Effect of Withholding Tax on Income of Public Servants and Revenue Generating Capacity of Nigerian Government

Nwaigburu Kingsley Eze[1], Joseph Fineboy Ikechi[2]
[1]Alvan Ikoku Federal University of Education, Owerri, Imo State
[2]Clifford University, Owerrinta, Abia State
fayooxyz2009@yahoo.com

DOI: 10.56201/jafm.v9.no12.2023.pg78.89

Abstract
This study examines the relationship of withholding tax on income of public servants and revenue generating capacity of Nigerian Government. A sample size of 30 respondents was used for the study base on the respondents' knowledge of the subject matter. Simple random sampling techniques was used in the distribution of the questionnaire. Presentation and analyses of data collected as well as testing of the hypotheses were done using percentage distribution frequency and Spearman's Rank correlation coefficient analysis. It was revealed that there is a significant relationship between withholding tax and government revenue generating capacity. It was observed that there is a significant positive relationship between withholding tax and income of public servants. As a matter of urgency, it is recommended that there should be the introduction of a comprehensive tax administration reforms that would eliminate loopholes in tax laws, policies and administration. Such reforms should reduce to the least minimum tax avoidance and tax evasion. A simpler tax system with a limited number of rates is critical to fostering taxpayer compliance. There should be focus on simplifying taxes, procedures and structures. Simplicity of the tax system and legislation is the guiding principle for effective tax collection. This makes tax administration less challenging.

Keywords: *Withholding Tax, Public Servants, Government Revenue, Tax Avoidance and Evasion, Tax Reforms*

Introduction

Kiabel (2011) opined that the withholding tax (WHT) requirement that was added to the Nigerian tax code in 1977 was limited to directors' fees, rent, and profits. Sections 81 of the Company Income Tax Act, 54 of the Petroleum Profit Tax Act, Section 73 of the Personal Income Tax, and Section 13 of the Value Added Tax (VAT) Act all permit the imposition of withholding tax.

Since then, all aspects of building construction and related services have been included in its deduction. Aside from the full sale and purchase of products and property in the regular course of business, other forms of contracts and agency arrangements include consulting, technical and professional services, management services, commissions, interest, and royalties. It is crucial to remember that withholding tax does not exist as a distinct tax type on its own; hence, there is no legislation specifically for it. A business that paid withholding tax is still able to file annual tax returns. Withholding tax (WHT) is, in theory, a payment made to a taxpayer or corporation in relation to their final income tax amount. A payment made in advance or in anticipation of the taxpayer's income tax liability is known as withholding tax (WHT). Typically, while the recipient is being paid, the tax is deducted at source (Federal Inland Revenue Services, 2006).

The WHT system was implemented with the primary goal of addressing tax evasion; but, full disclosure, openness, predictability, and fairness remain important considerations. The tax should always be operated as efficiently as possible to prevent people from being overtaxed and the government from losing money, keeping in mind these goals and the fact that the tax is meant to be an advance payment of taxes. The WHT system provides the government with a steady stream of income. It guarantees that revenue is generated in advance and strengthens the efforts of tax authorities to collect.

Therefore, it is essential that the system be continuously enhanced in light of contemporary tax administration practices. Generally, notification of an income source through a third party is given by an advance tax payment. It should be easy to obtain the payer's information in order to contact a potential taxpayer. Kiabel and Nwikpasi (2012) noted that, field officers ought to be prepared to investigate such information at all times. This study is driven with the goal of studying the relationship of withholding tax on taxpayers' income-in this case, public servants- and its influence on the government's revenue base. Many previous studies on taxation have avoided this study and for this reason, the study is motivated.

Conceptual Framework

Income liable to Withholding Tax (WHT) measures aim to recover taxes that could have been lost due to tax avoidance or tax evasion. The goal is to make sure that taxpayers are accurately taxed, but it is important to realise that transactions that are typically exempt from taxation in Nigeria are also exempt from withholding taxes (WHT). For example, contracts and deliveries of goods and services made by non-resident taxpayers that are completed entirely outside of Nigeria will not be subject to withholding taxes. For the purposes of assessing tax liability or applying WHT, the taxpayer's place of residence is sometimes irrelevant; nonetheless, it is crucial to take into account whether the seller or provider of the goods or services is subject to Nigerian tax. The following are the incomes that are subject to WHT.

Rents: Rental revenue from both real and personal property is included in rents. Generally speaking, regardless of where the money is received, income from property (rent, hire, lease, or royalty payments) located in Nigeria is subject to taxation in Nigeria. In cases where an individual leases or employs goods or services from another party, 10% WHT will be applicable. However, the transaction becomes a contract of services rather than a rental or hire when one party uses its own facilities or equipment to give another, such as air or land transport services.

