the applicable tax rate (Beer, Griffiths and Klemm, 2023; Odimegwu et al., 2023). Other varying considerations comprise holding period, inflation adjustments, and exemptions, can influence the final tax liability. Arefeva, Davis, Ghent and Park (2023) identify the cruciality of capital gains tax in influencing investment decisions, property transactions, and overall market dynamics. This implies that this form of property tax has the potential of impacting the mobility of capital, property development, and the affordability of housing.

Probate tax, also known as inheritance tax or estate tax, is levied on the transfer of property upon the owner's death. Its primary objective is to generate revenue from intergenerational wealth transfers as well as ensuring a fair and equitable distribution of assets. Determination of probate tax rate is typically based on the size of the estate and the relationship of the inheritor to the deceased. The conceptuality of these land taxation instruments provides a comprehensive perspective on the theoretical foundations of land taxation as a premise for further discussion of the significance of tax reforms like the Delta State Internal Revenue Service Act No. 8 of 2020, and the attendant implementation issues.

2.2 Theoretical Framework

The study was anchored on the Economic Rent Theory due to its theoretical basis and justification for taxing the economic rent derived from land ownership. The development of economic rent theory is not attributed to a single individual but rather represents a collective effort by various thinkers over time. While the concept of economic rent has been explored and developed with time, two key figures stand out in its development. First is David Ricardo who is widely credited with formally introducing the term "economic rent" in his 1817 book, "Principles of Political Economy and Taxation", where rent was defined as the payment for the use of land, considering it a surplus above the costs of production.

Another notable figure, crucial to the development of the theory, is Henry George whose contributions in his 1879 book, "Progress and Poverty", argue that economic rent arises not only from land but also from other factors like natural resources and location advantages. Relating the theory to land taxation, George proposed a "single tax" on land rent as a solution to social inequality and economic problems. Building on their work, other economists have contributed to the refinement and application of economic rent theory. For instance, Alfred Marshall differentiated between economic rent and quasi-rent, recognizing that rent can also apply to factors with limited supply in the short run, Joan Robinson emphasized the role of market power in determining economic rent, while Milton Friedman explored the concept of "pure economic rent" as a return to a factor in perfectly inelastic supply.

Economic rent theory rests on several key hypotheses. One is that land possesses unique characteristics as a factor of production, characterized by its fixed supply and inability to be produced or reproduced. The other avers that the value of land is determined by factors such as location, fertility, natural attributes, economic activities, and surrounding infrastructure. Likewise, the theory posits that landowners do not contribute to the increase in land value since they neither produce nor enhance the land, while also postulating that taxation of the economic rent derived from land ownership is both efficient and equitable, as it avoids distorting economic incentives and discouraging productive endeavours.

Premised on these hypotheses, economic rent theory finds practical applications in various domains of economics, including public finance, urban economics, land economics, and environmental economics. Within the context of land taxation, economic rent theory offers a theoretical foundation for levying taxes on the economic rent derived from land ownership. In the domain of resource economics, the theory is employed to analyze the distribution of income stemming from natural resources, such as oil, gas, and minerals, and to formulate policies for taxing resource rents. Urban economics scholars and professionals apply the theory in making decisions concerning land use regulations, zoning laws, and infrastructure investments on land values and urban development.

Despite its significance, economic rent theory has encountered some criticisms. Some critics contend that accurately quantifying the economic rent derived from land ownership poses challenges, given its reliance on subjective assessments of land value and location (Wyatt, 2022). Others argue that taxing economic rent may run afoul of Adam Smith's Canons of Taxation as it could disproportionately impact landowners who have not contributed to the appreciation of land value (Burns et al., 2018; Smith et al., 2022). In this case, one may also argue that while landowners have not contributed to the increase in the value of their plots, they still enjoy the attendant benefits of the capital appreciation.

Directing the critique of the theory towards land taxation issues in developing countries where political interference may hold relatively higher sway, it is contended that implementing land taxation based on economic rent theory might encounter political obstacles, as it may face resistance from landowners and vested interests (Blattman, Emeriau and Fiala, 2018; Lazzarini, Mesquita, Monteiro and Musacchio, 2021).

Despite the criticisms of the theory, its pertinence to issues of land taxation remains significance. This is premised on the theory's recognition of land as a unique factor of production arising from its immobility which subjects the value of land to its location, fertility, and other natural attributes, as well as the economic activities and infrastructure in its vicinity. Since landowners do not contribute to the increase in land value (Burns et al., 2018; Smith et al., 2022), economic rent theory contends that taxes on land or economic rent are efficient and equitable, as they do not distort economic incentives or discourage productive activity.

Accordingly, the study was guided by this theory's presentation of a comprehensive understanding of land as a unique factor of production and the justification of the taxation of economic rent derived from land ownership as basis for informing the design and implementation of more sustainable land tax policies. The postulations of this theory provide a theoretical framework for understanding the issues and challenges in the current property tax system and informs the development of effective property tax policies and reforms.

2.3 The Need for Property Tax Reforms

As regards fiscal policy aspects, the annual mandatory levy known as property tax, imposed upon land and buildings, is widely acknowledged for its progressive, efficient, and equitable attributes as a revenue source for municipal and local governments (Adekoya, 2023; Morgan et al., 2023). This revenue stream plays a pivotal role in financing an array of essential services such as water, sewerage, waste collection, policing, and infrastructure development, encompassing the construction and maintenance of roads, public parks, and educational institutions. Despite its importance, property tax collection rates remain relatively low, particularly in low-income developing nations (Okunogbe and Santoro, 2023; van den Boogaard and Beach, 2023).

Compelling evidence of this property tax ineffectiveness was presented by Awasthi, Nagarajan and Deininger (2020), suggesting that aggregate percentage contribution of property taxes to GDP was 1.7% in advanced market economies, 0.48% in emerging market economies, and a mere 0.2% in low-income developing nations like Nigeria. While there is a paucity, if any, of empirical evidence capturing Nigerian peculiarities, the 0.2% for low-income economies pales in comparison when juxtaposed with the approximate property tax contribution of approximately 3% to GDP in Canada, United Kingdom, and the United States. This meagre contribution underscores and reinforces the rationale behind a revisory approach to property tax reforms in developing countries.

