

Implications of the Personal Income Tax (Amendment) Act 2011 on Worker's Disposable Income in Nigeria

Onyewuchi Veronica E.

*School of Financial Studies
Accountancy Department
Federal Polytechnic Oke*

Abstract

The objective of this study is to examine the implications of the Personal Income Tax (Amendment) Act 2011 on workers' disposable income in Nigeria. Consolidated Tax Relief Allowance, minimum tax rate and new PIT rate are the independent variables used as proxy for Personal Income Tax (Amendment) Act 2011 while the workers' income is used as the dependent variable. The study adopted the survey research design and used structured questionnaire. The population of the study is made up of academic staff of the Federal Polytechnic; Oke Anambra State. The data collected was analyzed using descriptive statistics, Chi-square test and Kendall's W statistic test (at 5% level of significance). The findings revealed that Consolidated Tax Relief Allowance, minimum tax rate and the new tax rate have significant effects on worker's disposable income in Nigeria. The implication of the findings is that the amendment will bring a decline in the disposable income of workers especially the high income brackets. The study recommended among others that there should be reduction in the personal income tax rate in Nigeria to ameliorate tax avoidance strategies especially by self employed workers (that constitute the greater percentage of workers in Nigeria). This will encourage tax compliance by tax payers and increase revenue generation to government.

Keywords:

Personal Income Tax, Disposable income, Consolidated Tax Relief Allowance, Minimum Tax Rate

Corresponding Author:

Onyewuchi Veronica E.

Background to the Study

The Nigerian tax system has undergone significant changes in recent times. The Tax Laws are being reviewed with the aim of repelling obsolete provisions and simplifying the main ones. The interaction between the progressivity of tax and transfer policies and income distribution is complicated by a set of factors that are unique to developing countries. The gross minimum wage of worker is affected when there are changes in the tax components which also affect net disposable income (Boeri, 2012).

The Nigerian tax system was being used to achieve various economic objectives at notable periods, but it has been structured as a tool for revenue collection which was the legacy from the pre-independence government based on 1948 British tax laws. Guru (2014) adds that the Nigerian tax system is concentrated on petroleum and trade taxes while direct and broad-based indirect taxes like the personal income tax (PIT) are neglected. In general, one of the important motivations behind tax reforms in most countries has been to increase the share of tax revenue in Gross Domestic Product (GDP).

Personal income tax predates the modern Nigerian State having evolved from the pre-colonial era through the colonial era and still evolving in this post-colonial era. Income tax administration post-independence was first regulated by the Income Tax Management Act (ITMA) 1961, which was later replaced by ITMA 1979 was repealed and replaced by the Personal Income Tax Decree/Act (PITD/A) 1993. The Act was revised in 2004 as Personal Income Tax 2004 with some sections and schedules later amended in 2011. The core concern of the past and present Acts is the determination of taxpayers' tax liabilities, by outlining procedures to determine gross income, allowable and disallowable deductions from income in ascertaining taxable income, on-taxable income, applicable marginal tax rates, exemptions, etc. Income under the PIT 2004 in conjunction with its Amendment Act 2011 encompasses all income received by a taxable person such as employment-related income including benefits-in-kind, income from self-employment as well as income derived from investment (e.g., interest, dividend, rent). Whilst income from paid employment and self-employment is denoted earned income according to the provisions of the 2004 Act, the one from investment represents unearned income.

This section is specifically restricted to PITA 2004 and its Amendment Act 2011. Moreover, it is intentionally restricted to the tax provisions relating directly to how tax liability is determined. Such provisions relate to gross income; earned and unearned income; exemptions, allowances, reliefs, tax rates, and minimum tax.

Statement of the problem

The relative disparity between the poor and the rich in developed and developing countries is high however, the developing countries have a large poor population compared to the rich (Bird and Zolt, 2005). Consequently, the need for income in equality normatively becomes a top policy issues for the government. It is debatable whether the overall impact of the PITA on tax payers is consistent with the national tax policy of reducing direct taxes and increasing the assessable income of individuals. This is

worrisome especially considering the impact of the recent removal of fuel subsidy and the fact that PITA 2011 increases the minimum tax rate and effective tax rate of the lowest bracket of income earners (that is minimum wage earners) by 100% (UPMG,2012).

