

A comparative analysis of taxation on revenue generation in West Africa economies.

Loretta N. Baryeh
Coppin State University

Hyacinth Ezeka
Coppin State University

Abstract

The effects of taxation on revenue generation in the developing countries of Ghana and Nigeria in West Africa were analyzed. Using the corruption perception index (CPI), it was found that Nigeria was ranked as more corrupt than Ghana. An analysis of the gross domestic product (GDP) per capita for the two countries showed that Nigeria had a higher GDP per capita for most years under analysis. Furthermore the study also revealed that tax revenues collected in Ghana had a higher percentage of GDP than that of Nigeria.

Keywords: Tax administration, compliance, Ghana, Nigeria.



Copyright statement: Authors retain the copyright to the manuscripts published in AABRI journals. Please see the AABRI Copyright Policy at <http://www.aabri.com/copyright.html>

INTRODUCTION

This study examined the effectiveness of taxes on revenue generation of the developing countries of Ghana and Nigeria in West Africa. These two countries were chosen because of size and economic development. The corruption perception index (CPI) from Transparency International was employed; it ranked countries according to their public sector perceived corruption with 0 regarded as highly corrupt and 100 very clean. 175 countries in the world were ranked in 2012. Nigeria was perceived as highly corrupt, considering it scored 27 in 2012 on the CPI and was ranked 139/175. Nigeria ranked number seven among the highly populated countries in the world with a population estimate of 170 million as at 2012. It was the most populous on the continent. According to the IMF and World Bank reports, Ghana was Africa's promising emerging economy. Its population estimate was 25 million as at 2012. Ghana was perceived as one of the moderately corrupt West African countries as shown by its score of 45 as at 2012 on the CPI, it was ranked 64/175. Nigeria therefore represented the most populous and highly corrupt nations in West Africa while Ghana represented the moderately populous and corrupt nations of West Africa. We are motivated to conduct this study because developing countries have struggled with tax collection over the years and this continues to negatively impact the level of social services the governments are able to provide their citizens. This study found that collecting taxes in developing countries was challenging as citizens did not want to pay taxes. Most transactions in the countries were done by cash. There was a large informal sector in developing countries which included informal trading, traditional healing, footwear, refrigeration, spare parts, agriculture, dressmaking, credit facilities transportation, food preparation, gold and silver smiting, construction, electricity, livestock and distilleries. The informal sector led to a widespread lack of efficient record-keeping resulting in difficulty in ascertaining revenue. This presented challenges to the revenue collecting authorities who had their own set of problems (lack of personnel and logistics). A comparison of taxes collected from the two countries revealed that even though Nigeria was a much bigger country than Ghana and maintained a higher GDP per capita as compared to Ghana and generated more revenue than Ghana, revenue collected from taxes in Ghana was a higher percentage of (GDP) than that of Nigeria. The paper is categorized accordingly: Section 2 presents the literature review, section 3 history and assessment of taxes. Section 4 presents challenges in collecting taxes, section 5 presents addresses to challenges, and section 6 presents findings, section 7 conclusions and practical, social and policy implications.

LITERATURE REVIEW

Prior studies (Due J.F. 1963, Kraus 2002 and others) have investigated the taxation and related issues facing Ghana and/or Nigeria or a combination of some developing countries. Joshi and Ayee (2002) and Tendler (2002) found that the informal sector inhibited the collection of taxes in Ghana. Fakile A. S. and Adegbe F. F. (2012) studied and explained the numerous problems faced by Nigeria in taxation. Chigbu and Eze (2012) studied the causality between taxation and economic growth in Nigeria and found that economic growth is caused by the taxation granger. Hawkins (1958) studied the economies of Ghana and Nigeria including taxation since they represented other developing countries. Prichard (2015) studied several sub Saharan countries including Ghana and found that reliance on taxes increased accountability and responsibility of governments because it increased the political power of taxpayers. Green (1965)

studied four African nations including Ghana, Kenya, Tanzania and Nigeria's development plans and found striking similarities with Ghana and Tanzania's taxation. Due J.F (1963) studied the administrative practices, exemptions, rates and deductions of taxation of eight British colonies of Africa.

This study is a contribution to the literature because to the best of our knowledge this is the first study to conduct a comparative analysis of revenue generated from taxes as a percentage of the (GDP) for Ghana and Nigeria from 2001 to 2012.