Property tax reform involves the modification of the administration of land and building taxes by the government with the aim of improving equity, efficiency, revenue generation, and employment opportunities (Kamwaga, 2023; Senawi and Osmadi, 2024). As stated earlier, the benefits of reforming property taxation appear outweighed by its implementation challenges. Studies (Dwyer and Nanhthavong, 2023; Okunogbe and Tourek, 2024) posit that despite efforts by governments in both the global north and south to augment property tax revenue generation and address its shortcomings, many of these attempts have been met with limited success, with only a handful of exceptions.

2.4 Issues in the Practice of Land Taxation

The significance of land taxation in public finance and fiscal performance cannot be overemphasized. However, the practice of land taxation is fraught with various institutional, management, legal, environmental, economic, and social issues that can greatly impact its effectiveness and equity. The institutional and management aspects of land taxation have been extensively examined in the literature. Research, including studies by Burns, Rajabifard and Shojaei (2023) as well as Rahmat and Zainudin (2023), has highlighted the importance of efficient and transparent governance structures, and the need for adequate administrative capacity to effectively implement land taxation policies.

Yet, scholars aver that transparency and accountability are vital aspects of land tax systems that are often lacking (Ahsan et al., 2023; Burns, Rajabifard and Shojaei, 2023). Lending credence, Mohammed and Tangl (2023) argue that the lack of transparency and accountability in land tax systems has implications for public trust and resentment. When there is a perceived bias and favouritism, the public's support for the land tax system diminishes, and resistance to taxation increases. Such perceptions have the potential to undermine the legitimacy of the overall tax system and further complicate this already convoluted process.

In promoting transparency and accountability, the role of government agencies and their capacity to implement and manage land taxation policies has also been highlighted (Ryser, Halseth, Markey and Young, 2023). However, Morgan et al. (2023) is of the view that certain administrative costs hinder this role. Okunogbe et al. (2024) stresses that the administrative costs of land taxation arise from various stages of the process, including valuation, assessment, collection, and enforcement. Each stage necessitates resources such as personnel, technology, and infrastructure, which can significantly increase the overall cost of land taxation. Contrary to the principles elucidated by Adam Smith on the economic canon of taxation, one may observe that the administrative costs of land taxation can substantially reduce the net revenue generated, particularly in areas with high property values and complex land valuation processes. This reduction can further result in decreased funding for public services and infrastructure development, as well as increased pressure on governments to seek alternative revenue sources.

Still, the cost of land valuation is not the only valuation-related challenge faced by land taxation agencies. Abraham (2023) opines that this crucial aspect of land taxation that forms the basis for determining the tax liability of landowners can be complicated by the complexity of accurately valuing land due to multitude of factors that influence land value such as data deficiency, location, size, soil quality, and potential uses. Sometimes, subjective assessments are preferred as alternative, but Trawocoadji (2023) holds the view that this can lead to disputes and inconsistencies, which can significantly impact the fairness, equity, and efficiency of land taxation practices.

Aside the institutional and management issues of land taxation practice, the legal aspects of land taxation have been studied from various perspectives, including property rights, land tenure systems, land use regulations, and the constitutional and statutory frameworks governing land taxation (Adjie, 2023; Khaleel, Ahmed and Shah, 2023). From property rights perspectives, its protection is paramount in land taxation, but this can be muddled by unclear land title documentations and duplicity. Inconsistencies in the enforcement of land taxation and land use regulations further compound the problem. Different jurisdictions may have varying interpretations and approaches to enforcement, leading to disparities in compliance and outcomes. Inadequate coordination and communication among relevant agencies and stakeholders can exacerbate these inconsistencies, undermining the effectiveness of these policies in guiding land use decisions.

Insufficient enforcement mechanisms and resources also pose significant challenges. In some cases, regulatory agencies may lack the capacity, expertise, or funding necessary to effectively enforce land taxation and land use regulations. This can result in weak monitoring, limited enforcement actions, and a lack of deterrence for non-compliance (Rashid and Haque, 2024). Consequently, improper land use practices may persist, impeding sustainable development and compromising the intended outcomes of these regulations (Durova and Ryan, 2024).

One issue that land taxation literature does not usually account for is the environmental issues that affect the practice. For this reason, land degradation, pollution, and urbanization significantly impact property values but are not adequately considered in the tax assessment process. This oversight leads to an inequitable distribution of the tax burden among landowners and discourages sustainable land use practices. Where environmental considerations and land taxation have met, the approach that appears to have prominence is in the influences of the environmental compliance in tax assessment for enhancing sustainable outcomes (Kartsan et al., 2023; Martinez, 2023). This is based on the argument that the environmental implications of land taxation are of paramount importance, as they shape land use patterns and can either promote or hinder sustainable development.

Issues in the Practice of Land Taxation in Delta State, Nigeria

These studies argue that land taxation can serve as a powerful instrument to incentivize environmentally friendly land use practices amidst divergent perspectives of urban sprawl and natural resource degradation (Ackerschott et al., 2023; Krawchenko and Tomaney, 2023). However, on the other hand is the argument that existing land taxation systems often fall short in adequately addressing environmental concerns, failing to account for the ecological repercussions of land use decisions. The intricate link between environmental issues and land taxation is informed by issues of rising sea levels and extreme weather events which can significantly impact land values, particularly in coastal areas, tax assessment of land contaminated by industrial activities and waste disposal, tax implications of land whose development fragmented natural habitats and threatened biodiversity, land use practices that impact water availability and quality, and other issues.

Conversely, the economic impacts of land taxation have been widely debated in the literature. In this regard, scholars have examined the potential of land taxation to generate revenue for local governments, promote economic efficiency, and address issues of wealth inequality and speculation (Morgan et al., 2023; Rauf and Frayne, 2024). The literature has also explored the potential implications of land taxation on housing affordability, urban development patterns, and the distribution of economic opportunities (Morgan et al., 2023; Pillah, 2023).

Nevertheless, it is important to acknowledge the potential negative consequences, including the burden it may impose on low-income households and the potential for economic distortions (McGee, 2024). Additionally, the equitable distribution of the tax burden poses a significant challenge. This is particularly evident in the disproportionate impact on low-income individuals and small landowners, especially in areas with high property values (Grimes, 2023; Ihlanfeldt and Yang, 2023). Presenting a clarified argument, Sernyak (2023) holds that the inequitable distribution of the land tax burden stems from the prevalent practice of basing taxes on land value rather than on income or wealth, thus disproportionately affecting low-income individuals and small landowners.