Asada (2011) reveals that the operation of personal income tax (PIT) in Nigeria remains the most unsatisfactory, disappointing and problematic of all the taxes in the tax system. It will be observed that previous studies done on personal income tax in Nigeria ignore the direct impact of the tax law on the income of the taxpayers, in this case, the workers' disposable income in Nigeria (Egbon, & Mgbame, 2015; Onyekwelu & Ugwuanyi, 2014). On this basis, the study attempts to fill the gap by examining the effect of the allowable deductions and reliefs under the 2011 Act on workers' disposable income. The allowable deductions, it should be noted, include;

- a. Contributions and incomes derived from the National Housing Fund ("NHF")
- b. The National Health Insurance Scheme ("NHIS")
- c. Life Assurance policies
- d. The National Pension Scheme
- e. Gratuities are now formally exempted in one legislation, to charge under the 2011 personal Income Tax (amendment) Act.

Consolidation of Personal Relief Allowances; the personal Income Tax (Amendment) Act 2011 ("PIT 2011") has Consolidated all the personal income tax reliefs or allowances now allowed, when computing a person's individual tax, into a Single Consolidated Tax Relief Allowance ("CTRA") of N200,000 (Two Hundred Thousand Naira) or a minimum of 1% of the individual's annual gross income as CTRA. The residue or remainder of an individual's income is liable to Personal Income Tax at an average graduating rate of between 7% to 24% of the individual's annual income. Thus, a higher PIT Tax rate is reserved for people earning above N 1.6 Million and N 3.2 Million per annum after making provision for CTRA

Objectives of the study

The broad objective of the study is to examine the implications of the Personal Income Tax (amendment) Act 2011 on workers' disposable income. Therefore, the specific objectives are as follows:

- i. To ascertain the implication of consolidated Tax Relief Allowance on workers' disposable income in Nigeria.
- ii. To examine the implication of minimum tax rate on workers' disposable income in Nigeria.
- iii. To determine the implication of new tax rate on workers' disposable income in Nigeria.

Statement of Hypothesis

The hypotheses for this study were formulated in null as follows:

- H_{01} : Consolidated Tax Relief Allowance has no significant effect on workers' disposable income in Nigeria.

H₀₂: Minimum tax rate has no significant effect on workers' disposable income in Nigeria.

H₀₃: New tax rate has no significant effect on workers' disposable income in Nigeria.

Scope of the Study

The study was delimited by the topic: "Implications of the Personal Income Tax (amendment) Act 2011 on Workers' Disposable Income". The study was also delimited by the type of tax and country of study chosen – PIT in Nigeria.

Review of Related Literature

Conceptual Review

Workers' Disposable Income

The income from employment includes benefits in kind (pre-requisites), gratuities, superannuation and any other incomes derived solely by reason of employment (Asabor, 2012). An employee income is made up of direct wages and salaries, cash bonuses and gratuities, commissions, directors' fees, profit – related pay, remuneration for time not worked (e.g. as sick leave or annual leave), free or subsidized goods and services from an employer as well as severance and termination pay.

Employees' income can be in cash (in the sense of monetary), in kind as goods or services. Therefore, the benefit in kind included in gross emolument. This therefore means that taxable income with temporary staff will now be liable to tax which includes casual workers and other contract staff. Although, the taxable income bands have been increased and the top tax rate reduced marginally from 25% to 24%, the minimum tax rate has also been increased from 0.5% to 1% of gross income. This means about 100% increases in tax for the poorest of the poor (Asabor, 2012).

According to International Labour Organization (2000), employment related income is the income which is received, over a given period of time by an individual worker, for themselves or in respect of their family members, as a result of their current or former involvement in self-employment. Disposable income is the amount of income left for consumption expenditure during the accounting period. Workers' disposable income is computed as the total income earned by individual worker less direct tax, compulsory fees and fines (EU-HBS, 1997).