HISTORY AND ASSESSMENT OF TAXES

Ghana¹ had its first customs law enacted in 1855. This was replaced in 1876 by a U.K. based Customs Act. In 1943, the Income tax ordinance was introduced in Ghana. The then tax authorities, Internal Revenue Service (IRS) and Customs, Excise and Preventive Service (CEPS) were guided by Ghana Civil Service until they were ascribed a semi- autonomous self accounting status in the public sector in 1986. The boards of both IRS and CEPS were responsible for ensuring the effectiveness in assessment and optimal collection of taxes and penalties under the law. They were charged with recommending tax legislations, policies and reforms and the control of their institutions policies and law and drawing up conditions that prescribed the conditions of service², as well as the reimbursement of employees. The CEPS and IRS were supervised by the National Revenue Secretariat (NRS), which was also set up in 1986. IRS and CEPS did not use the same taxpayer identification numbers (TIN) which did not allow uniformity when identifying a tax payer. In 1998 the Value Added Tax Service (VAT) was introduced. A single Board for CEPS, IRS and VAT was formed by Act 558 of the Revenue Agencies Governing Board to decrease information asymmetry. The commissioners of the three institutions³ had operational powers. The Large Taxpayer Unit (LTU) was established in 2004 to enable large taxpayers have all their needs met at one location. In 2009, a single Revenue Authority, (GRA) Ghana Revenue Authority, was introduced. This was to ensure efficient revenue mobilization and to integrate and modernize the operations of Domestic Taxes and Customs in Ghana. GRA was established under Act 791 (2009) to unify CEPS, IRS and the VAT. The functions of the GRA were to collect taxes and associated penalties on taxes and pay amounts to the government into a Consolidated Fund (at the Ghana Central Bank).

Ghana assesses taxes in various ways. Domestic taxes were administered by the Ghana Revenue Authority's Domestic tax division. This included Income tax such as personal income tax; a tax paid by people who work for themselves. Pay As You Earn (PAYE) taxes were withheld from income of salaried workers as computed as follows. The first 2,592 was not taxed; above 2592 to 3,888 was taxed at 5%; above 3,888 to 5,700 was taxed at 10%; while above 5,700 to 38,800 was taxed at 17.5%. Amounts above 38,800 was taxed at 25% (amounts were annual and quoted in Ghana cedi; dollar equivalent can also be found in Table 1). Corporations were taxed at 25% which was paid on profits in a year. Taxes were also imposed on assets.

¹The then Gold Coast which stayed under colonial rule until 1957

²The better conditions made it possible for professional and qualified staff, such as lawyers, administrators and accountants to be recruited. An agencies Act was passed which permitted the institutions to retain a percentage of their collections to run their Administrations.

⁵ The NRS was a part of the Finance Ministry.

Vehicle Income Tax (VIT) was paid by owners of commercial vehicle depending on the vehicle's type and capacity on quarterly basis. The Stamp Duty was paid on documents with legal effect. The Tax Stamp was paid by owners of small businesses in the informal sector, according to the type, class and size of business (e.g. dressmakers, butchers etc). The Gift Tax (5% of gifts above GH¢50.00) was paid by people who had received gifts such as buildings, land, business, money, shares and others. Capital gains tax (15%) was paid on the sale of asset which yielded gains exceeding GH¢50.00. Rent tax (8% of rent received) was paid by residents with rental property. Mineral Royalties (5% of mining activities) was paid by entities that engage in mining activities. On Transactions, a Communications Service Tax (CST) was paid for the services of communications provided. Excise Duty was paid by the manufacturing businesses. Import Duty was paid on goods imported into the country. Besides a few items, all imports attracted import duties and VAT as well as the National Health Insurance Levy (NHIL). There was also a broad based VAT of 15% imposed on the purchase of goods and services of consumers. It was a way of collecting taxes in stages from the manufacturer to the retail sector. The NHIL was a 2.5 % tax imposed on goods and services rendered (exclusive of VAT).

