An Analysis of the Impact of Tax Increase on the Performance of Cattle Business in Mubi Cattle Market, Adamawa State

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Abstract
While cattle business is crucial in propelling economic growth through job creation, income generation and poverty eradication in Nigeria, it is also a significant source of government revenue through tax. Adamawa State government recently increased tax on cattle traded in Mubi International cattle market in order to generate more revenue for development. However, this policy had generated serious controversies among the cattle business owners in the market. In consideration of these developments, this study examined the impact of the tax increase on the performance of cattle business in Mubi cattle market. Data were collected on 400 randomly selected cattle business owners in the market to gain insights into their perceptions of the impact of the recent government tax policy. Using a purely descriptive method, the study's findings revealed that the tax increase resulted in substantial upsurge in the overall operating costs with nearly 90% of respondents reporting either a significant or moderate rise in costs. The result further showed that 63.2% of respondents reported a decrease in profit margins, with 25.5% indicating a significant decrease and 37.7% reporting a moderate decrease. The findings also suggested that a significant proportion (74.25%) of cattle business owners have considered relocating or have already stopped patronizing Mubi Cattle Market due to the tax increase. Among those who have relocated or stopped patronizing the market, the majority (64.56%) consisted of business owners who had 1-10 cattle. Furthermore, the result revealed a substantial decline in cattle inflows from the neighbouring countries thereby affecting the volume of cross-border cattle trade. In line with these findings, this study recommends among others that policymakers should consider implementing targeted tax relief measures or incentives to alleviate the financial burden on cattle businesses, particularly small and medium-sized enterprises facing significant cost escalations. These measures could include exemptions, deductions, or reduced tax rates for eligible businesses, thereby enhancing their profitability, viability, and resilience in the face of tax policy changes.

Keywords: *Tax Policy, Cattle Business, Cross-border cattle trade, Relocation Decision, Mubi International cattle market*

1. Introduction

The livestock sector plays a central role in Nigeria's economy, offering employment and income opportunities to both rural and urban populations. This sector also contributes significantly to the nation's revenue through taxes, particularly from cattle-related activities. According to the Federal Ministry of Agriculture and Rural Development (FMARD, 2023), Nigeria's livestock sector possesses considerable economic potential, with an estimated annual worth of over N33 trillion, contributing approximately 17 percent to the Agricultural Gross Domestic Product (GDP) and 5.0 percent to the national GDP. The livestock sector is not only vital for socioeconomic development but also serves as a crucial source of high-quality animal protein, accounting for about 36.5 percent of the total protein intake of Nigerians (FMARD, 2023). Additionally, it generates employment, income, and foreign exchange earnings for the country (Abdu et al., 2016; Tibi & Aphunu, 2010).

The common livestock animals in Nigeria include poultry birds (e.g., chickens, turkeys, quails, ducks), cattle, small ruminants (e.g., goats, sheep), pigs, rabbits, and in certain northern regions, donkeys, camels, and horses (Abdul et al., 2016). Among these, chickens, cattle, goats, and sheep are the most commonly reared. As per a Federal Ministry of Agriculture and Rural Development (FMARD, 2017) report, the annual livestock production in Nigeria encompassed 180 million poultry birds, 76 million goats, 43.4 million sheep, 18.4 million cattle, 7.5 million pigs, and 1.4 million equids (horses, donkeys, etc.).

Cattle business holds a fundamental position in Nigeria's and Africa's economy, providing sustenance, employment, and various economic benefits (Food and Agricultural Organisation, FAO, 2019). Due to the substantial local and international demand for cattle and cattle related products, this sector exhibits significant growth potential and profitability. Reports have shown that cattle business contributes approximately 6.7 percent to Nigeria's Gross Domestic Product (GDP) through various cattle value chains, including meat, milk, wool, hides, and skins. Approximately 90 percent of Nigeria's cattle population is concentrated in the Northern part of the country during the wet season, with dispersion to other states during the dry season.

Recognizing the vital role of cattle business, particularly in augmenting internally generated revenue (IGR), the Adamawa State government recently imposed a substantial tax increase on cattle transactions within Mubi cattle market, one of the largest cattle markets in the Northern region. The tax rate escalated significantly from 500 Naira per head of cattle to 5000 Naira per head. This abrupt and substantial tax hike by the government elicited widespread criticism, particularly from cattle business owners operating in the market. The Mubi cattle market serves as a focal point for cattle trade, attracting sellers from neighbouring local governments, states, and countries, including Cameroon and the Central African Republic, thus establishing itself as an international cattle market and a significant source of government IGR in the state.

