



Interpretation of the personal income tax act cap P8, LFN 2004 (As amended) in 2011 to taxable income of university academic staff in Nigeria: Ekiti state university as a case study

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Abstract

Nigeria operates a federal system of government with 36 States and a Federal Capital Territory. The legal regime for her personal income tax is the Personal Income Tax Act, Chapter P8, Laws of the Federation of Nigeria, 2004 as Amended by Act No. 20 of 2011. The Act is an enactment by the National Assembly. However, revenue generated from the said Act accrues to, and is for the benefit and development of each of the 36 Constituent States. The Act, in accordance with its provisions is administered by the various Tax Administrative Bodies of each State of the Federation (States Internal Revenue Services). However, the proceeds from the Federal Capital Territory and certain Federal Agents accrue to the Federal Government coffers. Unfortunately, in implementing this Act, specifically, in Nigerian Universities, there exist wide gaps of difference in the rate of tax payable by salary earners on the same cadre and consolidated scale, depending on whether they work in a Federal, State or Private Universities. This paper is an attempt to identify the reasons for this lop-sidedness, especially discriminatory interpretation and implementation, examine salient provisions in the Act which represent the correct interpretation of taxable income and assessment of tax payable by staff of State Universities, especially the Academic Staff, whose payment scales are used as case study. Doctrinal method of research was employed in carrying out this study. Primary source of legal research namely statutory laws especially the Personal Income Tax Act was examined. It was observed that the lopsided interpretation of the Personal Income Tax Act in the States University was as result of lopsided federalism and anxiety of States to generate the much needed income or revenue. The paper recommended that there is an urgent need to address the imbalance interpretation of tax statutes especially the Personal Income Tax Act in Nigerian Universities.

Keywords: tax as a concept and the importance of taxation

Introduction

It is an obvious fact that taxation has a major and very important role to play in any given economy. In the contemporary world, every government relies on taxation measures, either minimally or substantially, to provide the much needed revenue for its socio-economic development and also to reduce the inequalities in the wealth distribution of its society. Many times, tax is used to reduce criminal tendencies and to minimize moral decadence in the society. In the words of Justice Oliver Wendell Holmes, taxes are what we pay for a civilized society!

In the simplest term, tax is defined as *the money which has to be paid to the government so that the government in turn can pay for public services*. People pay tax according to their income and business pay tax according to their profit. It is generally recognized, that taxation has an important and established role to play in any economy. The tax system is therefore, one of the most powerful levers available to any government to stimulate, grow and guide its economic and social development.

‘Tax’ is in the words of the United States’ Supreme Court in the case of *Nicholas v Ames* 173 U.S 509 (1899) at p. 515;

The one great power upon which the whole national fabric is based; it is as necessary to the existence and prosperity of a nation as is the air he breathes to the natural man. It is not only the power to destroy; it is also the power to keep alive.

The importance of taxation system was further buttressed by Benjamin Franklin in the 18th Century while commenting on the then new Constitution of the United States when he said;

Our Constitution is in actual operation, everything appears to promise that it will last. But in this world, nothing is certain but death and taxes.

The Black’s Law Dictionary defines tax as;

A monetary charge imposed by the government on persons, entities, transactions, or property to yield public revenue.

Summarily flowing from the above therefore, taxation is the process whereby the government imposes levies on the income or profit of persons who have income or profit which are taxable for the purpose of providing the required amenities and defraying the cost of running the government. It follows therefore, that any definition of taxation which is not tailored to serve the purpose of achieving public social infrastructure, is not taxation properly so-called. It is in the light of the above needs and importance of taxation that the Nigerian Government through the Legislature imposed the personal income taxation on all her citizens with income. I now turn to look at the legislative architecture of the personal income tax.

The Legal Regime of Personal Income Tax in Nigeria

Section 4(1) of the 1999 Nigerian Constitution, which is the highest law in the legislative hierarchical order in Nigeria vests the legislative powers of the Federal Republic of Nigeria in the National Assembly made up of the Senate and the House of Representatives. Section 4(2) of the Constitution vests the national Assembly with Powers to make law for the peace, order and good government of the federation or any part thereof with respect to any matter included in the Exclusive Legislative List (ELL) set out in Part I of the 2nd Schedule to the Constitution.