Interest: This is the revenue from all types of investments. Income from bonds or treasury bills, as well as income from government securities, is subject to WHT. WHT is frequently not applied to interest paid on loans made by Nigerian corporations (Kiabel and Nwikpasi: 2012).

Dividends: This is a reference to share revenue. Whether the income is received by a non- resident corporation or a Nigerian company, it is liable to taxation. Corporate entities are permitted to recover the WHT deduction in cases where the dividend is to be redistributed as Franked Investment Income (FII), even though the tax levied is considered final. However, WHT is not applied on dividends paid by oil producing firms on petroleum operations under the Petroleum Profit Tax Act (PPTA).

Royalty: This is the unearned money that the owner has accumulated from previous undertakings. Before it may be used, permission is required. It is any form of payment made in exchange for the use of a patent, trademark, or other property.

Consultancy/Professional/Management/Technical Services: These are specialist services provided by individuals who possess the necessary training and expertise. A service considered consultation just because it is performed by a company whose name includes the word "consultancy." The true nature of the services being rendered must be investigated, and if it turns out to be a consultant service, the proper fee would be charged; professional and management services are subject to the same consideration. For example, if an engineering firm performs construction work, the services should be classified as "construction" rather than "professional" or "technical." Similarly, using industrial machinery or equipment to perform a service does not make it "technical" because the industry position requires that only arrangements that involve a transfer of technology should be classified as technical. Under this title, all building, construction, and related activities-including pipeline laying, maintenance tasks, and service fees-fall under the category of construction contracts. This categorization appropriately includes drilling and associated operations; everything involving contracts, other than the outright buying and selling of goods and property. With the exception of the complete acquisition or sale of commodities and property, this classification is comprehensive enough to include all transactions. According to the Revenue, the bulk of the operations in the oil business are conducted through contractions, thus they appropriately belong in this group. Over the years, the issue of contracts and transactions that are not carried out in the regular course of business has been the subject of numerous evaluations and revisions with the goal of enhancing the WHT system to attain efficiency and reduce operating costs. Withholding taxes are not intended to make matters worse for manufacturers, producers, or anyone involved in any kind of activity other than providing services. It seems that the FIRS information circular No. 2002's concept of factory activation has caused even more controversy than anticipated. Understanding the situations in which WHT will apply in connection with any manufacturing activity will be made easier by the following classification. When parties in a relationship have more than one relationship.

A producer or manufacturer that needs raw materials from a supplier in order to produce anything is an example of this type of contract (Kiabel and Nwikpasi, 2012). In the event that both parties have a dual connection, WHT will not apply to the transaction. As an example, an oil manufacturing company delivers diesel directly to a user; a farmer supplies groundnuts to a maker of groundnut oil; a glass manufacturer supplies bottles to a bottling company or soft drink manufacturer. Where the parties to a transaction have a tripartite relationship. There may be one of two possibilities in a tripartite contract relationship including a manufacturer, supplier, and agent, contingent on the extent of the financial arrangement.

Where there is a tripartite arrangement, for instance, when Manufacturer A hires Agent C to obtain or procure raw materials from Supplier B for his production line. Nothing stops Manufacturer A from negotiating directly with Supplier B to establish a partnership based on two contracts.
(a) The service cost must be separated from the total contract and only the service component will be subject to WHT if Manufacturer B mobilises Agent C with funds to procure supplies for its operation. (b) At the time of payment, WHT will be entitled to the full contract amount if Agent C sources all of Manufacturer A's raw materials. Since it is considered a transaction in the regular course of business, when a manufacturer delivers its standard products to its distributors and dealers for sale, the manufacturer's income will not be subject to withholding tax (WHT). However, the distributors' and dealers' commission will be subject to WHT. Agency Agreements and Transactions A principal-agent contract is implied by an agency arrangement. Commission is the payment due to the agent for services done; this amount is subject to a 10% WHT. Nevertheless, any sales made by the principal-a non-resident-will attract 5% WHT, where any of the conditions in Section 26(1) (b) of CITA holds.
Withholding Tax Implication on Foreign Transactions**:** Non-resident Businesses/Entrepreneurs According to revenue practice, non-resident businesses are not permitted to deduct any kind of WHT. These business types are essentially exempt from the FIRS's regulatory oversight and control. The Revenue Office will find it impractical to examine these companies' financial records to verify that WHT has been duly withheld and remitted. Transactions covered by a Double Taxation Agreement (DTA) that are normally exempt from taxation in Nigeria are also exempt from withholding taxes (WHT). Thus, non-resident persons are not responsible for WHT for contracts or deliveries of goods and services that are completed fully outside of Nigeria. About eight (8) countries have treaty agreements with Nigeria, and these nations are entitled to a reduced rate of WHT deduction, typically at 7.5% of the generally applicable WHT rate.
The UK, Northern Ireland, Canada, France, Belgium, the Netherlands, Pakistan, and Romania are some of these nations. The Permanent Establishment Principle is used to taxation in Nigeria. According to the guidelines, a PE is where are as follows: The business maintains a "fixed base" in Nigeria. The business is carrying out a turnkey project in Nigeria; - The business and its Nigeria affiliate do not seem to be conducting business at arm's length; the business operates in Nigeria through a dependent agent authorised to sign contracts or deliver items on its behalf. "Fixed base" refers to a certain level of stability and encompasses establishments like mines, factories, offices, branches, and oil or gas wells. Activities related to the aforementioned operations, such as building, construction, assembly or installation, and service delivery. Tax laws in Nigeria do not exempt branch revenue from payment. In Nigeria, a branch is regarded as a permanent enterprise, and its profits are subject to taxation. As a result, it bears WHT responsibilities.