This can exacerbate social inequality, leading to increased poverty, social exclusion, and limited access to land and housing for marginalized groups. Furthermore, the disproportionate burden of land taxes can discourage investment by increasing land costs and reducing return on investment. This situation may result in decreased economic activity and job creation, particularly in areas where property values are high. To strike a balance between revenue generation and economic growth, scholars emphasize the importance of land taxation policies that encourage productive land use, prioritize social equity and reduce inequality, thereby stimulating investment (Nae, Florescu and Bălășoiu, 2024; Zhou, Gao, Wellstead and Kim, 2023).

Studies on land taxation in many developing countries decry the issue of informal documentation of land ownership (Msangi et al., 2023; Olapade and Aluko, 2023). They argue that this informality makes it difficult to identify and tax landowners, creating loopholes for tax evasion and reduces potential revenue, thereby hindering economic development and public service provision. This can result in decreased funding for public services and infrastructure development, as well as increased inequality and social exclusion. Presented with this myriad of issues, we develop a conceptual framework to guide the investigation of these issues from the perspective of land taxation in Delta State.

2.5 Conceptual Framework

This conceptual framework (Figure 1) is designed to guide the investigation of institutional, management, legal, environmental, economic, and social issues in land taxation, with a specific focus on Delta State, Nigeria. Drawing upon a diverse range of scholarly works, this framework identifies key issues in the practice of land taxation and offers insights into how these issues can be investigated to generate insights that may improve the effectiveness and equity of land taxation practices.

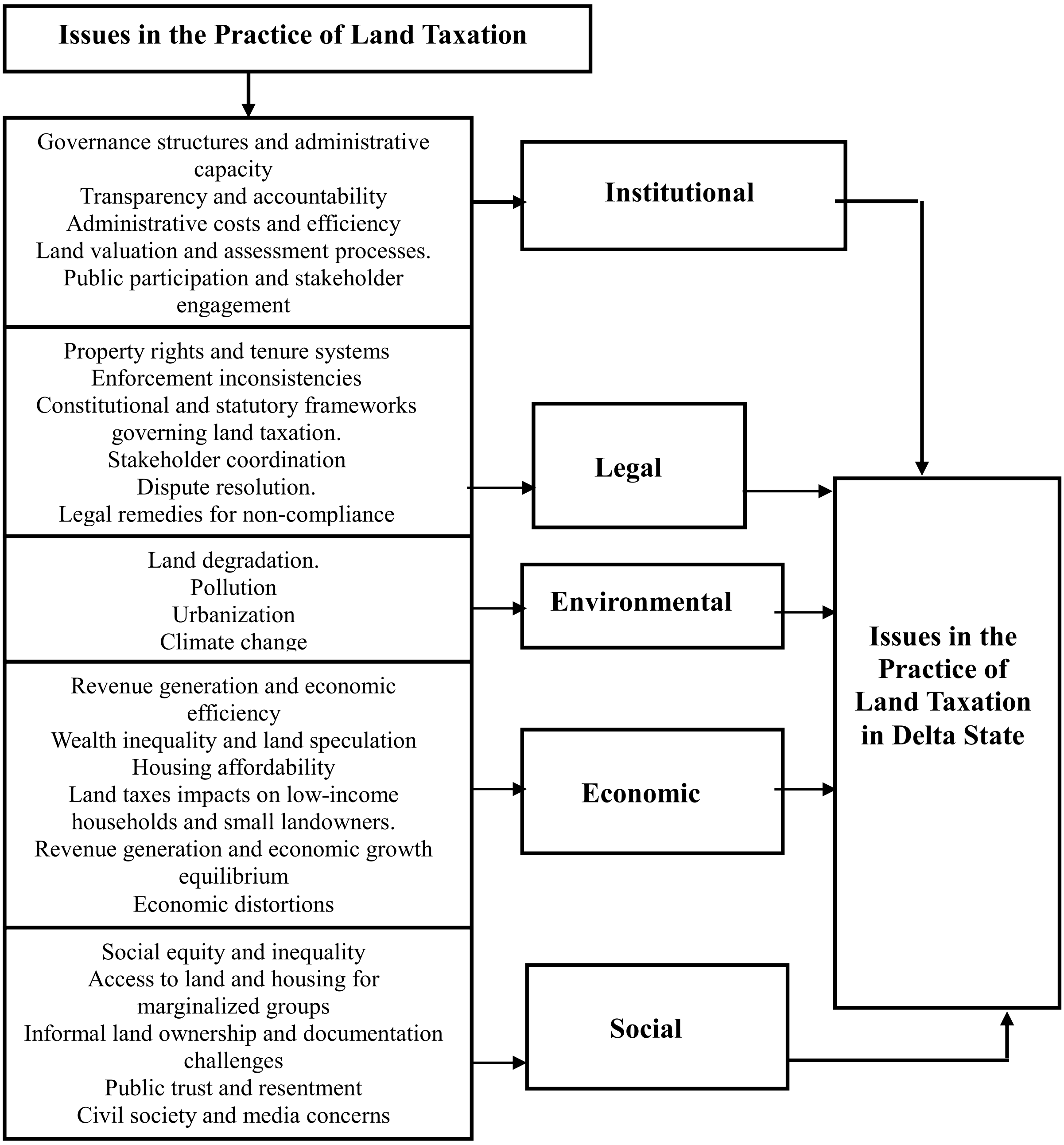

Figure 1: Conceptual Model for Issues in the Practice of Land Taxation

Figure 1 is the conceptual model guiding the investigation of the institutional, legal, environmental, economic, and social issues of land taxation practice in Delta State, Nigeria. While the literature review underscores the complexity and multifaceted nature of these issues, there is a paucity of research addressing the unique challenges faced in Delta State. It was also observed that related literature has primarily focused on the institutional, economic and social issues of land taxation, with limited exploration of the environmental considerations and their implications for land valuation, sustainable land use practices, and climate change adaptation in the context of Delta State.

Furthermore, there is a need for research that incorporates the perspectives of various stakeholders, including landowners, government agencies, civil society organizations, and marginalized communities, to gain a holistic understanding of the challenges and potential solutions in the context of Delta State. This will help address the limited consideration of local cultural and historical factors in extant related research which has often overlooked the influence of these indigenous peculiarities on land taxation practices. This can be particularly relevant in Delta State with its unique socio-cultural dynamics. So, these highlight the need for targeted investigation into how these issues manifest within the local setting, considering the state's governance structures, legal frameworks, economic conditions, environmental characteristics, and socio-cultural dynamics.