Section 4(3) of the Constitution provides that the power of the National Assembly with respect to the above is to the exclusion of the House of Assembly of States. Section 4(4) empowers the National Assembly further to make law on matters contained in the Concurrent Legislative List in the Part II of the Second Schedule to the constitution. The Exclusive Legislative List in the Part I of the Second Schedule of the Constitution Consist of 68 items. Items number 58 and 59 on the list are of specific interest here. Item 58 states "stamp duties" while item 59 states "Taxation of Incomes, Profits and Capital gains, except as otherwise prescribed by this constitution".

The effect of the foregoing is that the National Assembly is empowered exclusively to make law with respect to the following;

1. Stamp duties,
2. Taxation of Incomes
3. Profits and Capital Gains Tax

It is as a result of the above power vested in the National Assembly that the Personal Income Tax Act and other federal legislation on Taxes like the Companies Income Tax Act, Capital Gains Tax Act, Value Added Tax Act, The Tertiary Education Trust Fund Act (which replaced the Education Trust Fund Act), and the Petroleum Profit Tax Act just to mention a few were enacted. It is notable that the Personal Income Tax Legislation was first enacted as a Decree in 1993 but was later deemed an Act of the National Assembly at the return to democracy in 1999. It was compiled with the Laws of the Federation in 2004 and it is contained in Chapter P8. Some of the provisions of the Act were subsequently amended in 2011 and some were amended in 2019.

Power of States to Implement and Administer the Personal Income Tax in Nigeria

Under the 1999 constitution, the National Assembly shares concurrent powers with the states Houses of Assembly over matters contained in the concurrent list set out in the 1st column of part II of the Second Schedule to the 1999 Constitution.

The list contains 30 items. Item 7 on the list provides;

In the exercise of its powers to impose any tax or duty on

- a. *capital gains, incomes or profits of person other than companies and*
- b. *documents or transactions by way of stamp duties; the National Assembly may, subject to such conditions as it may prescribe, provide that the collection of any such tax or duty or the administration of the law imposing it shall be carried out by the government of a state or other authority of the State.*

The effect of the above is that the State or any of its agencies is empowered subject to the approval of the National Assembly in legislation; to collect or administer such taxes as may be imposed by such legislation. Personal Income Tax Act falls into this category, being a federal legislative enactment but left to the control of the states to administer in collection and disbursement. In pursuance of the above provision, the Taxes and Levies (Approved List for Collection) Decree 1998 was promulgated to specify the responsibility of various levels of government to collect specified taxes listed in the Act. This is partly due to need for ease of collection and reduction in the cost of administering such taxes. The various tax authorities under the Act are:

1. The Federal Board of Inland Revenue (Now Federal Inland Revenue Services)
2. The State Board of Internal Revenue
3. The Local Government Revenue Committee

Others are Ministries, Government Departments, or any other government body charged with responsibility for assessing or collecting particular and specified taxes. However, in line with the provisions of the Federal Inland Revenue Services Establishment Act, 2017 the Finance Act, 2019 has reflected some amendments in the Personal Income Tax Act to align the two legislation.

Item 9 on the Concurrent List provides that;

A House of Assembly may, subject to such conditions as it may prescribe, make provisions for the collection of any tax, fee or rate or for the administration of the law providing for such collection by a local government council.

By the above provision, a State Assembly is empowered to make laws for collection of tax, fee, or rate or its administration, as far as it does not touch the fields covered by the Exclusive Legislative List or any other area upon which the National Assembly has legislated by virtue of the concurrent power it shares with the States of the Federation. Any State which violates the sanctity of this doctrine of covering the field will have such legislation made by its House of Assembly rendered null, void and of no effect whatsoever.

An important question is however ripe for consideration here on double taxation, which may result where an entity or person has his business in more than one state or Local Government or where he lives in one state and work in another. Item 10 in the Concurrent Legislative List is an attempt to curb such effect of double taxation. It provides;

where a law of a House of Assembly provides for the collection of tax, fee or rate or for the administration of such law by a Local Government Council in accordance with the provisions hereof, it shall regulate the liability of persons to the tax, fee or rate in such manner as to ensure that such tax, fee or rate is not levied on the same person in respect of the same liability by more than one local government council.

The purport of the provision above is to avoid double taxation in the states of the Federation.

Salient Provisions and Area of Importance in the Personal Income Tax Act

Imposition of Tax

Section 1 of the Act as Amended in 2011 specifically imposes tax on the income of individuals, communities, families, trustee or estates. It is notable that the language of the Act in section 1 is mandatory therefore leaving no room for discretion or wilful acquiescence on the part of the taxpayer.