While this tax policy change did not entirely deter cattle business from functioning, anecdotal evidence suggests that numerous cattle business owners opted to relocate to alternative markets, and the overall trade volume in the Mubi cattle market experienced a substantial decline. However, this claim remains anecdotal and lacks empirical substantiation. Consequently, there exists a significant knowledge gap regarding the precise extent of the impact of this tax increase on the performance of cattle businesses within the Mubi cattle market. This impact encompasses dimensions such as trade volume, income generation, socioeconomic repercussions, and any government interventions initiated following the tax revision. Understanding the full extent of this tax policy change on cattle business within the Mubi cattle market holds paramount importance for the government, business owners, and policymakers in Adamawa State and beyond.

Hence, this study aimed at investigating the impact of the tax policy change on the performance of cattle business in Mubi cattle market. The study is structured into introduction, literature review, methodology, results and discussion as well as conclusion and recommendations.

2. Literature Review

The cattle business stands as a vital cornerstone for both governments and economies across the globe (FAO, 2013). Cattle business serves as a substantial source of government revenue through various channels. Taxation on cattle transactions, including sales, imports, and exports, generates significant income for governments. Governments also levy fees and charges related to cattle, such as permits, licenses, and health inspections. Moreover, specific taxes or levies on cattle-related products, such as meat, milk, and hides, further contribute to government finances. These revenue streams play a pivotal role in bolstering government budgets and supporting public services (FAO, 2019). Beyond government revenues, the economic contributions of cattle business extend far and wide (Abdu et al., 2016). This sector engenders economic development through its extensive value chains. These value chains encompass diverse activities, ranging from cattle rearing to meat processing, leather production, and milk processing (FMARD, 2023; Kubkomawa, 2017; Tibi & Aphunu, 2010). Each of these activities generates employment opportunities, stimulates economic growth, and fosters entrepreneurship. The widespread economic impact of cattle businesses is particularly pronounced in rural areas, where the sector often thrives and sustains livelihoods (World Bank, 2017).

It is established that cattle businesses play a crucial role in ensuring food security and improving nutrition (FAO, 2019). They provide a consistent supply of high-quality animal protein in the form of meat, milk, and dairy products. These products are fundamental dietary components, especially in developing countries where alternative protein sources may be limited. The availability of cattle-derived protein helps combat malnutrition and contributes to healthier diets for communities (FAO, 2019; World Bank 2017).

In many countries, cattle business becomes a significant source of foreign exchange earnings (Suliyat et al., 2023). The export of live cattle and cattle-related products, such as meat and leather, generates substantial foreign currency (Saleh et a., 2016; FAO, 2014). These earnings can be used to finance imports, service foreign debt, and strengthen a nation's balance of payments. In countries with competitive cattle industries, the export of cattle products often plays a pivotal role in building foreign exchange reserves, enhancing economic stability (FAO, 2019). Cattle business can also offer positive environmental and ecosystem benefits when managed sustainably. Well-managed cattle ranching, for instance, can help prevent deforestation by providing an economic incentive to conserve forests. Additionally, cattle can play a role in nutrient cycling and soil fertility improvement when integrated into diverse agricultural systems. Thus, when practiced responsibly, cattle businesses can contribute to environmental conservation and sustainable land management (Suliyat et al., 2023).

In the case of Nigeria, the cattle business in serves as a significant source of government revenue. Taxation on cattle transactions, including sales, imports, and exports, generates substantial income for the government. According to Suliyat et al. (2023) and Usman and Nasiru (2005), fees and charges associated with cattle, such as permits, licenses, and health inspections, contribute to government finances. Specific taxes or levies on cattle-related products, such as meat and hides, further enhance government revenue streams (Suliyat et al., 2023; FMARD, 2023; World Bank, 2017).

Beyond government revenues, the economic contributions of cattle businesses extend extensively within Nigeria (World Bank, 2017). The sector stimulates economic development through its extensive value chains, which encompass activities ranging from cattle rearing to meat processing, leather production, and milk processing (FAO, 2015; FAO, 2020). Each of these activities generates employment opportunities, stimulates economic growth, and supports livelihoods, particularly in rural areas where the sector thrives (Usman & Nasiru, 2005; Umar et al., 2008).