3. METHODOLOGY

To appraise the issues in the practice of land taxation in Delta State, Nigeria, a quantitative research approach was chosen for this study. The purposive sampling technique was used to identify key stakeholders who possess the necessary expertise and knowledge to provide reliable information on the implementation of land taxation in the State. Additionally, snowball sampling was employed, whereby the initially contacted stakeholders suggested real estate professionals involved in land taxation and Delta State Internal Revenue Service (DSIRS) staff. This procedure gave rise to a total of forty-nine (49) respondents. This sample consisted of thirty-eight real (38) estate professionals in Asaba, Delta State, and eleven (11) senior management staff of DSIRS. The sample size was considered sufficient for a quantitative study in consistency with Ervianti, Sampelolo and Pratama (2023). The survey was conducted between the months of April and May 2024.

The study area is Delta State (Figure 2), located in the south-south geopolitical zone of Nigeria. The State is one of the 36 states of Nigeria, covering a total land area of approximately 16,842 square kilometres, and is bounded by Edo State to the north, Anambra State to the east, Bayelsa State to the southeast, and the Atlantic Ocean to the southwest.

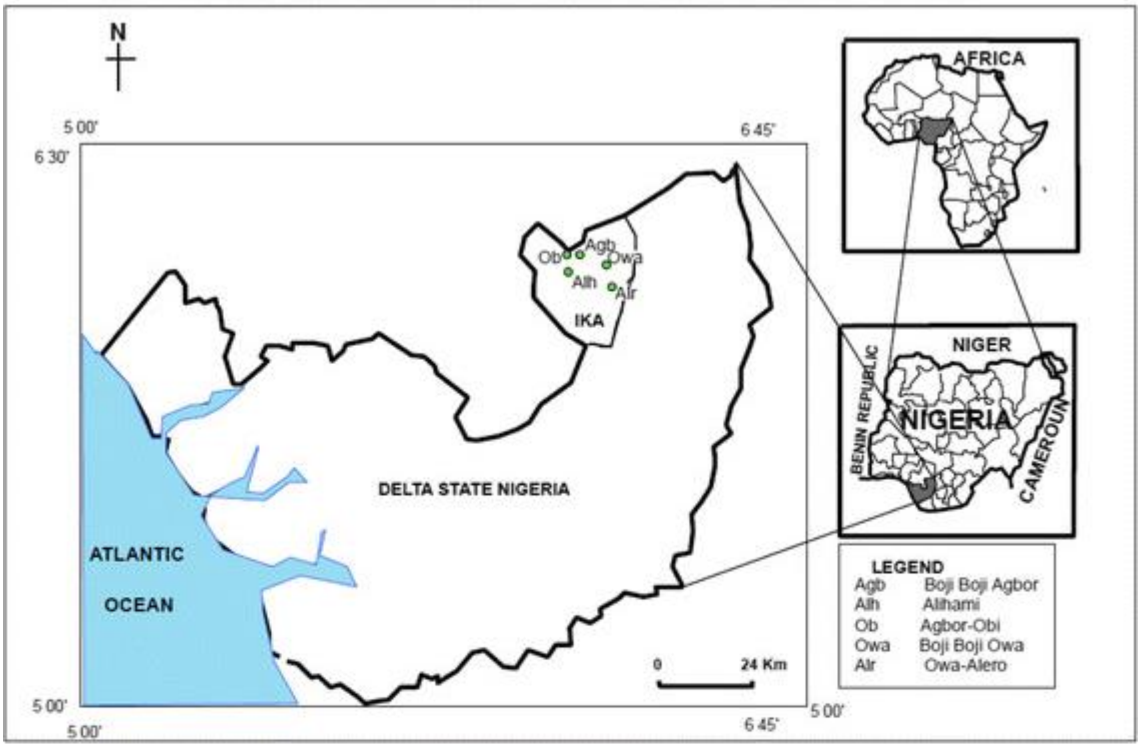

Figure 2: Geospatial Representation of Delta State, Nigeria.
Source: Oyem, Oyem and Usese (2015).

Land taxation in Delta State is governed by the Constitution of the Federal Republic of Nigeria, from which the Land Use Act of 1978 was derived. The Act stipulates that all lands in a State are vested in the governor on behalf of the people. It provides for the payment of rents and other charges on land, which are collected by the state government through its land taxation authorities. Consistent with this, the state government enacts applicable statutes to collect property tax, capital gains tax, probate tax, ground rents, and other land-related fees from landowners and occupiers.

A Likert-scale structured questionnaire was developed as the primary research instrument in consistency with the research objectives. To ensure the validity and reliability of the questionnaire, several measures were taken. A content validity approach was adopted which involved a review of the instrument by a panel of experts in land taxation, policy, and sociology and anthropology. Following a pilot study which was conducted with a proportional selection of the sample involving fifteen (15) respondents, Cronbach's alpha coefficient was calculated to assess the internal consistency. The Cronbach's alpha value (.891) indicates that the questionnaire has good internal consistency reliability. The results were presented using weighted mean and frequency Tables and analysed with Factor Analysis and Spearman's Rank Order Correlation Coefficient.

Factor analysis was performed to identify dimensions within the questionnaire items, reduce them into a smaller set of factors that represent the underlying structure of the data, to identify the most significant issues affecting property, probate and capital gains taxation in the study area., consistent with Objectives 1 to 3. For Objective 4, which involves assessing the impact of these issues on revenue generation from land taxation in Delta State, the Spearman's Bivariate Correlation (SBC) was used instead, as it is specifically designed for comparing two independent groups. This is due to the nonparametric nature of the data, as SBC is a non-parametric statistical test used to measure the strength and direction of the association between two variables (Milenkovic et al., 2023). We calculate Spearman's correlation coefficient (ρ) is calculated as presented in Equation I:

$$\rho = 1 - [6*\Sigma(d_i^2)/n*(n^2-1)] \quad (I)$$

Where, ρ is the Spearman's correlation coefficient, d_i^2 is the difference between the ranks of the two variables for observation I, and n is the number of observations.

4. RESULTS AND ANALYSIS

The survey results were presented in consistency with the objectives of the study in the following Tables.

4.1 Objective 1: Issues in the Practice of Property Taxation in Delta State, Nigeria.

The results pertaining to this objective were presented in Table 2.