Persons Chargeable to Tax

The Act in section 2 empowers the relevant tax authority in a State to collect 'income tax' chargeable at a rate set out in the Sixth Schedule under the Act for each year of assessment from itinerant workers, every individual, corporation sole or body of individuals deemed to be resident for that year in the relevant State. However, for individuals, such as persons employed in the Nigerian Army, the Nigerian Navy, the Nigerian Air Force, the Nigerian Police Force, officers of the Nigerian Foreign Service, every resident of the Federal Capital Territory Abuja and a person resident outside Nigeria who derives income or profit from Nigeria, tax shall be imposed by the Federal Board of Inland Revenue (now Federal Inland Revenue Services by the 2019 Amendment). In the case of an itinerant worker, tax may be imposed for any year by any State in which the itinerant worker is found during the year subject to certain rules.

Income Chargeable

The Act in Section 3, subject to tax, the income of every chargeable person from inside or outside Nigeria including the following:

- a. gain or profit from any trade, business, profession or vocation for whatever period of time such trade, business, profession or vocation may have been carried on or exercised;
- b. any salary, wage, fee, allowance or other gain or profit from employment including compensations, bonuses, premiums, benefits or other perquisites allowed, given or granted by any person to any temporary or permanent employee other than so much of any sums as or expenses incurred by him in the performance of his duties, and from which it is not intended that the employee should make any profit or gain;
- c. gain or profit including any premiums arising from a right granted to any other person for the use or occupation of any property;
- d. dividend, interest or discount;
- e. any person, charge or annuity;
- f. any profit, gain or other payment not falling within paragraphs (a) to (e) inclusive of this subsection.

Income Exempted

Section 19 of the Personal Income Tax Act as Amended in 2011 provides for exemption of certain incomes from tax under the Act. The specific incomes exempted from taxation are listed in the Third Schedule to the Act. There are 33 items listed in the Schedule, but notably, the official emoluments of the President, Vice President, Governors and Deputy Governors which were hitherto exempted from taxation have been deleted from the Schedule by the 2011 Amendment and are now subject to taxation under the Act. Section 19(2) further provides that the Minister charged with responsibility for matters relating to taxation may by notice include in the Third Schedule to the Act, all or any person or class of persons chargeable to tax by virtue of this Act, so as to exempt the income of that person or class of persons from tax in pursuance of-

- a. any treaty, convention or agreement between the Federal Government of Nigeria and any other country or any arrangement with or decision of an international organisation of which the Federal Government of Nigeria is a member; or
- b. any arrangement in that behalf subsisting between the Government of the Federation and the Government of the Federation and the Government of each State.

It is worthy of note that nothing in section 19 or the Third Schedule of the Act shall be interpreted to authorise a State Government, a company or any person, whether resident in Nigeria or not, to provide tax exemption clauses in an agreement or arrangement without seeking approval first from the Minister of Finance and thereafter from the President.

Rate of Tax

Section 37 of the Personal Income Tax Act provides that the rate of tax is as specified in the Sixth Schedule to the Act. But where after all deductions allowable under the Act, an individual has no chargeable income or where the tax payable on the chargeable income of that individual is less than 1 per cent of the total income of that individual, the individual shall be charged to tax at the rate of 1 per cent of his total income.

The Income Tax table in the Sixth Schedule to the Act provides for a consolidated relief allowance on income of a taxpayer at the rate of N200, 000 plus 20 per cent of gross income. Certain deductions are also tax exempt namely; National Housing Fund Contribution, National Health Insurance Scheme, Life Assurance Premium, National Pension Scheme and Gratuities. After the relief allowance and exemptions had been deducted in accordance with the foregoing, the balance of income is subject to tax in accordance with a graduating tax table as follows:

1. First N300, 000 @ 7 per cent
2. Next N300, 000 @ 11 per cent
3. Next N500, 000 @ 15 per cent
4. Next N500, 000 @ 19 per cent
5. Next N1, 600, 000 @ 21 per cent
6. Next N3, 200, 000 @ 24 per cent

It is notable from the above table that the Personal Income Tax Act (As Amended) is exact and specific in its provisions but the mode of administration of the Act has subjected it to indiscriminate and lopsided implementation, making its rate even amongst taxpayers of the same level and cadre in the University Academics unequal and resulting in payment of different rates of tax. It is a notorious fact that in Nigeria, Academic Staff in the Federal Universities pay lower rates of personal income tax than their counterparts in the State Universities, due to the fact that the State which is in charge of administering the tax usually interpret section 3 of the Act, which was outlined earlier to mean that all income by whatever name called are taxable, while the Federal Universities exploit the interpretation of the Act in the same section to mean that *so much of any sums as or expenses incurred by him in the performance of his duties, and from which it is not intended that the employee should make any profit or gain* means that certain incomes are not taxable once they are not meant for the taxpayers consumption or gain.