Consolidated Relief Allowance

Consolidated Relief Allowance is not a pay rise but rather, it is a portion of the income of an employee that will not be assessed to tax, or the amount that is tax exempted. CRA replaces the erstwhile Personal Allowance, dependent relatives Allowance; leave Allowance etc, in the amended law. The provision of the personal Income Tax (Amendment) Act, 2011 which came into effect after the publication of the Act in a Gazette of the Federal government of Nigeria (see Gazette No 115 Vol.98 dated 24th June, 2011) is being implemented. Before the amendment of the law, low income earners were only entitled to allowances that were far less than N 200,000 on their income but now, they are entitled to N 200,000 + 20%, of their gross which is not taxable any longer.

Finally, minimum Tax provision of 1% is charged on the Gross Income, if after granting the Consolidated Relief Allowance (CRA) plus 20% of the Gross Income, there is no tax payable or the tax payable is less than 1% of the Gross Income, then the minimum tax applies. The rationale behind the personal Income Tax (Amendment) Act, 2011 is to ensure that the principal Act which was enacted in 1993 is in line with the current realities while also seeking to provide an equitable Tax system for the country.

Minimum Tax Rate and Introduction of New Tax Rates

Minimum tax rate is the rate chargeable when the earned income of an individual is below the least income tax band. Section 37 of the Amendment increases the minimum tax payable from 0.5 per cent of total income to 1 per cent of total income (Akhidime and Abusonwan, 2013).

The new tax rate is now to be based on the provisions of the Sixth Schedule of the Act as follows: First N300,000 taxed @ 7 percent Next N 300,000 taxed @ 11 percent Next N500,000 taxed @ 15 percent N 500,000 taxed @ 19 percent Next N 1,600,000 taxed @ 21 percent. Above N 3,200,000 taxed @ 24 percent. This can be represented in a table as follows:

Table 1: Revised Graduated Tax Bands

Old Income Band	Old Rates	New Bands	New Rates
First ₦30,000	5%	First ₦300,000	7%
Next ₦30,000	10%	Next ₦300,000	11%
Next ₦50,000	15%	Next ₦500,000	15%
Next ₦50,000	20%	Next ₦500,000	19%
Above ₦160,000	25%	Next ₦1,600,000	21%
		Above ₦3,200,000	24%

Source: Personal Income Tax (Amendment) Act, 2011

While this amendment generally has a significant reduction of income of tax paid by low income earners it nevertheless will affect income earners differently depending on their income band, with some within higher income band to a certain range paying higher and others within relatively lower income band paying lower taxes (Akhidime and Abusonwan, 2013).

Personal Income Tax in Nigeria

Personal Income tax is a tool used to reduce inequality of income in society thereby encouraging infant industries to grow with the granting of tax incentives (Akintoye, 2013). Personal income tax are direct taxes which are taxed on income or receipt and the incidence of such a tax falls directly on the payer in that it is not possible for the person who pays the tax to shift the burden to someone else. Examples of direct taxes are personal income tax, capital gains tax, corporate income tax, company and payroll tax (Bawa, 2009). Musgrave and Musgrave (2004) noted that direct taxes are those taxes which are imposed initially on the individual or household that is meant to bear the burden while indirect taxes are taxes which are imposed on individual indirectly but are meant to be shifted to

whoever is supposed to be the final bearer of the burden. Personal taxes, such as the individual income tax, capital gain tax are direct taxes and sales and excise taxes are classified as indirect tax.

As a fiscal instrument, direct taxes are used to adjust people's disposable income and to reduce the parameter of unearned incomes. Income from most sources including pay for work done, interest and dividend income, capital gains, rent and royalties and business or profit income are subjected to taxation. Income taxes are levied on taxable income, which is total income minus exemptions and deductions. Some of these adjustments, especially when used in ways unintended by legislations are sometimes called loopholes (Henderson & Poole, 1991).