Personal taxation was established in Northern Nigeria in 1904; while the Native Ordinances were enacted in 1917. In 1943 Nigerian Federal Inland Revenue Service was established, from the Inland Revenue Department of Anglophone which was governed by the Anglo-phone West African countries before independence. After a series of changes the Personal Income Tax Act Decree (PITD) of 1993 was enacted that became the Personal Income Tax Acts. This regulated personal income tax in Nigeria. Through further changes in 1961 and 1993, Federal Inland Revenue Service (FIRS) under the Federal Board of Inland Revenue (FBIR), became autonomous through the FIRS (Establishment) Act⁴ of 2007. FIRS were one of the Federal Ministries, Departments and Agencies (MDAs) which had the responsibility of collecting and accounting for the taxes to the federal government. Taxes and levies were charged and enforced at three levels that is Federal, State and Local governments. This was authorized by the 1998 Decree in the 1999 Constitution.

Taxes in Nigeria were imposed directly or indirectly. While businesses and individuals had to pay taxes, there were also taxes to be paid on assets and transaction. Personal Income Tax was paid by all income earning Nigerians locally and abroad. This varied from 7 to 24 % of total taxable income. A 7% tax was imposed on the first 300 000, a 11% tax was imposed on the 300, 001 to 600, 000. A 15% tax was imposed on 600, 001 to 1,100,000, a 19% on 1,100,001 to 1,600,000, while 21% on 1,600 001 to 3,200,000 and 24% on amounts above 3,200,000 (annual amounts quoted in Nigerian Naira; dollar equivalent presented in Table 1). A development Levy was a standard rate paid by every citizen who could be taxed within a State. A Corporate Income Tax of 30% was paid on the earnings of all businesses in Nigeria as well as a 2% levy for Education Tax. Businesses engaging in oil and gas operations paid a petroleum tax. This petroleum tax was imposed at a rate of 65.75% for the first five accounting periods and 85% for years thereafter. Manufacturing, agriculture, mining and export companies whose turnover did not exceed 1 million Naira were levied a lower tax rate of 20% in the first five years of operation. A Technology Levy was imposed on companies earning more than 100 billion Naira; such as financial institutions including banks, pension management companies, insurance companies and telecommunication institutions such as, internet service firms for technological

⁴ The Act guided the administration of the FIRS and made provisions for management, finances , tax administration and provisions.

development. A Value Added Tax of 5% was imposed on non exempt transactions in the country. A Capital Gains Tax of 10 % was levied on gains from sale of assets (options, debt and property). Stamp Duty was imposed both federally and state-wide on documents including transfers of deeds, bills of exchange and insurance policies. Excise Duty was paid by specific manufacturing firms in Nigeria and was paid to Nigeria Customs Service. Import Duty was charged on imported goods into Nigeria and was collected by Nigeria Custom Service. Export Duty was charged on exported goods outside the country and was paid to Nigeria Customs Service. On Assets; property and other levies were charged on property or land.

CHALLENGES WITH TAXATION IN GHANA AND NIGERIA

The separate Revenue authorities in Ghana were plagued with various challenges. These included fragmentation of tax administration. The duplication of support function across the Revenue Agencies was rampant. These included separate and uncoordinated reforms, data not complete on taxpayers due to no integration of information technology systems. Application of the principles of taxation was not fair, equitable or simple. The system was inconvenient, not transparent and the amenities needed in administering an up to date system was nonexistent. Furthermore in Ghana the tax burden was borne mainly by the formal sector and they had the impression that the authorities burdened them to pay taxes while the informal sector was not being taxed. The informal sector was diverse and made up of small and big enterprises, rural and commercial companies, visible and invisible businesses owners and employees, local activities as well as those that cross jurisdictional boundaries (Aye, 2007). "Ignoring informal sector activities will lower compliance, morale and increase the risk of generalized non compliance" (Terkper, 2003). There were difficulties in taxing the informal sector. According to Aye (2007) taxing the informal sector in Ghana was challenging as mentioned in the 2007 Budget Statement: "... one of the major challenges facing Ghana is how to broaden the tax net. Out of a pool of 5 million potential taxpayers, only 1 million are paying income taxes. Apart from employees on the Government payroll, only about 350,000 employees in the private formal sector pay taxes. ... the fact that the vast majority of Ghanaians in the informal sector makes revenue generation a daunting task". (Republic of Ghana 2006: 296). Further difficulties encountered include the fact that a majority of transactions were conducted in cash⁵ and even some businesses refused checks. Furthermore, most people who owned their own businesses did not keep accurate records⁶. Notwithstanding, in determining the tax liability of a taxpayer it was important to correctly determine their income. Other challenges included inappropriateness of tax collection mechanisms. Both direct⁷ and indirect mechanisms were used to assess the informal sector taxes. Insufficient resources also impeded taxation in Ghana. The VAT and IRS did not have sufficient resources according to Ghana's 2006 Budget Statement. The establishment of the GRA had helped since it had employed better qualified staff. GRA put into place a more client friendly system, providing professional services with modern technology. It was also trying to encourage and promote voluntary compliance, better training and equipping, disciplining and motivating of its staff as well as effective border protection.