It is observed that this lopsided interpretation and implementation has led to discrimination in the tax payable by staff of Nigerian Universities which has also led on many occasions, to the downing of tools by workers in the Universities. I now turn to look at specific case of taxable income of Ekiti State University, Ado-Ekiti, through a specific case study of an Academic Staff on CONUASS 5 Step 1.

Tax Analysis of Academic Staff in Ekiti State University: A Case Study of a Lecturer on CONUASS 5 Step 1

- Monthly Gross Salary (Basic + CONPUAA+ Housing) = N258, 525. 98
- Annual Gross Salary is N257, 625. 41 x 12 = N3, 091, 505. 00

(Source: EKSU TAX TABLE obtained from the Bursary).

- Annual Tax Payable = Annual Gross Salary - (Total Consolidated Relief Allowance + Total Tax Exemptions).

It is notable that subjecting the Annual Gross Salary to tax is wrong since the Personal Income Tax Act provides otherwise in its Section 3(1)(b) especially regarding the components in CONPUAA. This will be addressed later. For now, I will work on the annual Gross Income as contained in the above table.

Consolidated Relief Allowance

1. N200, 000 or 1 Percentage of Gross Income (whichever is higher)
1% of N3, 510, 611.76k = N35, 106.11k which is less than N200, 000. Therefore N200, 000 will be deducted from the gross since it is higher than 1% of the Gross.
2. 20% of Gross Income to be deducted. 20% of N3, 091, 505. 00 = N618, 301. 00
Total Consolidated Relief Allowance is N200, 000 + N618, 301. 00 = N818, 301.00

Tax Exemptions

- a. **National Housing Fund (NHF).** Any amount being deducted as Annual NHF contribution by a Staff is specified by the Personal Income Tax Act to be further deducted from the Annual Gross Salary before arriving at the Assessable Income. Unfortunately, in EKSU, we are not participating in the NHF Scheme. However, it is my belief that the N30, 191.83k being paid to this category of Staff monthly, which amounts annually to N362, 301.96k as Housing Benefit should be regarded as Tax Exemption since it is equivalent to NHF and meant to achieve the same purpose. This point was even conceded and communicated to the

University in a letter; reference number BIR/P&H/QA/12/225, dated 7th August, 2013 from the Chairman, Ekiti State Internal Revenue Service. See Appendix 'A'.

- b. National Health Insurance Scheme.** Any amount being contributed under this Scheme is not subject to tax under the Personal Income Tax Act (PITA). Unfortunately, EKSU is not partaking in this scheme. However, N4, 025 is being paid monthly to the Staff in this case study as Medical Benefits. This amount to N48, 300.00k annually. This should be regarded as Tax Exemption since it is equivalent to NHIS and meant to achieve the same purpose. It is observed that this is not contained in EKSU tax table which means it is rightly excluded from taxation.
- c. Life Assurance Premium.** Any amount being deducted as Premium on Life Assurance of Staff is Tax Exempt under the Act. This is not applicable in EKSU but serious consideration must be given to its activation especially in the light of the provisions of Section 4(5) and (6) of the Pension Reforms Act, 2014 which makes it mandatory for every employer to maintain a Group Life Insurance Policy in favour of each Employee and goes further to provide that failure, refusal or omission to make payment for premium on such life insurance shall make the employer liable to pay claims arising from the death of any staff in its employment.
- d. National Pension Scheme.** For Academic Staff employed in EKSU and specifically covered by Sections 2 and 5 of the Pension Reforms Act, 2014, the Contributory Pension Scheme is applicable to them. For this Staff on CONUASS 5 Step 1, to whom the Pension Reforms Act, 2014 is applicable, the Monthly Contributory Pension being deducted is N20, 682.03k which amounts to N248, 184.36k annually. This is to be further deducted from the Gross before arriving at the Assessable Income. It is observed that this provision is yet to be factored into the deductions allowed for this category of staff.
- e. Gratuities.** Gratuities are not subject to personal income tax under PITA. This is not applicable to the Staff being considered in this case study.

Presently, the tax table in EKSU shows that the gross of Basic, CONPUAA/Peculiar Allowance and Housing Benefits are being subject to personal income tax.