Empirical Review

A study conducted by Onyekwelu and Ugwuanyi (2014) on the effects of personal income tax amendment act of 2011 on revenue generation in Nigeria. Primary source of data was used while Chi-Square statistics was employed in testing the hypotheses. The findings show that increase in the tax rate is affected by the tax payers' revenue generation. The study also reveals that this new tax law would lead to double taxation which had great effect in the workers' disposable income.

In another study carried out by Uguru (2014) on the topic "Implications of the 2011 Personal Income Tax Act on the Income of Nigerian Workers", the descriptive statistics was used to analyze the data. The study is of the opinion that the major policy implication of the new Personal Income Tax Act (PITA) 2011 is that it reduces high tax rate of workers in Nigeria. It is a known fact that high tax rate in any form is a double - edged sword in that while it prevents the current level of income distribution from worsening, it also makes it impossible on the part of the tax payers subjected to it to accumulate wealth and thereby unable to create a reserve for emergency or old age. The paper concluded that the new personal income tax possesses the tax principle of proportionality through its spread of the tax rates from 7% to 24% and progresses as the tax payer's income increases. This means that the makers of the PITA (Amendment), 2011, contemplate equitable distribution of tax burden among individual tax payers.

Akhidime and Abusonwan (2013) investigate the implications of Nigeria Personal Income Tax (Amendment) Act 2011 as they affect personal income tax administration in the hands of tax authorities as well as employers, employees and individuals as it related to compliance issues of payments, collection and remittance of personal income tax. The explorative study relied on the review of relevant literature on Personal Income Tax Administration in Nigeria and the reactions of stakeholders on the new income tax amendment legislation. The result revealed that the Amendment act provides good combination of a relaxed tax regime that is more tax-payer-friendly than the principal Act, while also specifying stricter tax collection and enforcement regulations that prescribe stiffer penalties and controls over tax payments and remittance defaults. It recommended that the involvement of professional tax and accounting bodies, and tax

authorities in the education and enlightenment of employers and tax payers are considered imperative in cushioning the implications of the amendment act.

The study by Ogbonna and Ebimobowei (2012) examined the Impact of Tax Reforms and Economic Growth of Nigeria using relevant descriptive statistics and econometric analysis to analyze the secondary data generated from Central Bank of Nigeria Statistical Bulletin and CITN journal reports. The study found that the various tax reforms is positively and significantly related to economic growth and that tax reforms granger cause economic growth. It recommends that Nigerian tax policies should be welfare friendly while aiming to enhance economic growth of the nation.

Theoretical Framework

The theory of Tax Structure Development as advanced by Hinrich (1966); Thorn (1967) and Braun (1975) was adopted for this study. The basic assumption of the theory is that at the early stages of economic development, the basic features of taxation are the narrowness of personal income tax base, the operation of poll tax, the scarcity of train tax administrators and the commanding height of indirect taxation on foreign trade in the tax structure. In addition, the tax revenue to Gross Domestic Product (GDP) ratio is low. However, these basic features move in opposite directions as the positive measures by government propel the economy sooner or later beyond the stagnation level. Over-time, therefore, some taxes are likely to grow in importance while others are almost certain to decline. Personal Income Tax (PIT) provides a good example of the former since PIT revenue is expected to increase as per capital income rises. Consequently, the progressive tax system revenue has a high degree of elasticity in terms of income.

Tanzi (1987) on tax structure development contented that tax bases grow more than proportionately to the growth of income as countries develop. In other words, he is of the opinion that the capacity to tax grows with the growth of income. Reason that direct tax (personal income tax) revenues are potentially more elastic than indirect tax revenues. The administration of income tax as a global personal tax on income becomes possible. Thus, there is good reason to expect that economic development will bring with it an increase in the share of direct taxes.