⁵The transactions in cash were a means by which taxable profits can be concealed. This enabled manipulation of records for tax reduction purposes and elimination of third party information on purchases and sales.

⁶Illiteracy was the main problem with record keeping. (Agyeman, 1982).

⁷ Costs of collecting taxes outweighed benefits when using formal accounting systems. VAT was withdrawn and introduced again to alleviate these problems (Aye, 1997).

Incentive was also a problem. Staff of the revenue authorities were over-stretched and disliked imposing taxes on the informal sector because it yielded smaller returns to effort as compared to the formal sector, with corporations or even customs work. Informal sector work was low rewarding and could be dangerous. For instance educated tax personnel disliked communicating with poor, uneducated and somehow dangerous citizens, while these citizens resented being pressurized by tax officials while merely trying to evade poverty. In addition to lack of facilities and transportation, low salaries and benefits did not incentivize personnel⁸ to tax the informal sector.⁹ The informal sector was also heavily involved in politics. According to Ayee, in *Ghana*, the informal sector was a large voting block. Therefore, Tendler mentions the 'devil's deal'—an unspoken agreement between the informal sector leaders and politicians:

“If you vote for me,... I won't collect taxes from you; I won't make you comply with other tax, environmental or labor regulations; and I will keep the police and inspectors from harassing you” (Tendler 2002: 99). Ayee contends that politicians looked the other way at informal sector activities to obtain their votes. An example was the “corporatist relationship between” the Ghana Private Road Transport Union (GPRTU) and a former government, the Rawlings' Government in the 1980s. (Joshi, A. and Ayee, J. 2002).

Nigerian citizens did not enjoy paying taxes. Taxes were very important in the sustainable development and governance of any country and tax payments were needed for providing social facilities. Citizens and businesses in Nigeria did everything possible to decrease their tax liability, by legal or illegal means. According to Fakile and Adegbe (2012), the capacity of a government to tax, depends on its ability to maintain its tax jurisdiction. The discovery of oil and the robustness of oil revenue had both positive and negative effects on the Nigerian's government ability to generate enough tax revenue. In the past, Nigeria had been very negligent in collecting its tax revenue. Inadequate staffing had been a problem in tax collection in Nigeria as it inhibited the efficiency in collecting taxes. Taxes collected were also mismanaged moreover taxes were not being used for the purpose for which they were collected. Bribery and corruption was wide spread and very often personal interest over shadowed official interest. Poor accounting record keeping was also a major problem. Some businesses, traders, and even professionals kept two sets of books, one for personal purpose and the other for tax purpose, which showed close to zero taxable income. Others did not maintain proper records so there was nothing to show their taxable income. The tax structure was complex, due to a multiplicity of taxes; individuals paid similar taxes more than once on an almost similar tax base. The revenue authority was plagued with inadequate facilities, in addition there was inadequate transportation needed for mobility to assess and collect taxes. There was a general lack of voluntary compliance from the taxpayers. Nigerians indulged in tax evasion and delinquency (Ernst and Young, 2012).

⁸ Improvement in wages and conditions of services occurred, however there was still dissatisfaction among tax officials. (Ayee forthcoming).

⁹ IRS strategies including “on-the-spot checks, closing down of shops, public education on tax and the demand of tax clearance certificate for appointment to public office to stimulate tax consciousness in the informal sector” (Ayee, 2007) was not very successful.