In Nigeria, cattle business serves as a vital source of foreign exchange earnings. The export of live cattle, meat, leather, and other cattle-related products generates substantial foreign currency. These earnings contribute to financing imports, servicing foreign debt, and strengthening the Nigeria's balance of payments. Nigeria's competitive cattle industry enables it to build foreign exchange reserves, enhancing economic stability (FAO, 2023, FMARD, 2023; Nse-Nelson et al., 2017).

Few studies have examined the Mubi cattle market empirically, though not taking into account the recent development in the market. Musa et al. (2018) conducted a study to investigate the Marketing Channel and Structure of Cattle among Intermediaries in Mubi Local Government Area of Adamawa State, Nigeria. The study aimed to achieve three primary objectives: first, to examine the marketing channel for cattle; second, to determine the marketing structure of the intermediaries involved; and third, to identify the major constraints encountered in cattle marketing within the study area.

To gather data, the researchers employed a simple random sampling technique, which resulted in the selection of 123 respondents from Mubi International Cattle Market. The findings of the study revealed noteworthy insights: 87% of the respondents were engaged in selling live cattle, while the remaining 13% focused on selling butcher pieces. Moreover, it was observed that 61.8% of the intermediaries sold their cattle in secondary markets, whereas 27.6% operated in terminal markets. Notably, approximately 73% of the respondents sourced their cattle from the northeast region, while the remaining 26% imported cattle from neighbouring countries, including Cameroon, Chad, and Niger.

In the study conducted by Yahaya (2018), the focus was on evaluating the social and economic contributions of Mubi Cattle Market to the economy of Mubi South Local Government Area. The research findings revealed that the market served as a significant economic hub, with an average weekly sale of 5,000 to 7,000 cattle. These transactions generated revenue for both the state and local government, with a fee of N250 paid per cattle, distributed as N150 to the state government and N100 to the local government. Notably, the study highlighted that approximately 40% of the local government's revenue was attributed to the market, making it the largest single source of income for the local administration. Additionally, the market played a pivotal role in youth employment, offering diverse business opportunities apart from livestock trading. Most of the respondents in the study fell within the age bracket of 20 to 45 years. While the market was a significant revenue generator, the research suggested that there was still untapped potential for increased revenue generation. This might have prompted the recent upward tax review to 5000 Naira by the government. Hence, generating controversies that require in-depth study.

In the analysis conducted by Dodo and Isa (2020), the economic impact of cattle trading in Mubi South Local Government Area from 2000 to 2018 was examined. The study revealed a positive correlation between two key variables: Cattle Turn-over and Employment in Cattle Market. Both of these variables were found to contribute positively to revenue generation within Mubi South Local Government. This underscores the economic significance of the cattle trading activities in the area, with higher turnover and increased employment opportunities translating into enhanced revenue for the local government.

Research Gap

The existing literature provides a foundational understanding of the significance of the cattle business for governments and economies, especially within developing countries like Nigeria. However, a substantial research gap exists, particularly regarding the recent and substantial upward tax review on cattle businesses in the Mubi cattle market. This gap is of paramount importance to policymakers, cattle business owners, and the local community, as it represents a critical issue with far-reaching implications that remain largely unexplored.

The research gap underscores the urgent need for comprehensive studies to examine the precise consequences of the substantial tax increase in the Mubi cattle market. There is currently a lack of detailed research on how this tax policy change affects the financial well-being and livelihoods of cattle business owners in Mubi, their decision-making processes, and microeconomic effects on profitability and operational choices. Moreover, there is limited research on the broader socioeconomic repercussions of the tax review on local communities, including its impact on employment patterns, consumer prices of cattle-related products, and the overall well-being of the community.

Additionally, there is a dearth of research exploring government responses and interventions following the tax increase, leaving a critical gap in understanding whether and how the government is supporting affected cattle business owners. Lastly, the international nature of the Mubi cattle market, attracting cattle sellers from neighbouring areas and countries, has not been adequately studied in terms of the cross-border implications of the tax review on trade dynamics with neighbouring countries, such as Chad, Cameroon and the Central African Republic. Addressing these gaps is essential for a comprehensive understanding of the consequences of the tax policy change and for informed decision-making that safeguards the well-being of stakeholders in the Mubi cattle market.