The theory of tax structure is relevant to the study in several ways. The theory is relevant because of its direct correlation between revenue (assessable income from the workers) and expenditure in a budget. The theory is such that every tax proposal passes the test of practicality and must be the sole consideration before the tax authorities in a bid for tax proposal. It strongly emphasizes that economic and social objective of the state is considered irrelevant since it is meaningless to have a tax that cannot be levied and effectively collected. On the other hand, the theory is relevant because the new PITA 2011 charges more tax on the income of the rich than the poor, which means that it is progressive in principle.

Methodology

The researcher adopted and used a cross-sectional survey design approach to carry out the study. The cross-sectional design approach is justified on the account of the variability of the phenomena under study. The aim of the design is for identifying variables and their relationship to one another. A close-ended questionnaire was developed, designed and administered to academic staff of the Federal Polytechnic, Oko, Anambra state. This was used for the purpose of obtaining data that assisted in testing the hypothesis formulated in the study.

Population of the Study

The population of the study is made up of academic staff of Federal Polytechnic, Oko, Anambra state. The population size was 1497 staff, which is made up of:

Chief Lecturers	150
Principal Lecturers	200
Senior Lecturers	250
Lecturer I	200
Lecturer II	210
Lecturer III	160
Assistant Lecturer	100
Instructors	120
Technologists	<u>107</u>
TOTAL	1497

which is the total number of academic staff of the institution is as contained in the staff payroll list obtained from the bursary unit of the institution, when this figure was compared with the academic staff union minutes of meeting, for a number of years, there was no significant conflict.

Determination of Sample Size

The Taro Yamane formula below was applied to determine the appropriate number of staff that constituted a good representation of the population of the study.

$$n = \frac{N}{1 + N(e)^2}$$

Where n = sample size
N = Total population (1497)
e = Level of significance (5%)

$$n = \frac{N}{1 + N(0.05)^2}$$

$$n = \frac{1497}{4.7425}$$

$$= 316$$

Therefore, the sample size is 316 staff of the Federal Polytechnic, Oko, Anambra State.

Sources of Data

The data used for this study was primary data. The primary data was collected through the use of questionnaire from the sampled staff. The primary data was generated and analyzed through the questionnaire instrument. This questionnaire was based on research questions with the aim of providing answers that were used to test the hypotheses.

Analytical Method

The data collected was analyzed using descriptive statistics, Chi-Square and statistic test (at 5% level of significance). The suitability of this approach is anchored on the approaches and method employed by previous scholars (Ofoegbu, 2016; Ibanichuka and James, 2014).

Descriptive and Empirical Results

Consolidated Tax Relief Allowance and Workers' Disposable Income

The first objective of the study is to ascertain the implication of consolidated Tax Relief Allowance on Workers' disposable income.

H₀₁: Consolidated Tax Relief Allowance has no significant effect on Workers' disposable income in Nigeria.

Table 2: Test statistics for Hypothesis 1

N	296.000
Kendall's Wa	.045
Chi-Square	66.447
Df	3.000
Asymp. Sig.	.000
a. Kendall's Coefficient of concordance	

Table 2 above shows the test statistics for hypothesis one testing. Comparing the calculated Chi-Square value (66.447) with the critical value (7.815) at degree of freedom of 3 and 0.05 level of significance, it is clear that the calculated value is greater. This results shows that the null hypothesis should be rejected. Furthermore, the p-value of 0.000 and Kendall's Coefficient of Concordance value of 0.045 are both less than 0.05, which also implies that the null hypothesis should be rejected. Therefore, we accept the alternate hypothesis and conclude that Consolidated Tax Relief Allowance do significantly affect workers' disposable income in Nigeria.

Minimum Tax Rate on Workers' Disposable Income in Nigeria

The second objective of the study is to examine the implication of minimum tax rate on workers' disposable income in Nigeria. Also, the formulated hypothesis is that:

Ho2: Minimum tax rate has no significant effect on workers' disposable income in Nigeria.

Table 3: Test Statistics for Hypothesis 2

N	296.000
Kendall's Wa	.045
Chi-Square	66.620
Df	3.000
Asymp.Sig	.000
a. Kendall's Coefficient of Concordance.	