ADDRESSES TO CHALLENGES OF TAXATION

Addressing challenges to tax problems in Ghana was continuous. To overcome the problems with direct taxation, the less distortionary VAT was introduced to penetrate the informal sector activities. This was not very effective, therefore, the Ghana Poverty Reduction Strategy was put in place “to increase measures that would widen the tax base and minimise revenue leakages, reduce the incidence of tax avoidance and strengthen the capacity of the revenue collecting institutions” (Republic of Ghana 2003). It was proposed that direct presumptive¹⁰ taxation may be more effective for the informal sector since assessments were based on an indicator of likely earnings instead of specific income, (Bird and Wallace, 2003). The indicators range from machinery size, the building size, total customers or employees. This simplified self-assessment presumptive taxation, though helpful had not effectively penetrated the informal sector and costs have outweighed benefits. (Terkper, 1995; Appiah-Kubi, 2003). Successive governments have tried to remedy the apathy of enforcing taxation by prior governments (Rawlings government) through tax education, including all citizens in taxation and increasing sanctions against tax evaders. However losing votes during elections had always hindered politicians. Tax officials were being trained and qualified citizens were being employed by the tax authorities. Logistics facilitates and amenities for the tax administration were being improved to address the challenges previously faced by tax authorities. Tax laws were being revised and updated. In Nigeria reforms in the administration were ongoing. This included Taxpayer’s Identification Number (TIN). This was an electronic system of tax registration, which identified uniquely each taxpayer for life. This number gave the taxpayers the ability to manage their account anywhere in the country. Most transactions (banks, government loans, foreign exchange, trade licenses, and government contracts) in Nigeria depended on possessing a valid TIN. Other reforms included Automated Tax System, E-payment system, self-assessment and improved collection mechanism under new leadership of the revenue authority. The tax agency was also sanctioning self-serving officials who formally allowed concessions, exemption and unwarranted waivers. Tax evasion was also being severely penalized. Tax officials were being trained and tax offices were being computerized and adequately funded.

FINDINGS

Table 1 presents the comparative tax rates of the two countries and their equivalent dollar amounts as at December 31st 2012. An analysis of the gross domestic product per capita for the two countries (Table 2 and Figure 1) showed that Nigeria had a higher GDP per capita in all but two of the years (2011 and 2012) under analysis as compared to Ghana. Nigeria’s GDP ranged from \$350 in 2001 to \$1555.36 in 2012 whilst Ghana’s was \$275 in 2001 to \$1604.91 in 2012. Revenues generated from taxes from Ghana and Nigeria were also compared for the years 2001 to 2012. Table 3 showed that Nigeria’s tax revenue as percentage of its GDP was very minimal and efforts need to be put into improving this. Tax Revenues as a percentage of GDP ranged from 1.0% to 6.3% as shown in table 3. It was highest in 2009, 6.3% and lowest in 2006, 1%. Taxes were very important in sustaining development and governance of any country and Nigeria was not tapping into this resource. Ghana’s taxes as a percentage of GDP even though not too high, were greater than Nigeria’s in all the years of comparison. Ghana’s Tax Revenues

¹⁰ Presumptive taxation had been in the country since the eighties.

as a percentage of GDP ranged from 13% to 22% as shown in table 2. It was highest in 2004, 21.75 % and lowest in 2009, 12.6%.

CONCLUSION AND PRACTICAL, SOCIAL AND POLICY IMPLICATIONS

This paper examined the challenges and issues of tax administration, compliance and collection on revenue generation capabilities of the governments in the developing countries of Ghana and Nigeria. While Nigeria represented the most populous and highly corrupt nations in West Africa, Ghana represented the moderately populous and moderately corrupt nations of West Africa. The study revealed that most transactions in these countries were done by cash. There was lack of proper record-keeping. A large informal sector whose revenue was difficult to ascertain presented challenges to the revenue collecting authorities of these two countries which had their own set of problems (lack of personnel and logistics including transportation, etc.). Reforms were ongoing to address the challenges; these include tax identification numbers, training and hiring of qualified tax officials, improving amenities and logistics in tax offices and educating citizens on tax compliance. A comparison of revenue collected from the two countries revealed that Nigeria the much bigger country than Ghana generated more revenue than Ghana. A comparison of taxes however showed that Nigeria the country that was perceived to be more corrupt (based on the corruption perception index) also collected smaller taxes as a percentage of its GDP than Ghana. Further studies will examine other developing countries and ascertain which one has a more effective tax system and findings would be recommended to regulators in developing countries to provide better tax assessment, compliance, and collection.