3. Methodology

Description of Study Area

The Mubi cattle market stands as one of the largest and most bustling cattle markets in Northern Nigeria. Every Tuesday, it becomes a focal point for the convergence of more than 20,000 cattle from various regions, with a substantial influx from neighbouring countries such as Chad, the Central African Republic, and Cameroon. The market boasts an extensive network of over 500 cattle stands, where livestock are showcased and traded. Notably, more than 100 trailers and trucks transport these cattle to the southern regions of Nigeria each week, underscoring its significance in the cattle trade network.

Situated within Mubi South Local Government Area, this market thrives in a town known for its diverse economic activities and prominence in cattle business within Adamawa State. In addition to cattle trading, the market ecosystem supports a multitude of related businesses. These encompass the sale of animal feeds, provision of veterinary services, supply of animal medicines, water vending, transport services by drivers, food vendors, and maintenance services by cleaners, among others. Together, these activities form a dynamic economic landscape within the Mubi cattle market and its surrounding area.

The Mubi cattle market is a diverse and thriving ecosystem, comprising a spectrum of cattle business owners, ranging from small-scale operators to medium and large-scale enterprises. The market's weekly revenue generation is nothing short of remarkable, with earnings extending into the billions. This substantial financial activity underscores the market's economic significance and has led to the establishment of numerous bank branches within Mubi South Local Government Area. These financial institutions cater to the diverse financial needs of the market participants, further emphasizing the pivotal role of the Mubi cattle market in the local and regional economy.

Research Design

This study will employ a mixed-methods research design to comprehensively investigate the impact of the tax increase on cattle businesses in the Mubi cattle market. This method combines quantitative data collection and analysis with qualitative insights to provide a holistic understanding of the subject.

Sampling Procedure

Stratified random sampling was used to select the respondents for data collection. The stratified random sampling is a method that is used to ensure that the respondents selected for the research are representative of different segments within the Mubi cattle market. This approach allows for the systematic selection of participants based on the size of their cattle businesses and the nature of their auxiliary businesses.

Determining Sample Size

The calculated sample size required for each stratum to ensure that it is proportionate to the size of the stratum within the population. To determine the appropriate sample size for each stratum in a stratified random sampling design, the formula for calculating sample size in a stratified sample was used. The formula for this is as follows:

$$\boldsymbol{n_h = \frac{N_h}{N} * n}$$

Where:

$\boldsymbol{n_h}$: Sample size for each stratum.

$\boldsymbol{N_h}$: Total number of units (population) in each stratum.

N: Total population size.

$\boldsymbol{n}$: Desired overall sample size (across all strata).

Overall, a total of 400 sample size was determined and was randomly selected to ensure a more representative sample.

Data Collection

A structured questionnaire was administered to cattle business owners operating within the Mubi cattle market. The questionnaire captured quantitative data on financial aspects, operational changes, and socioeconomic effects resulting from the tax policy change. Semi-structured interviews were conducted with a selected group of cattle business owners to gain deeper insights into their experiences and decision-making processes following the tax increase.

Data Analysis

Quantitative data was analysed using statistical software to quantify the impact of the tax increase on financial metrics, operational choices, and socioeconomic variables. Descriptive statistics in the form of frequency and percentage were used to analyse the data collected.

4. Result and Discussion

Impact of the Tax Increase on Financial Well Being of Cattle Business Owners

The study considers the effect of the tax increase on the financial well being of cattle businesses in Mubi cattle market. The respondents were asked to provide their perceptions on how the recent government tax policy has affected the financial performance of their businesses.