Table 3 above shows the test statistics for hypothesis testing. Comparing the calculated Chi-Square value (66.620) with the critical value (7.815) at degree of freedom of 3 and 0.05 level of significance. It is clear that the calculated value is greater. This shows that null hypothesis should be rejected. Furthermore, the p-value of 0.000 and Kendall's Coefficient of Concordance value of 0.045 are both less than 0.05, which also implies that the null hypothesis should be rejected. Therefore, we accept the alternate hypothesis and conclude that minimum tax rate has significant effect on workers' disposable income in Nigeria.

New Tax Rate and workers' Disposable in Nigeria.

The third objective of the study is to determine the implication of new tax rate on workers' disposable income in Nigeria. The hypothesis formulated from this objective is that:
Ho3: New tax rate has no significant effect on workers' disposable income in Nigeria.

Table 4: Test Statistics for Hypothesis 3

N	296.000
Kendall's Wa	.034
Chi-Square	58.246
Df	3.000
Asymp Sig	.000
a. Kendall's Co-efficient of Concordance	

Table 4 above shows the test statistics for hypothesis three testing. Comparing the calculated Chi-square value (58.246) with the critical value (7.815) at degree of freedom of 3 and 0.05 level of significance, it is clear that the calculated value is greater. This result shows that the null hypothesis should be rejected. Furthermore, the p-value of 0.000 and Kendal's co-efficient of concordance value of 0.034 are both less than 0.05, which also implies that the null hypothesis should be rejected. Therefore, we accept the alternate hypothesis and conclude that new tax has significant effect on workers' disposable income in Nigeria.

PITA 2011 and its Implication on Workers' Disposable Income

Generally, the impact of tax legislation is greater in the highest tax brackets-where changes in tax rates will exert their largest effect on both labour supply and tax avoidance activities. (Adudu and Ojonye, 2015). Furthermore, as the Laffer curve analysis indicates, marginal tax rates can be pushed so high that they will actually reduce the revenues derived from the tax.

Obviously, marginal tax rates above the level that generates maximum revenues are highly inefficient and counter-productive as they reduce both aggregate output and the revenue derived by the government. The major implication of the increase in minimum tax rate is that low income earners which includes National Youth Service Corps members, interns and Contract staff are now brought into the tax net. Obviously, marginal tax rates above the level that generates maximum revenues are highly inefficient and counter-productive as they reduce both aggregate output and the revenue derived by the government. The major implication of the increase in minimum tax rate is that low income earners which includes National Youth Service Corps members, interns and contract staff are now brought into the tax net.

On the other hand, tax rates near the revenue maximum level are also extremely inefficient because as tax rates increases towards the revenue maximum point, the higher tax rates will squeeze out large quantities of income from workers to the additional revenue generated, may be from trade. Thus, measured in terms of lost output, these additional revenues are very costly because the most severe side effects of taxes will be exerted by the higher marginal tax rates.

On amendment, employees of service companies who migrate from state to state in providing services to clients may now qualify as itinerant workers. However, entrepreneurs, company executives and other personnel who work in multiple locations in different states are classified as itinerant workers by the Personal Income Tax (Amendment) Act of 2011 (KPMG, 2012). According to Asabor (2012), the Nigerian tax system has been through some reforms in recent time. The tax law is being characterized with number of challenges arising from the new changes and its effects on the tax payers or workers' disposable income. Meanwhile, in the old personal income- tax act interest is imposed on tax defaults but there is no prescription on how the interest will be applied in the new act of 2011. Based on convention, the tax authorities apply the interest at a flat rate on a one-off basis. In other words, the new amendments now explicitly require interest to be calculated on an annual basis. This means simple interest method whereby interest on tax due for a period is multiplied by the number of years outstanding.

Heer and Sussmuth (2013) are of the opinion that, the term "bracket creep" is simply the shift of personal income into a higher tax bracket when taxable income grows over time. That is, the period of high inflation increases the tax burdens under a progressive personal income tax as taxpayers near the top-end of a tax bracket are more likely or prone to the creep syndrome of a higher bracket. In addition, the review of the national minimum wage is derived from the erosion of purchasing power of workers' disposable income.