Based on the outcome of this study it is recommended that the informal sector should be educated to increase tax compliance. Revenue officials must also be rewarded according to performance to boost their moral and spur them into better efficiency and effectiveness in the performance of their duties. A commission system would promote transparency at every level in tax administration. An increase in tax incentives will encourage voluntary compliance. Continuous improvement in logistics for better record keeping, reliable transportation for tax officials and better conditions of service would also alleviate the challenges faced by tax authorities. Furthermore the general populace must be continuously educated on tax compliance and tax laws must be regularly reviewed and modified for ease and minimal enforcement costs.

REFERENCES

- Appiah-Kubi, K. (2003), "An analysis of Tax reforms in Ghana," *Ghana social science journals*, new series, Vol 2 , No 1 , May :66-103.
- Ayee, J. (2007), "The organizational culture of tax officials in Ghana" *African Journal of tax administration and management*. Forthcoming.
- Ayee, J. R.A.(2007), "Building tax compliance through reciprocity with government" University of Ghana Paper presented at the Foreign Investment Advisory Service (FIAS) of the World Bank Group Regional Conference on the theme "Enterprise Formalization in Africa", held at the Alisa Hotel, Accra on January 10 – 11.
- Bird R.M. and Wallace S. (2003), "Taxing Alcohol in Africa: Reflections from International Experience," *International Tax Program Papers 0304*, International Tax Program, Institute for International Business, Joseph L. Rotman School of Management, University of Toronto, revised.

- Chigbu E.E. and Eze L. (2012), "An Empirical Study on the causality between Economic Growth and Taxation in Nigeria." *Current Research Journal of Economic Theory*. 4(2), 29-38.
- Due J.F. (1963) *Taxation and economic development in tropical Africa*.(pp 61-82) Cambridge, M.A. : MIT press.
- Ernst & Young (2010) *Nigeria @ 50: Top 50 tax issues*.
- Fakile A. S. and Adegbe F. F. (2012), "Tax Expenditure in Sub Saharan Africa: The Nigerian Experience." *Research Journal and Accountancy*, Vol 3, No 7. 112.
- Ghana Revenue Authority: [www. gra.gov.gh](http://www.gra.gov.gh).
- Ghana Republic of (2003), "Ghana Poverty Reduction Strategy 2003-2005: An Agenda for Growth and Prosperity", Vol 1 (Accra :Government of Ghana NDPC)
- Ghana Republic of (2005), "The budget statement and Economic Policy of the Government of Ghana for the 2006 financial year presented to parliament on Thursday Nov, 10th 2005" by Kwadwo Baah Wiredu M.P. Minister of Finance and Economic Planning (Accra Assembly Press Ghana Publishing Corporation.
- Green, R.H (1965) "Four African Development Plans: Ghana, Kenya, Nigeria and Tanzania." *The Journal of Modern African Studies*- Cambridge Univ. Press.
- Hawkins E. K. (1958). "The growth of a money economy in Ghana and Nigeria." *Oxford Economic Papers* 10 (3) 339-354.
<http://data.worldbank.org/country/nigeria>.
<http://data.worldbank.org/country/ghana>.
<http://ghs.fxexchangerate.com/usd -exchange-rates-history.html>.
- Joshi A. and Aye J.,(2002), "Taxing the Informal Sector: Politics, Revenue and the Informal Sector", *IDS Bulletin*, Vo. 33, No. 3.
- Krauss, J. (2002), Capital, Power and Business Association in the African Political Economy: A Tale of Two Countries, Ghana and Nigeria" *Journal of Modern African Studies* 40(3), 395-436.
- Micah, L. C., Ebere, C., & Umobong, A. A. (2012), "Tax System in Nigeria - Challenges and the way forward." *Research Journal of Finance and Accounting*, 3(5), 9-15.
- Olajide And Associates - Chartered ... (n.d.). Accountant in Nigeria... Retrieved from <http://www.olajideassociates.com/olajide/news604.htm>
- Opoku, Y. Integration of Revenue Agencies In Ghana : Ghana country correspondent
- Prichard,W.(2016) "Taxation, responsiveness and accountability in Sub-Saharan Africa: the dynamics of tax bargaining" *Foreign Affairs* 95(2),188-190 reviewed by van de WalleN
- Tendler, J. (2002), "Small Firms, the Informal Sector, and the Devil's Deal." *IDS Bulletin* [Institute of Development Studies], 33(3).
- Terkper, S. E. (1985), "Ghana: Tax Administration Reforms (1985-1993)"; The World Bank, Washington D.C.
- The Problems and Prospects of Tax Collection* | *Bizcovering*. (n.d.). Retrieved from <http://bizcovering.com/accounting/the-problems-and-prospects-of-tax-collection/>