Table 4.1: ***Impact of the Tax Increase on Financial Well Being of Cattle Business Owners***

How has the tax increase affected the overall cost of running your cattle busine	Frequency	Percent
Moderately increased	170	42.50
Significantly increased	190	47.50
Slightly increased	40	10.00
Total	400	100.00
Approximately, by how much has the tax increase affected the overall cost of run		
10,000 - 50,000 Naira	155	40.05
100,000 - 500,000 Naira	1	0.26
50,000 - 100,000 Naira	21	5.43
Less than 10,000 Naira	210	54.26
Total	387	100.00
Have you adjusted your selling prices to accommodate the increased tax?		
No	145	36.25
Not applicable	81	20.25
Yes	174	43.50

Total	400	100.00
If yes, by how much have you adjusted your selling prices to accommodate the tax increase?		
10,000 -20,000 Naira per head	1	0.62
5,000 -10,000 Naira per head	15	9.32
Less than 5,000 Naira per head	145	90.06
Total	161	100.00
How has the tax increase impacted your profit margin?		
Moderately decreased	150	37.70
No change	15	3.75
Significantly decreased	102	25.50
Slightly decreased	133	33.25
Total	400	100.00
Approximately, by how much has the tax increase impacted your profit margin?		
Decreased by 10,000 - 50,000 Naira	172	43.00
Decreased by 50,000 - 100,000 Naira	15	3.75
Decreased by less than 10,000 Naira	213	53.25
Total	400	100.00
Have you had to reduce the number of cattle in your business due to the tax increase?		
No	100	25.00
Not applicable	97	24.25
Yes	203	50.75
Total	400	100.00
If yes, approximately, by how much has the tax increase led to a reduction in the number of cattle?		
10,000 - 50,000 Naira	27	14.21
50,000 - 100,000 Naira	2	1.05
Less than 10,000 Naira	161	84.74
Total	190	100.00

Source: Field Survey, (December,2023).

The analysis of how the tax increase has affected the overall cost of running cattle businesses in Mubi Cattle Market, Adamawa State, provides valuable insights into the economic implications of fiscal policies on the livestock sector. The data reveals that the majority of respondents experienced a significant increase (47.5%) or moderate increase (42.5%) in the overall cost of operating their businesses due to the tax hike. This indicates a substantial impact on the financial viability of cattle enterprises, with nearly 90% of respondents reporting either a significant or moderate rise in costs. These findings suggest that the tax increase has directly translated into higher operational expenses for cattle business owners. Such cost escalations could stem from various factors, including increased compliance burdens, higher input prices, or additional administrative overhead associated with tax-related activities. Consequently, these heightened costs could strain business profitability, particularly for small and medium-sized enterprises operating with narrow profit margins in the cattle market. The findings highlight the importance of carefully assessing the potential downstream effects of tax policy changes on businesses within the livestock sector. While taxation serves as a crucial revenue source for government expenditure, policymakers must balance fiscal objectives with considerations of economic efficiency and market dynamics. In this context, it is essential to evaluate the equity and distributional impacts of tax increases, particularly on vulnerable segments of the cattle industry, such as small-scale producers and traders.

The data also illustrates the varied impact of the tax increase on the overall cost of running cattle businesses in Mubi Cattle Market. Among the respondents, the majority (54.26%) reported a tax monthly impact of less than 10,000 Naira, indicating a relatively modest increase in operating expenses for a significant portion of businesses. However, a substantial proportion (40.05%) experienced a tax impact ranging from 10,000 to 50,000 Naira, suggesting a more significant financial burden for a sizeable segment of cattle business owners. These findings highlight the heterogeneous nature of tax effects within the market, reflecting differences in business scale, structure, and operational dynamics. While some businesses may face relatively minor cost escalations, others are confronted with more substantial challenges due to the tax hike. Policy implications of the data emphasize the importance of adopting a targeted approach to tax policy design and implementation. Policymakers should consider the differential impacts of tax increases across different segments of the cattle market and tailor policy interventions accordingly. This may involve providing targeted financial assistance, tax relief measures, or capacity-building programs to support businesses disproportionately affected by the tax hike, particularly those facing significant cost escalations.

Furthermore, the data reveals that a significant proportion (43.5%) of cattle business owners in Mubi Cattle Market, have adjusted their selling prices to accommodate the increased tax burden, while 36.25% have chosen not to do so. Additionally, 20.25% indicated that the question was not applicable to their situation. This diversity in responses underscores the complex decision-making processes faced by businesses in response to tax policy changes and reflects the heterogeneous nature of market dynamics within the cattle industry. The decision to adjust selling prices in response to the tax increase reflects strategic considerations aimed at maintaining profitability and market competitiveness. Businesses that have opted to raise prices may seek to pass on the increased tax burden to consumers, thereby mitigating the impact on their bottom line. Conversely, those choosing not to adjust prices may prioritize other strategies, such as cost-cutting measures or operational efficiency improvements, to absorb the additional tax costs without passing them on to customers.