Table 2: Issues in the Practice of Property Taxation in Delta State

Question	Option	Frequency	Percentage	Weighted Mean
Rating the Level of Awareness of Property Owners (1-5)	5 (Very High)	2	4.08	2.63
	4	6	12.24	
	3	20	40.82	
	2	14	28.57	
	1 (Very Low)	7	14.29	
	Total	49	100.00	
Determination of the Appropriate Land Use Charge Rate	Market value of the property as determined by a real estate appraiser	20	40.82	2.16
	Zoning regulations and land use designations	10	20.41	
	Size and location of the property	14	28.57	
	Use of a land use charge calculator or formula	5	10.20	
	Total	49	100.00	
Key Barriers to Effective Implementation of the Land Use Charge (LUC)	Policy design	15	30.61	2.51
	Implementation processes	12	24.49	
	Political interference	8	16.33	
	Technological deficit	10	20.41	
	Resource deficit	4	8.16	
	Total	49	100.00	
Main Challenges in Implementing Property Tax Law	Gathering accurate property information and maintaining an up-to-date property register	22	46.94	2.18
	Budget constraints	13	24.49	

	Inadequate communication between the government and landowners	8	16.33	
	Disputes over land use charge rates or calculations	6	12.24	
	Total	49	100.00	
Suggestions for Improvement in Property Tax Practice	Simplification of land use charge regulations and procedures	15	28.57	2.61
	Increased transparency and communication between the government and landowners	14	30.30	
	Use of technology to streamline the payment and processing of land use charges	12	24.80	
	Improved training and education for government officials and landowners	8	16.33	
	Total	49	100.00	
Measures to Reduce Disputes and Litigation Related to Land Use Charges	Mediation and alternative dispute resolution mechanisms	13	27.55	2.47
	Clear guidelines and procedures for land use charge calculations and payments	12	25.51	
	Increased transparency and accountability in the government's decision-making process	15	30.61	
	Legal assistance and representation for landowners	9	16.33	
	Total	49	100.00	
Government Support for Property Tax Implementation	Providing more resources and funding for land use charge administration	16	32.66	2.51

	Offering incentives for timely payment of land use charges	9	18.37
	Implementing a more efficient and user-friendly land use charge system	18	36.73
	Improving awareness campaigns on property tax requirements	6	12.24
	Total	49	100.00

Source: Field Survey, 2024

Table 2 shows the results on the issues of property tax administration in Delta State. From the results, the level of awareness of property tax law implementation process was perceived as low to moderate, with a significant proportion rating it as average or below average (weighted mean: 2.63) on the issues of determining appropriate land use charge rate, most administrators rely on the market value as determined by a real estate appraiser, followed by zoning regulations and land use designations. The weighted mean (2.16) indicates a preference for traditional valuation methods.

The most significant barriers to property tax implementation were policy design and implementation processes. The weighted mean (2.51) suggests a moderate level of concern across various barriers. However, the results also demonstrate that the primary challenge was gathering accurate property information and maintaining an up-to-date property register (2.18). Most suggested improvement in property tax practice comprised improved training and education for government officials and landowners (2.61), while mediation and alternative dispute resolution mechanisms were the most suggested measures of dispute resolution mechanisms (2.47). On government support for property tax implementation, providing more resources and funding for land use charge administration was the most preferred support method (2.51).

To obtain further insights from the data for statistical inference, the data was subjected to factor analysis.

Table 3: Factor Analysis Results Table for Property Taxation

Variable	Factor 1	Factor 2	Communalities
Awareness	0.80	0.10	0.65
Land Use Charge Rate	0.60	0.30	0.45
Barriers to Implementation	0.70	0.20	0.53
Challenges in Implementation	0.50	0.40	0.41
Suggestions for Improvement	0.30	0.80	0.73
Measures to Reduce Disputes	0.20	0.70	0.53
Government Support	0.40	0.60	0.52
Eigenvalues	2.50	2.00	
Variance Explained (%)	35.71	28.57	
Cumulative Variance Explained (%)	35.71	64.28	

The factor analysis results reveal two significant factors influencing property taxation in the study area. Factor 1 shows high loadings for Awareness (0.80), Barriers to Implementation (0.70), and Land Use Charge Rate (0.60). This suggests a strong correlation between property owners' awareness, implementation challenges, and the rate of land use charges. Factor 2 is characterized by high loadings for Suggestions for Improvement (0.80), Measures to Reduce Disputes (0.70), and Government Support (0.60), indicating a relationship between potential improvements, dispute reduction strategies, and government involvement.

Communalities provide insight into how well each variable is represented by the factors. For instance, Awareness has a communality of 0.65, meaning 65% of its variance is explained by the extracted factors. This suggests that Awareness is well-represented in the factor structure. The eigenvalues and variance explained metrics further support the significance of these two factors. Factor 1 has an eigenvalue of 2.50 and explains 35.71% of the total variance, while Factor 2 has an eigenvalue of 2.00 and accounts for 28.57% of the variance. Together, these two factors explain 64.28% of the cumulative variance, indicating their importance in understanding property taxation issues in the study area.

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Based on these results, the most critical issues affecting property taxation appear to be Awareness of Property Owners, while the outlined Suggestions for Improvement in Property Tax Practice should be prioritized. Inferentially, they suggest focusing on improving awareness among property owners and practical suggestions for enhancing property tax practices as critical areas to address property taxation issues in the study area. These findings may guide policymakers and researchers in focusing their efforts on improving property owners' understanding of taxation and implementing effective strategies for enhancing the overall property tax system.

4.2 Objective 2:Issues in the Practice of Probate Taxation in Delta State, Nigeria.
The results pertaining to this objective were presented in Table 4.