Assessable Income

~~N~~3, 091, 505. 00 – ~~N~~818, 301.00

= ~~N~~2, 273, 204. 00 (This is the amount currently being subject to tax).

However, it is my sincere believe from the above interpretation that the Housing Benefits and the CONPUAA should further be deducted before arriving at the assessable income

Subjecting the ~~N~~2, 273, 204. 00 which is the Assessable Income being used by the Bursary to calculate the tax payable based on the Table provided by PITA. The Table is as follows;

- First N300, 000 at 7%
- Next N300, 000 at 11%
- Next N500, 000 at 15%
- Next N500, 000 at 19%
- Next N1, 600, 000 at 21%
- Next N3, 200, 000 at 24%

(Note that the higher you earn, the higher your tax. It is also notable that for Employees, whose annual salaries are not up to the sum of N300, 000 this table is not to be used for them. They are simply taxed at the rate of 1% of their annual income).

Applying this table to our Case Study CONUASS 5 Step 1 therefore:

1. ~~N~~2, 273, 204. 00 – ~~N~~300, 000 = ~~N~~1, 973, 204
7% of ~~N~~300, 000 = ~~N~~21, 000
2. ~~N~~1, 973, 204 – ~~N~~300, 000 = ~~N~~1, 673, 204. 00
11% of ~~N~~300, 000 = ~~N~~33, 000
3. ~~N~~1, 673, 204. 00 – ~~N~~500, 000 = ~~N~~1, 173, 204. 00
15% of ~~N~~500, 000 = ~~N~~75, 000
4. ~~N~~1, 173, 204. 00 – ~~N~~500, 000 = ~~N~~673, 204. 00
19% of ~~N~~500, 000 = ~~N~~95, 000
5. ~~N~~673, 204. 00 remainder is less than the Next ~~N~~1, 600, 000 at 21% on the tax table. Yet, it is taxed at the next 21%.
21% of ~~N~~673, 204. 00 = ~~N~~141, 372. 84

From the above workings, the annual tax payable by a Staff on CONUASS 5 Step 1 is the aggregate of the amounts arrived at on the tax table above which is calculated as follows; ~~N~~21, 000 + ~~N~~33, 000 + ~~N~~75, 000 + ~~N~~95, 000 + ~~N~~141, 372. 84 = ~~N~~365, 372. 84

If the total annual tax is N365, 372. 84, then, Monthly Tax is therefore ~~N~~30, 447. 73

However, because the State Internal Revenue Service levies tax at 60% based on the Political arrangement with the EKSU Unions, annual tax at 60% of ~~N~~365, 372. 84 = ~~N~~219, 223. 70. Monthly Tax currently being paid by a Staff on CONUASS 5 Step 1 at 60% = ~~N~~18, 268. 64

Note that the above is the situation as at now in EKSU. However, my argument as earlier stated is that Gross Income should not be subjected to tax on the strength of the earlier stated reasons. The implication of my position is that the CONPUAA and Housing Benefits of every academic staff should be further removed from the taxable items. Find attached as Appendix 'B', an excel sheet computation of tax payable by a Staff on CONUASS 5 Step 1 if CONPUAA and Housing Benefits are further deducted before arriving at the taxable income. If this is done, a Staff on CONUASS 5 Step 1 will be paying N11, 109.90k as monthly personal income tax at full 100%!

The above position is without prejudice to the further reduction on the tax payable if the requirement of the Personal Income Tax Act that the amount being contributed as National Pension Deductions is to be further removed from the gross income before arriving at the assessable income. If this provision on pension deduction is further activated, the tax payable at full 100% by a Lecturer on CONUASS 5 Step 1 is N7, 931.83K. See Appendix 'C' for the computation Table.

Observation and Recommendations

1. On the Income Chargeable under Personal Income Tax Act as relates to Academic Staff Emoluments/Salaries

The Personal Income Tax Act, CAP P8, Laws of the Federation of Nigeria 2004 as amended by the Personal Income Tax (Amendment) Act No. 20 of 2011 in its Section 3 (1) (b) which subject staff incomes to tax provides that tax shall be payable on the income of every taxable person for the year from a source including:

Any salary, wage, fee, allowance or other gain or profit from employment including compensations, bonuses, premiums, benefits or other perquisites allowed, given or granted by any person to any temporary or permanent employee other than so much of any sums as or expenses incurred by him in the performance of his duties, and from which it is not intended that the employee should make any profit or gain. (Emphasis on 'other than' is mine).