Similarly, the data indicates that the tax increase has had a significant impact on the profit margins of cattle businesses in Mubi Cattle Market. Specifically, 63.2% of respondents reported a decrease in profit margins, with 25.5% indicating a significant decrease and 37.7% reporting a moderate decrease. Additionally, 33.25% reported a slight decrease, while only 3.75% reported no change in profit margins. These findings underscore the adverse effects of the tax hike on the financial performance and profitability of cattle businesses within the market. The decrease in profit margins reflects the direct impact of the tax increase on the cost structure and revenue generation capacity of cattle enterprises. Higher operating costs resulting from the tax hike, coupled with limited pricing flexibility or competitive pressures within the market, have likely constrained profit margins for many businesses. Consequently, cattle business owners may face challenges in maintaining financial sustainability and meeting their business objectives in the wake of the tax increase.

The respondents provided an insight into the amount of profit margin affected as a result of the tax increase. Specifically, 43% of respondents reported a decrease in profit margins ranging from 10,000 to 50,000 Naira, while 3.75% reported a decrease of 50,000 to 100,000 Naira. Additionally, the majority of respondents (53.25%) reported a decrease in profit margins of less than 10,000 Naira. These findings highlight the heterogeneous nature of the impact of the tax hike on business profitability within the market. The differential impact on profit margins reflects the diverse circumstances and operational dynamics of cattle businesses in response to the tax increase. While some businesses may experience relatively modest decreases in profit margins, others face more substantial financial challenges due to the tax hike. Factors such as business scale, cost structure, market positioning, and pricing flexibility likely contribute to variations in the magnitude of the impact on profit margins across different businesses.

The data also reveals that a significant proportion (50.75%) of cattle business owners in Mubi Cattle Market, Adamawa State, have had to reduce the number of cattle in their business due to the tax increase. Additionally, 24.25% indicated that the question was not applicable to their situation, while 25% reported no reduction in cattle numbers. The need to reduce cattle numbers in response to the tax increase reflects the significant financial strain imposed on businesses within the cattle market. Cattle business owners may opt to reduce herd sizes as a strategic response to mitigate the impact of increased tax burdens on operating costs and profitability. However, such reductions could have broader implications for market supply dynamics, production capacity, and the overall economic viability of cattle enterprises within the market.

Effect of Cattle Tax Increase on Cattle Business Relocation Decision in Mubi Cattle Market

The study also explores the perceptions of the respondents on the effect of tax increase on the relocation decisions of cattle business owners in Mubi cattle market. The analysis of such perceptions is provided in table 4.2.

Table 4.2: Perceptions of Respondents on the Effect on Tax Increase on Cattle Business Relocation Decision

Do you know whether some cattle business owners have relocated or stopped patronizing Mubi Cattle Market due to Recent Tax Increase?	*Frequency*	*Percent*
No	100	25.00
Not Sure	3	0.75
Yes	297	74.25
Total	400	100.00
If yes, how many cattle business owners do you know have relocated or stopped patronizing Mubi Cattle Market due to the recent tax increase?		
1-10	184	64.56
11-20	62	21.75
21-30	38	13.33
Above 50	1	0.35

Total	285	100.00
How much do you think is the estimated business capital of cattle business owners who have relocated or have stopped patronizing Mubi cattle market due to recent tax increase?		
1,000,000 - 2,000,000 Naira	58	20.71
100,000 - 1,000,000 Naira	220	78.57
3,000,000 - 4,000,000 Naira	1	0.36
Above 45,000,000 Naira	1	0.36
Total	280	100.00
Are you planning of relocating to another cattle market because of the recent tax increase?		
No	123	30.75
Not Sure	150	40.38
Yes	127	31.75
Total	400	100.00
Do you think some cattle business owners plan to relocate to another cattle market because of the recent tax increase?		
No	135	33.75
Not Sure	3	0.75
Yes	212	53.00
Total	400	100.00

Source: Field Survey, (December, 2023).