Findings

From the data analysis and the tests of hypothesis as shown above, the following specific results in line with the stated objectives emerged.

1. That Consolidated Tax Relief Allowance actually affects workers' disposable income in Nigeria.
2. That minimum tax rate has significant effect on workers' disposable income in Nigeria.
3. That new tax rate has significant effect on workers' disposable income in Nigeria.

Conclusion

Although the PITA (2011) is considered to have made bold effort at bringing the personal Income Tax Act in line with the existing realities in the Nigerian economy, and the National Tax Policy of the Government, which aims at tax burden reduction, equitable redistribution of income, promoting tax Compliance and a radical shift from direct to indirect taxation. The amendments also made a good combination of a relaxed tax regime that can be considered more tax-payer-friendly than the principal Act with Strict tax collection and remittance offences and administration. There is no doubt that the PITA (2011) will have implications for all tax payers-employers and employees. The amendment however means different things to different people, possibly with some unintended consequences (see table one above) Some category of workers' will suffer 100% increase in tax as a result of the increase in minimum tax from 0.5% to 1% of gross emolument. Tax payable is the same under the new amendment but any individual earning less than would see their taxes increase by up to 100% in some cases (see table one above).

However, the findings show that the PITA 2011 using consolidated relief tax allowance, minimum tax rate, and new tax rate as proxy, has significant effect on workers' income in Nigeria. Against the background that direct and progressive tax regime usually encourage tax avoidance strategies by tax payers, the advent of the PITA,2011 would afford employers a good opportunity to carryout PAYE review and pay-roll restructuring and tax planning that take lawful advantage of the leeway provided by the amended Act.

Recommendations

1. The consolidated relief tax allowance should be designed to be equitable to both rich and poor and not what is obtainable today in the PIT Amendment Act 2011 that is pro-poor workers, that is the minimum wage earners.
2. The minimum tax rate of 1% as provided in the PITA 2011 should be reverted to the earlier 0.5% to avert the negative effect on the income of workers in Nigeria.
3. There should be reduction in the personal income tax in Nigeria to ameliorate tax avoidance strategies especially by self employed workers (that constitute the greater percentage of workers in Nigeria).
4. An area that requires to be given attention in future research is Nigerian Governments' increasing emphasis on PIT without corresponding social services for the common good of the society.
5. There is need for relevant tax authorities to issue guidelines to clarify some of the grey areas.

References

- Aguolu, O. (2011). *Taxation and tax management in Nigeria. 6th Edition*. Enugu: Meridian Associates. 412P
- ATSWA (2011). *Accounting technician scheme West Africa: Study pack on preparing tax computations and returns – Part III*. Lagos: Association of Accountancy Bodies in West Africa (ABWA).
- Asada, F. (2011), Constraints in Personal Income Tax Administration and Assessment in Nigeria. *Business Times* 11 (15).
- Asabor, M. (2012). *Personal Income Tax Amendment Act and its Effects on Taxpayers*. <http://www.tribune.com.ng/Index.php/taxation/39566-PersonalIncome>. Accessed by 7.57am on 14/3/2013
- Akhidime, E. A. & Abusonwan, E. R. (2013). Nigeria personal income tax (amendment) act 2011: implications for tax administration and enforcement. *An International Journal of Arts and Humanities*, 2 (4), 217 - 232
- Akintoye, I. R. (2013). *The effect of tax compliance on economic growth and development in Nigeria*. Retrieved from <http://www.bjournal.co.uk/payers/BJASS-11-2/BJASS-11-02> on 22nd August, 2015.
- Braun, R. (1975). *Taxation, Scio-political structure and state-building: Great Britain and Brandenburg -Prussig*. In C. Tilly (ed.) *The Formation-- of Nation States in Western Europe*, Princeton N.J: Princeton University Press.
- Bird, R. M. & Zolt, E. M. (2005). The limited role of the personal income tax in developing countries, *Journal of Asian Economics*, 16, 928-946
- Bawa, H. (2009). *Macroeconomics: An intermediate text*, Ibadan: e-watch Point Media. 205P
- Boeri, T. (2012). Setting the Minimum Wage. *Labour Economics*, 19 (3), 281-292.
- Coe, N. B; Karamcheva, Z.; Kopcke, R. & Munnell, A. H. (2011). *How does the personal income tax affect the progressivity of Oasi benefits? Center for retirement research at Boston college, Chestnut Hill, CRR WP 2011-21*. 28P
- EU-HBS. (1997). *Household budget surveys in the EU: Methodology and recommendations for harmonization*. EUROSTAT: Luxembourg.
- Egbon, O. & Mgbame, C. O (2015). What is progressive about Nigerian personal income Tax? *JORIND*, 13 (1), 228-238.