Table 4: Issues in the Practice of Probate Taxation in Delta State

Question	Option	Frequency	Percentage	Weighted Mean
Determination of Asset Value for Probate Tax Purposes	Market value as determined by a real estate appraiser	20	40.82	2.12
	Fair market value as determined by the tax authority	15	30.61	
	Book value as shown in the deceased's financial records	5	10.20	
	Rule of thumb by administrator	9	18.36	
	Total	49	100.00	
Rating of the Probate Tax System (1-5)	5 (Excellent)	2	4.08	2.76
	4	8	16.33	
	3	20	40.82	
	2	14	28.57	
	1 (Very Poor)	5	10.20	
	Total	49	100.00	
Major Issues with the Current Practice of Probate Tax	Complexity of the probate tax code	15	30.61	2.47
	Delays in the probate process	12	24.49	
	Inefficiency of the administrative process	10	20.41	
	Difficulty in locating assets or determining their value	8	16.33	
	Inadequate communication between the tax authority and the public	4	8.16	
	Total	49	100.00	
Suggestions for Improvement in Probate Tax Practice	Probate tax law reforms	10	20.41	2.67

	Increased transparency and communication between the tax authority and the public	12	24.49	
	Improved training and education for tax officials and professionals	19	38.77	
	Adoption of technology to streamline the probate process	8	16.33	
	Total	49	100.00	
Government Support for Probate Tax Practice	Providing more resources and funding for tax authorities and professionals	19	38.77	2.51
	Offering tax incentives for compliance with probate tax laws	10	20.41	
	Implementing a more efficient and user-friendly probate process	12	24.49	
	Providing education and outreach to the public on probate tax laws and regulations	8	16.33	
	Total	49	100.00	

Source: Field Survey, 2024

According to Table 4, on determination of asset value for probate tax purposes, the most common method was market value as determined by a real estate appraiser (2.12). The probate tax system was generally rated as mediocre (2.76), and the most significant issues causing this were the complexity of the tax code and delays in the probate process (2.47). Suggestions for improvement in probate tax practice involved improved training and education for tax officials and professionals is the most suggested improvement (2.67). Providing more resources and funding for tax authorities and professionals was the most preferred government support needed by stakeholders (2.51). The Factor Analysis results for the given data, including the factor loadings, eigenvalues, variance explained, and communalities are shown as follows.

Table 5: Factor Analysis Results Table for Probate Taxation

Variable	Factor 1	Factor 2	Communalities
Complexity of the probate tax code	0.80	0.15	0.65
Delays in the probate process	0.75	0.20	0.61
Inefficiency of the administrative process	0.70	0.25	0.58
Difficulty in locating assets or determining their value	0.65	0.30	0.55
Inadequate communication between the tax authority and the public	0.40	0.65	0.57
Eigenvalues	2.80	1.30	
Variance Explained (%)	56.00	26.00	
Cumulative Variance Explained (%)	56.00	82.00	

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The factor analysis results reveal two significant factors influencing probate tax in the study area. Factor 1 is characterized by high loadings for issues related to the complexity and inefficiency of the probate tax system. The highest loading (0.80) is for the complexity of the probate tax code, followed by delays in the probate process (0.75), inefficiency of the administrative process (0.70), and difficulty in locating assets or determining their value (0.65). This factor seems to represent the structural and procedural challenges in the probate tax system.

Factor 2 is primarily associated with a single issue: inadequate communication between the tax authority and the public, with a loading of 0.65. This factor highlights the importance of effective information dissemination and interaction between tax authorities and taxpayers. The communalities indicate how well each variable is represented by the factors. For instance, the communality of 0.65 for the complexity of the probate tax code suggests that 65% of its variance is explained by the extracted factors, indicating good representation in the factor structure.

The eigenvalues and variance explained metrics strongly support the significance of these two factors. Factor 1 explains a substantial 56.0% of the total variance, while Factor 2 accounts for 26.0%. Together, they explain 82.0% of the cumulative variance, which is a very high proportion, highlighting their critical importance in understanding probate tax issues in the study area.

These findings suggest that efforts to improve probate tax practices should primarily focus on simplifying the tax code, streamlining the probate process, enhancing administrative efficiency, and improving methods for asset location and valuation. Additionally, there's a clear need to improve communication channels between tax authorities and the public. The high cumulative variance explained (82.0%) indicates that addressing these identified issues could lead to significant improvements in the probate tax system.

Policymakers and administrators should prioritize these areas to enhance the overall effectiveness and public perception of the probate tax process in the study area. These results suggest focusing on simplifying the probate tax code, reducing delays, improving administrative efficiency, and addressing difficulties in locating assets as critical areas to address probate tax issues in the study area. Additionally, enhancing communication between the tax authority and the public is essential for improving probate tax practices.

4.3 Objective 3:Issues in the Practice of Capital Gains Taxation in Delta State, Nigeria.

The results pertaining to this objective were presented in Table 6.

Table 6: Issues in the Practice of Capital Gains Taxation in Delta State

Category	Frequency	Percentage (%)	Weighted Mean
Main Challenges in the Practice of Capital Gains Tax			**3**
Inconsistencies in the application of tax rates and exemptions	16	32.7	
Lack of clarity on capital gains tax exemptions and deductions	12	24.5	
Difficulty in determining the cost basis of assets for capital gains tax purposes	11	22.4	
Inadequate record-keeping and documentation of capital gains transactions	10	20.4	
Process of Determining Property Value for Capital Gains Tax			**3.13**
Original purchase price of the asset, adjusted for inflation	15	30.6	
Fair market value of the asset at the time of acquisition	12	24.5	
Adjusted for any applicable exemptions or deductions	11	22.4	
Using a specific tax rate or percentage	11	22.4	
Most Common Issues in Administration			**3.05**
Delays in the processing of capital gains tax returns	14	28.6	3.3
Disputes over the calculation of capital gains tax liability	12	24.5	3.1
Difficulty in accessing information on capital gains tax laws and regulations	12	24.5	3
Inadequate enforcement of capital gains tax laws	11	22.4	2.8
Improvements in Capital Gains Tax Practice			**3.25**
Simplification of capital gains tax laws and regulations	14	28.6	

Increased transparency and communication	13	26.5	
Use of technology to streamline filing and processing	12	24.5	
Improved training and education for tax officials	10	20.4	
Effective Measures to Reduce Disputes and Litigation			**3.23**
Mediation and alternative dispute resolution mechanisms	14	28.6	
Clear guidelines and procedures	13	26.5	
Increased transparency and accountability	12	24.5	
Legal assistance and representation for taxpayers	10	20.4	
Government Support for Capital Gains Tax Practice			**3.3**
Providing more resources and funding	14	28.6	
Offering incentives for compliance	12	24.5	
Implementing a more efficient tax system	11	22.4	
Providing education and outreach	11	22.4	

Source: Field Survey, 2024

From Table 6, it can be deduced that inconsistencies in applying tax rates and exemptions, and lack of clarity on exemptions and deductions were the most frequently reported challenges (3.0). The original purchase price adjusted for inflation and the fair market value at the time of acquisition were the primary methods used in determining capital gains tax (3.13). on administration issues, it was found that delays in processing returns and disputes over tax liability calculations were common (3.05), while simplifying tax laws and regulations, and increasing transparency and communication were highlighted as critical improvements (3.25). On dispute reduction, respondents showed that mediation and clear guidelines for tax calculations and payments were essential measures to reduce disputes and litigation (3.23). Additionally, more resources and funding for tax administration, alongside incentives for compliance, were identified as the necessary support for capital gains tax practice in Delta State (3.3).
The Factor Analysis results for the data on capital gains tax issues are shown as follows.