The data provided sheds light on the effect of the recent tax increase on cattle business relocation decisions in Mubi Cattle Market. The findings suggest that a significant proportion (74.25%) of cattle business owners have considered relocating or have already stopped patronizing Mubi Cattle Market due to the tax increase. Among those who have relocated or stopped patronizing the market, the majority (64.56%) consisted of business owners who had 1-10 cattle. This indicates that smaller-scale businesses are more likely to be affected by the tax increase and potentially relocate in response.

In terms of estimated business capital, the majority (78.57%) of cattle business owners who have relocated or stopped patronizing Mubi Cattle Market due to the tax increase had estimated business capital ranging from 100,000 to 1,000,000 Naira. This suggests that businesses with relatively lower capital investments are more susceptible to the impacts of tax increases and may be more inclined to relocate to other markets where operating costs are lower.

Regarding future relocation plans, a significant proportion (31.75%) of cattle business owners indicated that they are planning to relocate to another cattle market due to the recent tax increase. Additionally, a majority (53.00%) believe that some cattle business owners do plan to relocate to another market because of the tax increase. These findings suggest a perception among market participants that the tax increase has rendered Mubi Cattle Market less favourable for conducting business, prompting considerations of relocation among stakeholders.

The potential relocation of cattle businesses from Mubi Cattle Market due to the tax increase could have significant implications for market dynamics, competition, and economic activity within the area. If a large number of businesses relocate, it could lead to reduced market participation, lower trading volumes, and diminished economic activity within the market. This, in turn, could negatively impact the livelihoods of market participants, disrupt supply chains, and undermine the market's role as a key economic hub within the region.

Effect of Cattle Tax Increase on Cross-border Cattle Inflows into Nigeria's Mubi International Cattle Market

Since Mubi cattle market has international visibility and patronage, respondents offered their perceptions on the effect of the tax increase on cross -border cattle trade regarding the inflows of cattle from the neighbouring countries which previously constituted a significant source of revenue to the government. The result of the study is shown in table 4.3.

Table 4.3: Perceptions of Respondents on the Effect of Tax Increase on Cross-Border Cattle Inflows to Mubi Cattle Market

Do you think the recent tax increase has reduced the inflows of cattle from the neighbouring countries like Cameroon, Central African Republic and others?	*Frequency*	*Percent*
No	134	33.50
Not Sure	11	2.75
Yes	265	
Total	400	100.00
If yes, how can you estimate the approximate reduction in the quantity of monthly cattle inflows from the neighbouring countries?		
100 - 500 cattle	225	88.24
600 -1000 cattle	27	10.59
1,600 -2000 cattle	1	0.39
Above 2500 cattle	2	0.78
Total	255	100.00
If yes, how can you estimate the approximate monthly loss in cash inflows from the neighbouring?		
20,000,000 - 60,000, 000 Naira	223	85.77
80,000,000 - 120,000,000 Naira	34	13.08
140,000,000 - 180,000,000 Naira	1	0.38
200,000,000 - 260,000,000 Naira	1	0.38
300,000,000 - 360,000,000 Naira	1	0.38
Total	260	100.00

Source: Field Survey, (December, 2023)

The data provided offers insights into the perceived effect of the recent tax increase on cross-border cattle inflows into Nigeria's Mubi International Cattle Market, particularly from neighbouring countries like Cameroon, the Central African Republic, and others. According to the responses, a significant majority (66.25%) of respondents believe that the recent tax increase has indeed reduced the inflows of cattle from neighbouring countries into Mubi International Cattle Market. This perception suggests that the tax hike has had a discernible impact on cross-border trade dynamics within the cattle market.

Regarding the estimated reduction in the quantity of monthly cattle inflows from neighbouring countries, the data suggests that a substantial proportion (88.24%) of respondents believe that the reduction ranges from 100 to 500 cattle per month. This indicates a significant decline in cross-border cattle trade volumes following the tax increase, potentially reflecting changes in market dynamics, cost considerations, or regulatory barriers affecting cross-border trade.

Furthermore, the estimated monthly loss in cash inflows from neighbouring countries provides additional insights into the economic implications of the tax increase on cross-border trade. The majority (85.77%) of respondents estimate the monthly loss in cash inflows to range from 20,000,000 to 60,000,000 Naira. This substantial reduction in cash inflows underscores the economic ramifications of the tax increase on both domestic and cross-border cattle trade, affecting market revenues, business profitability, and regional economic activity.