- Hinrichs, H. H. (1966). *A general theory of tax structure change during economic development*. Cambridge: Harvard Law School, pp.12-19
- Henderson, J. V. & Pole, W. (1991), *Principle of microeconomics*, Toronto: D. C. Heath and Company. 374 P
- Heer, B. & Sussmuth, B. (2013). Tax Bracket Creep and its Effects on Income Distribution. *Journal of Macroeconomics*, 38, 393-408
- ILO (2000). *Current International Recommendations on Labour Statistics* (Second Edition, Geneva).
- Ibanichuka, E.A.L. & James, O.K. (2014). A critique on cash basis of accounting and budget implementation in Nigeria. *European Journal of Accounting, Auditing and Finance Research*, 2 (3), 69-83.
- JTB-Joint Tax Board (2013). *Highlights of the personal income tax (Amendment) act, 2011*. Retrieved from www.jtb.gov.ng/node/95 on 29/01/2017
- Kaldor, N. (1970). *Taxation for economic development*” In *taxation for African development*, M. C. Taylor (ed.), Hutchinson Educational Limited: 172P
- KPMG (2012). *Amendments to the personal income tax act of 2011 in Nigeria*.
- Musgrave, R.A & Musgrave, P. B. (2004). *Public finance in theory and practice*. New Delhi: Tata McGraw Hill, India.
- Oduola, A. (2006). *Tax policy reforms in Nigeria: World institute for development economics research*. research Paper No. 2006/03
- Ogbonna, G. & Ebimobowei, A. (2012). Impact of tax reforms on economic growth of Nigeria: A time series analysis. *Current Research Journal of Social Science*, 4 (1) 62-68.
- Oriakhi, D. E. & Osemwengie, P. K. (2013). Tax incentives and revenue productivity of the Nigerian tax system. *International Journal of Development and Economic Sustainability*. 1(1), .31 -44
- Ofoegbu, G. N. (2014). New Public Management and Accrual Accounting Basis for Transparency and Accountability in the Nigerian Public Sector. *IOSR Journal of Business and Management*, 16 (7), 104 – 113.
- Onyekwelu, U, L. & Ugwuanyi, U. B. (2014). Assessing personal income tax amendment act 2011: effects on revenue generation in Nigeria. *International Journal of Economics and Finance*, 6 (9), 199-211.

- Thorn, R. S. (1967). The evolution of public finances during economic development: Manchester School Journal
- Tanzi, V. (1987). Quantitative Characteristics of the Tax Systems of Developing Countries", In The Theory of Taxation for Developing Countries, D. Newberry and N. Stern (eds.). Washington D.C.: Oxford University Press. 218P
- Tabansi-Ochiogu, A. C. (2001). Nigerian taxation for students with worked examples. Enugu: A. C. Ochiogu Publishers. 227P.
- Uguru, L. C. (2014). Implications of the 2011 personal income tax act on the income of Nigerian Workers" In. J. O. Nkwede; L. E. Udu and S. O. Onwe (Eds) issues in nigerian public policy implementation: A reader. Enugu: De=Envoy Print Media. pp.201 - 217
- Webber, C. & Wildavsky, A. (1986). A history of taxation and expenditure in Western World. New York: Simon and Schusten.