Table 7: Factor Analysis Results Table for Capital Gains Taxation

Variable	Factor 1	Factor 2	Communalities
Inconsistencies in the application of tax rates and exemptions	0.80	0.10	0.65
Lack of clarity on capital gains tax exemptions and deductions	0.75	0.15	0.58
Difficulty in determining the cost basis of assets for capital gains tax purposes	0.70	0.20	0.53
Inadequate record-keeping and documentation of capital gains transactions	0.65	0.25	0.49
Delays in the processing of capital gains tax returns	0.30	0.80	0.73
Disputes over the calculation of capital gains tax liability	0.20	0.75	0.59
Difficulty in accessing information on capital gains tax laws and regulations	0.25	0.70	0.54
Inadequate enforcement of capital gains tax laws	0.15	0.65	0.45
Eigenvalues	2.60	2.30	
Variance Explained (%)	32.50	28.75	
Cumulative Variance Explained (%)	32.50	61.25	

The factor analysis results reveal two significant factors influencing capital gains tax in the study area. Factor 1 is characterized by high loadings for issues related to the application and understanding of capital gains tax rules. The highest loading (0.80) is for inconsistencies in applying tax rates and exemptions, followed by lack of clarity on exemptions and deductions (0.75), difficulty in determining cost basis (0.70), and inadequate record-keeping (0.65). This factor seems to represent challenges in interpreting and implementing capital gains tax regulations.

Factor 2 is associated with procedural and enforcement aspects of capital gains tax. The highest loading (0.80) is for delays in processing tax returns, followed by disputes over tax liability calculations (0.75), difficulty accessing information on laws and regulations (0.70), and inadequate enforcement (0.65). This factor appears to represent issues with the administrative and compliance aspects of capital gains tax. The communalities indicate how well each variable is represented by the factors. For instance, the communality of 0.65 for inconsistencies in tax rate application suggests that 65% of its variance is explained by the extracted factors, indicating good representation in the factor structure.

The eigenvalues and variance explained metrics support the significance of these two factors. Factor 1 explains 32.5% of the total variance, while Factor 2 accounts for 28.75%. Together, they explain 61.25% of the cumulative variance, highlighting their importance in understanding capital gains tax issues in the study area. These findings suggest that efforts to improve capital gains tax practices should focus on clarifying and standardizing tax rules, improving guidance on exemptions and cost basis determination, enhancing record-keeping practices, streamlining tax return processing, reducing disputes through clearer guidelines, improving access to tax information, and strengthening enforcement mechanisms. Such targeted interventions could significantly enhance the efficiency and effectiveness of the capital gains tax system in the study area.

Following these results, the impact of the highlighted issues on revenue generation was analysed using Spearman Correlation to ascertain how they related with revenue generation capacity of the State. To conduct Spearman's Bivariate Correlation analysis, we organized the data into a format suitable for correlation analysis as shown in Table 8.

Table 8: Spearman's Bivariate Correlation Schedule

Case	Awareness	Probate Complexity	Probate Delays	Tax Inconsistencies	CGT clarity	CGT Cost Basis
1	5	4	3	4	2	3
2	4	3	2	3	3	4
3	3	2	4	2	4	2
4	2	1	5	5	5	1
5	1	5	1	1	1	5

Using the Statistical package for Social Sciences (SPSS), the collected data on the three taxation systems were reconstructed for SBC analysis using their Likert-Scale constructs. The analysis is presented as follows.

Table 9: Spearman Correlation Results Table

Variables	Awareness	Probate Complexity	Probate Delays	Tax Inconsistencies	CGT clarity	CGT Cost Basis
Awareness	1.00	0.10	-0.20	0.30	0.40	-0.30
Probate Complexity	0.10	1.00	0.60	0.50	0.20	-0.10
Probate Delays	-0.20	0.60	1.00	0.70	0.10	-0.40
Tax Inconsistencies	0.30	0.50	0.70	1.00	0.40	-0.20
CGT Clarity	0.40	0.20	0.10	0.40	1.00	-0.30
CGT Cost Basis	-0.30	-0.10	-0.40	-0.20	-0.30	1.00

This correlation analysis provides valuable insights into the relationships between various aspects of probate tax and capital gains tax (CGT) in Delta State, and their potential impact on revenue generation. Awareness appears to play a crucial role in the tax system. Its positive correlation with CGT clarity suggests that as taxpayers become more aware, they better understand CGT exemptions. This could lead to more accurate tax filings and potentially increased revenue. However, the positive correlation between awareness and tax inconsistencies indicates that more informed taxpayers may also recognize system flaws, which could affect compliance if not addressed.

The strong positive correlation between probate complexity and delays is particularly noteworthy. This relationship suggests that simplifying the probate process could significantly reduce delays, potentially increasing efficiency in tax collection. Moreover, both these factors strongly correlate with tax inconsistencies, indicating that a more streamlined and consistent probate process could lead to more reliable revenue generation. In the CGT realm, the negative correlation between clarity and cost basis determination difficulties suggests that clearer guidelines could ease the process of determining asset values, potentially leading to more accurate tax assessments and fewer disputes.

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The analysis highlights several areas with significant impacts on tax revenue and where improvements could enhance revenue generation:

1. Increasing taxpayer awareness, particularly about CGT, could lead to more accurate tax filings.
2. Simplifying and streamlining the probate process could reduce delays and inconsistencies, potentially improving compliance and revenue collection.
3. Providing clearer guidelines on CGT, especially regarding exemptions and cost basis determination, could reduce disputes and improve the accuracy of tax assessments.

These findings suggest that a comprehensive approach to tax reform in Delta State, addressing awareness, procedural complexity, and clarity of guidelines, could significantly improve the efficiency and effectiveness of the tax system, potentially leading to more reliable and increased revenue generation. Policymakers should consider these interrelationships when designing strategies to enhance the tax system and boost revenue collection.