Short Run and Long Run Implications of the Cattle Tax Increase

The implications of the results on government revenue and the growth of cattle business in Mubi Cattle Market are multidimensional and can be analysed both in the short-run and the long-run in terms of government revenue, cattle business viability and market dynamics.

In the short run, the tax increase has likely resulted in an immediate boost to government revenue in the short run, as higher taxes are collected from cattle businesses. However, this increase may not be sustainable if businesses face challenges in maintaining profitability and operational viability due to the tax hike. Reduced business activity, lower sales volumes, and potential closures or downsizing of businesses could dampen tax revenues over time. The tax increase has imposed significant financial burdens on cattle businesses, leading to reduced profit margins, higher operating costs, and potential reductions in herd sizes. This could hinder business growth and investment, limit market participation, and negatively impact livelihoods within the cattle industry. Additionally, businesses may struggle to adapt to the new tax environment, leading to short-term disruptions and adjustments in business operations.

In the long run, the sustainability of government revenue from the cattle sector depends on the resilience and growth of businesses within the market. If the tax increase hampers business growth, reduces market participation, or stifles investment and innovation in the long term, it could lead to stagnating or declining tax revenues from the sector. Therefore, policymakers must consider the broader economic implications of tax policy changes to ensure sustainable revenue generation over time. The long-run growth prospects of cattle businesses in Mubi Cattle Market are contingent on their ability to adapt to the tax increase and overcome associated challenges. Businesses that can innovate, improve efficiency, and enhance competitiveness in response to the tax hike may experience sustainable growth and expansion over time. However, businesses that struggle to cope with the increased tax burden may face long-term viability risks, potentially leading to market consolidation, reduced competition, and slower overall industry growth.

The long-run implications of the tax increase extend beyond individual businesses to broader market dynamics within the cattle sector. If the tax hike leads to market distortions, reduced investment, or diminished market participation in the long term, it could hinder the development of Mubi Cattle Market and undermine its role as a key economic hub within the region. Therefore, policymakers must carefully monitor market dynamics and implement targeted interventions to promote sustainable growth, competition, and resilience within the market.

Conclusion

In conclusion, the comprehensive analysis of the impact of tax increases on cattle businesses in Mubi Cattle Market, Adamawa State, reveals significant economic implications for market participants, government revenue, and regional trade dynamics. The findings highlight the adverse effects of tax hikes on business profitability, market competitiveness, and cross-border trade, with implications for livelihoods, market resilience, and regional economic development. The data underscores the need for policymakers to adopt a nuanced and context-specific approach to tax policy formulation, considering the diverse needs and circumstances of businesses within the cattle market. Targeted interventions, including tax relief measures, financial assistance programs, and support for market integration, are essential to mitigate the adverse effects of tax increases and promote sustainable economic growth, market competitiveness, and regional integration within the cattle market in Mubi and similar markets across Nigeria.

Recommendations

Based on the findings of the study, several recommendations are proposed to address the challenges posed by tax increases on cattle businesses in Mubi Cattle Market and to promote sustainable economic growth and market competitiveness. Firstly, policymakers should consider implementing targeted tax relief measures or incentives to alleviate the financial burden on cattle businesses, particularly small and medium-sized enterprises facing significant cost escalations. These measures could include exemptions, deductions, or reduced tax rates for eligible businesses, thereby enhancing their profitability, viability, and resilience in the face of tax policy changes.

Secondly, there is a need for proactive efforts to enhance market competitiveness, facilitate market access, and promote regional integration within the cattle market. Policymakers should explore strategies to streamline regulatory processes, reduce trade barriers, and improve infrastructure to facilitate cross-border trade and market connectivity. Investments in market infrastructure, transportation networks, and border facilities can enhance market efficiency, reduce transaction costs, and stimulate economic activity within the cattle market, benefiting both domestic and cross-border traders.

Lastly, policymakers should prioritize stakeholder engagement, dialogue, and collaboration in the tax policymaking process to ensure that the concerns and perspectives of market participants are adequately considered. Engaging with industry stakeholders, including cattle business owners, market associations, and trade organizations, can foster a better understanding of the challenges faced by businesses and inform the development of targeted policy interventions. Additionally, partnerships with regional counterparts and international organizations can facilitate knowledge sharing, capacity building, and collaborative initiatives to promote market competitiveness, regional integration, and economic development within the cattle market in Mubi and beyond.

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