APPENDIX

Table 1: Comparative tax rates

Ghana (cedi)	Equivalent dollar	Ghana	Nigeria (naira)	Equivalent dollar	Nigeria
Taxable Income	Taxable Income \$	Tax Rate	Taxable Income	Taxable Income	Tax Rate
0-2,592	0 – 676.77	0%	0-300,000	0- 1,500	7%
2,593 -3,888	676.77-1,015.16	5%	300,001-600,000	1,500-3,000	11%
3,889 – 5,700	1,015.16-1,488.27	10%	600,001- 1,100,000	3,000 - 5,500	15%
5,701 – 38,800	1,488.27-10130.68	17.5%	1,100,001- 1,600,000	5,500- 8,000	19%
> 38,800	> 10,130.68	25%	1,600,001- 3,200,000	8,000- 16,000	21%
			>3,200,000	> 16,000	24%

Exchange rate as at 5/25/16:

1 Ghana cedi = 0.2611 USDollar.

1 Nigeria niara = 0.0050 US Dollar

Table 2: GDP per capita (US\$)

Year	Ghana	Nigeria
	GDP per capita	GDP per capita
2001	275.48	350.29
2002	311.64	457.47
2003	375.96	510.42
2004	426.26	645.93
2005	501.86	804.15
2006	929.95	1014.76
2007	1099.09	1130.88
2008	1234.44	1376.02
2009	1096.53	1090.75
2010	1326.07	1437.05
2011	1594.03	1496.30
2012	1604.91	1555.36

Figure 1: GDP per capita (current US\$)

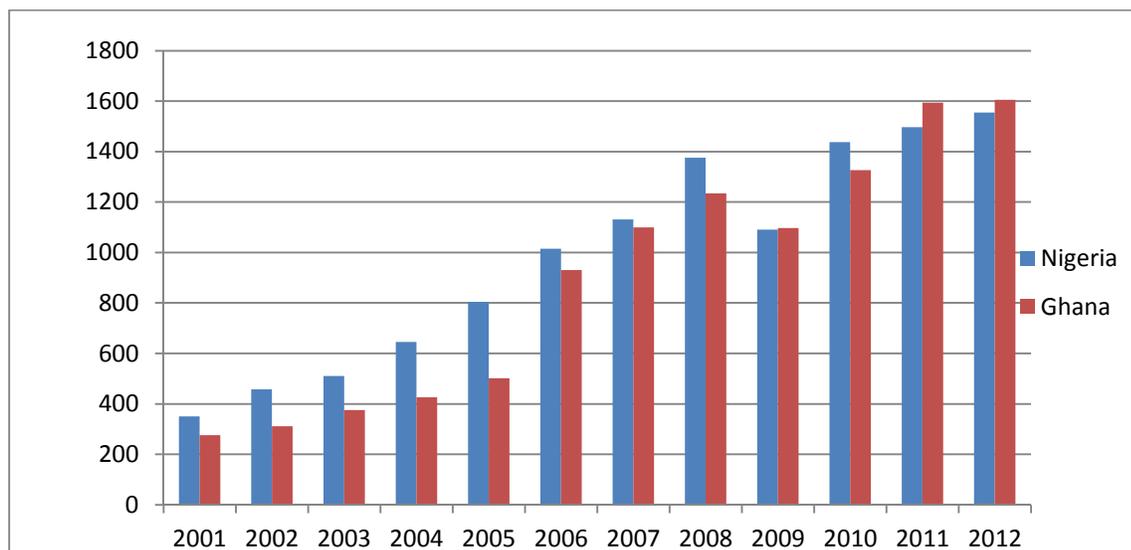


Table 3: Tax Revenue as percentage of GDP

Year	Ghana Tax % of GDP	Nigeria Tax% of GDP
2001	17.2	2.0
2002	17.5	2.0
2003	18.5	2.0
2004	21.8	2.0
2005	21.3	2.0
2006	12.8	1.0
2007	13.9	2.0
2008	13.9	3.0
2009	12.6	6.3
2010	13.4	5.8
2011	14.9	5.1
2012	20.8	5.5

Figure 2