The import of the above provision is that salaries of staff are subjected to tax by the provisions of the Personal Income Tax Act, CAP P8, Laws of the Federation of Nigeria 2004 and the Personal Income Tax (Amendment) Act No. 20 of 2011.

However, though the Act subjects all manners of income by Academic Staff to tax, in the same section 3 (1) (b) of the Act, it made a proviso (an exemption) for such part of the salaries or such sums added together (where they are multiple) which are expenses incurred by staff in the performance of their duties and from which it is not intended that they should make any profit or gain.

2. Blanket Taxation of all Income of Academic Staff including CONPUAA, Housing and Medical Allowances

A mere look at any Academic Staff Payslip in the Ekiti State University reveals that all the income components of Academic Staff are subjected to personal income tax under the Act without paying attention to the proviso in the section 3 (1) (b) of the Personal Income Tax (Amendment) Act 2011 which provides that such part of our salary components which amount to expenses incurred in the performance of duties and from which it is not intended that he/she should make any profit or gain are not to be subjected to tax under the Act.

A close look at the salary of Academic Staff in the Ekiti State University reveals that the Salary is of two (2) components grouped in different columns of the income table, while deductions occupies the third table. The first column of income is recorded as 'Earnings' under which all manners of earnings by Academic Staff have been consolidated and tagged 'Earnings'! It is without doubts that all the incomes grouped together and tagged 'Earnings' here are taxable and I have no objection to its been subjected to the personal income tax as stipulated by the law.

However, the second category of income, which is tagged 'Benefits', in the second column of the income table comprises of payments that are mere expenses incurred by staff in the performance of their duties and from which it is not intended that they should make any profit or gain and as such should not be subjected to personal income tax as rightly provided by section 3 (1) (b) of the Personal Income Tax (Amendment) Act 2011 itself.

For instance, the job of every Academic Staff is threefold, namely; teaching, research and community service. While teaching and community service may not always involve expenditure from Academics, it is without doubt, that to conduct research and publish the outcome of researches requires money and expenditure from Academics. The CONPUAA aspect of the 'Benefits' column on the pay slip is actually intended to augment the constant and required cost for conducting researches, publishing the research outcomes and travelling for conferences, both in and out of the country. To publish a paper in a Scopus Based Journals for example may cost up to One Thousand Dollars (\$1, 000) and failure to publish such papers may lead to the doom of such Academic or tagging him unproductive and unfit for the job. These incomes therefore and without doubt constitute expenses incurred in the performance of duties and from which it is not intended that one should make any profit or gain.

A further look at the other aspects of the income (Housing and Medical) tagged 'Benefits' equally reveals they are not meant for personal consumption but are mere expenses incurred in the performance of duties. They are all equally, not taxable under the Personal Income Tax Act as shown above. To further buttress this fact, the Sixth Schedule to the Personal Income Tax (Amendment) Act, 2011 provides that certain deductions are tax exempt namely:

- National Housing Fund- this is the equivalent of our Housing Benefit

- National Health Insurance Scheme- which is equivalent to our medical benefits, since we are not enjoying NHIS
- National Pension Scheme: Pension contribution is equally being deducted from Academics who were employed in EKSU since 2010 under the enabling law (Pensions Reforms (Amended) Act 2014), yet all these incomes are still being subjected to gross taxation under the Personal Income Tax (Amendment) Act.

Conclusion

The lopsided effect of the interpretation and implementation of the Personal Income Tax Act in Nigeria as highlighted above is due to the wide latitude given to States which in dire need of revenue to tackle acute shortage in social amenities and recurrent financing, has latched onto the wide interpretation of the Act to gather the required funds.

Policy Recommendations

In the light of the above discussions and findings it is recommended as follows;

1. Since Nigeria currently operates a uniform personal income tax legal framework, there is need to harmonise the interpretation of the Act to yield a uniform result and bring an end to the gap in the tax payable by Universities Staff in Nigeria. The administrative procedures for implementation of the personal income tax statute in Nigeria are clearly problematic.
2. In a federal system like Nigeria, it is more desirable to move issues of personal income tax to the concurrent legislative list, to enable each component unit state determine its personal income tax law and rates which is more desirable for the optimisation of each state needs. It is particularly curious that the federal government which made this law decided not to implement same. Why then decentralised its implementation unlike Value Added Tax Act which is centrally implemented for the benefit of the constituent states.
3. The language of the personal income statute in Nigeria must be made clearer beyond the point of ambiguities which currently characterises its lopsided and differential implementation. The act as currently administer does not portend equity. There should be uniform application of PAYE in Nigerian Universities.

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