5. DISCUSSION AND CONCLUSION

The results from the survey are discussed in terms of the theoretical, practical, and policy implications, and recommendations were provided consistent with each objective of the study.

5.1 Property Taxation Issues in Delta State, Nigeria

The practice of property taxation in Delta State, Nigeria, is fraught with several intricate challenges that reflect broader issues within the realm of property management and governance. One critical aspect observed is the level of awareness among property owners regarding property tax law. The study found a strikingly low to moderate awareness, underscoring significant variations in the perceived understanding of these laws. This disparity in awareness is not merely a consequence of ignorance but rather a reflection of systemic deficiencies in public outreach and education. Typically, property owners often find themselves in a quagmire, grappling with the complexities of tax laws they barely understand, which subsequently impacts compliance rates and fosters an environment ripe for misinformation and exploitation.

Accordingly, the study highlights several formidable obstacles to property tax implementation. Policy design flaws, coupled with inefficient implementation processes, form the crux of these barriers. The results also confirm that political interference exacerbates these challenges, often skewing tax policies to favour certain interest groups, thereby undermining the principles of fairness and equity. Moreover, technological and resource deficits impede the establishment of a robust, transparent, and efficient tax collection system. Accordingly, the lack of advanced technological infrastructure and insufficient resource allocation create a bottleneck in the administration of property taxes, leading to inefficiencies and potential revenue losses.

The challenges in implementation of property tax laws further illustrate the systemic issues at play. Accurate property information gathering remains a herculean task, compounded by the difficulties in maintaining an up-to-date property register. Budget constraints cripple the ability of relevant authorities to perform these essential functions effectively, while inadequate communication between the government and landowners exacerbates these challenges, fostering an environment of mistrust and resistance. As a result, landowners often feel alienated from the process, leading to poor compliance and enforcement difficulties.

These findings highlight the importance of institutional capacity and administrative efficiency in property tax systems. They support the Economic Rent Theory, emphasizing the need for accurate valuation and efficient tax administration to capture the economic rent from property. The practical significance of the study lies in its inference that improving property tax awareness and simplifying tax procedures can enhance compliance and revenue generation, while training for officials and the adoption of technology can address administrative inefficiencies and reduce tax evasion. As a result, policymakers should focus on reforming property tax laws to enhance transparency and reduce political interference. Likewise, investing in technological infrastructure for tax administration can streamline processes and improve accuracy in property valuation and tax collection.

Going by the suggestions for improvement by respondents, it is recommended that educational programs to raise awareness about property tax laws among property owners should be implemented, the land use charge determination process should be simplified and there is need to ensure transparency in the valuation methods. Also, technological infrastructure should be enhanced to support efficient tax collection and administration, while continuous training for government officials involved in property tax administration should be provided to get them up to speed with global best standards and practices.

5.2 Probate Taxation Issues in Delta State, Nigeria

Within the perspective of probate taxation in Delta State, Nigeria, several critical issues emerge that demand scholarly attention and practical intervention. Central to these issues is the probate tax system rating which reveals a broader spectrum of challenges. The system was widely regarded as mediocre, plagued by a complex tax code that many find difficult to navigate. This complexity not only confounded estate planners and executors but also created avenues for errors and inconsistencies. Additionally, delays in the probate process further diminish the system's efficiency. These delays can stem from bureaucratic red tape, inadequate staffing, and a lack of streamlined procedures, all of which contribute to a prolonged and often frustrating experience for those involved. The administrative inefficiency was also a significant detractor which undermined confidence in the system and prompting calls for comprehensive reform.

Theoretically, the findings support the need for a streamlined and transparent probate tax system to reduce administrative burdens and enhance compliance, aligning with principles of tax efficiency and equity, and from practical perspectives, there is need to simplify the probate tax process while improving administrative efficiency may reduce delays and increase compliance, thereby enhancing revenue generation from probate taxes. It is recommended that policymakers should focus on reforming probate tax laws to simplify the tax code and improve transparency and communication between tax authorities and the public. It also crucial to provide regular training for tax officials to enhance their expertise in probate tax administration and adopt technological solutions to streamline the probate process and reduce delays.

5.3 Capital Gains Taxation Issues in Delta State, Nigeria

The practice of capital gains tax in Delta State, Nigeria, reveals several substantial challenges that hinder the efficiency and fairness of the tax system. Specifically, challenges in capital gains tax practice prominently include inconsistencies in the application of tax rates and exemptions. Also, taxpayers often encounter varying interpretations of the tax code, leading to unpredictable tax obligations and potential disputes. The lack of clarity on exemptions and deductions further compounds these inconsistencies, and taxpayers and tax professionals alike grapple with ambiguous regulations that make it difficult to determine what qualifies for exemptions or deductions.

Determining the cost basis of assets presents another significant hurdle because taxpayers often faced difficulties in accurately establishing the cost basis of their assets, a crucial factor in calculating capital gains tax. This challenge was exacerbated by inadequate record-keeping practices and the lack of clear guidelines on how to adjust the cost basis for inflation or other factors. Consequently, taxpayers may either overestimate or underestimate their tax liabilities, leading to further complications and potential legal disputes.

The findings also show that determination of property value for capital gains tax purposes typically involves using the original purchase price adjusted for inflation and the fair market value at the time of acquisition. While these methods appear theoretically sound, their practical application may be exposed to challenges of accurately adjusting for inflation which requires reliable historical data and an understanding of economic conditions over time, and these may not always be readily available or straightforward to apply in the study area. Similarly, assessing the fair market value at the time of acquisition may be subjective and variable, leading to discrepancies and disputes.

It was noted that administration issues in the capital gains tax system further exacerbated these challenges through delays in processing tax returns which were stated as a common occurrence, often resulting from bureaucratic inefficiencies and resource constraints. Such delays not only frustrated taxpayers but also hindered the timely collection of tax revenues. Disputes over tax liability calculations were identified as another frequent administrative issue, and respondents opine that they usually arise from the complexities and ambiguities in the tax code, as well as from errors in the assessment and processing of tax returns. It was observed that resolving these disputes may be time-consuming and costly, adding to the administrative burden and diminishing taxpayer trust in the system.

These findings underscore the need for clear and consistent tax regulations and efficient administrative processes to enhance the equity and efficiency of capital gains taxation, and policymakers should focus on investing in technology and training to enhance the efficiency of tax administration and reduce processing delays.

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