Incomes not Liable to Tax in Nigeria

Companies operating within the Free Trade Zones/EPZ: Due to the fact that these businesses operate outside of Nigeria, they are free from paying taxes there. The businesses they engage with are assumed to be residents of the Nigeria Customs Territory, even when they make purchases outside of free trade zones, and these transactions are similarly exempt from Nigerian taxes. **Other forms of Income Not Subject to WHT Insurance Premium:** In actuality, several forms of income are exempt from WHT due to their inherent characteristics. Among these earnings are:

WHT will not apply to insurance premiums received by stock brokers or insurers, but it will apply to the commission that insurance brokers get. Turnover/Income from Dealership or Distributive trade. Revenue or Turnover from Distributive Trade or Dealership. Dealers' and distributors' trading revenue is considered to have derived from transactions in the regular course of business and is not subject to WHT; nevertheless, the commission that the firms they represent pay them is subject to WHT. **Bills for phone service are not liable to WHT.**

Rates of withholding tax: The following are the applicable WHT rates: Payment methods Rates that apply to Companies Dividends per individual, interest, and rent (10%) 10% 10% 10% Directors' Fees royalties 15% 15% Fees for commission, consultation, technology, and services 10% 5% 10% 5% in management fees Building and Construction Contracts 5% 5% Contracts: 5% of all contracts are not outright sales or purchases of things made in the regular course of business. Within 30 days after becoming due for payment, all withholding tax obligations must be gathered and turned over to the tax authorities. If this tax is not remitted for whatever reason, there will be a penalty of 200% of the tax payable upon conviction, together with commercial interest rates, until the whole amount accessible as withholding tax is fully paid.

In the "General Tax Guide for Tax Administrators and Practitioners" book published by the Federal Board of Inland Revenue, the following benefits were listed. We have now condensed these for your convenience. By bringing tax evaders and other previously unidentified taxpayers into the tax system, this tax aids in expanding the revenue base. This tax stops tax evasion, which is typically covered up by mysterious transactions. For taxpayers who may not have a tax filing and payment culture, this tax reduces the burden of paying taxes. The government will consistently get revenue thanks to this tax. This tax is a voluntary way to abide by tax laws. There are no disadvantages listed in the tax handbook. However, based on past experience, the practical issues with this tax arise when principals in a contract withhold this tax from the total contract amount rather than just the required portion of the income that is flowing to the contracted party. Furthermore, the deductions are not sent to the Internal Revenue Service. Sadly, this prevents the party with the contract from benefiting from tax credits.

It is difficult for the contracted party to insist on its rights because it is typically in a much weaker position. Additionally, there have been grievances regarding the Inland Revenue Services' delays in providing the Tax Credit Note (Ezejelue and Ihendinihu, 2006).

Theoretical Framework

Benefit received theory: The underlying premise of this idea is that taxpayers and the government engage in essentially an exchange relationship. Members of society receive specific goods and services from the state, and they pay a share of the costs in accordance with the advantages they receive (Bhartia, 2009). According to Anyanfo (1996) in (Ogbonna and Ebimobowei, 2012), taxes ought to be distributed in proportion to the advantages derived from public spending. Thus, the theory goes that as long as individuals and businesses pay taxes in different forms, they are equally entitled to incentives in their various businesses, including raising salaries. This is why the theory is relevant because tax revenue gives the government more resources, which either immediately or over time will lead to an increase in worker wages and salaries. Employees are therefore urged to pay their taxes to the government.

Empirical Studies

Sutirtha and Libor (2021) examined how the introduction of third-party reporting and withholding affected tax collections using data from state personal income taxes in the United States. It was decided that it would be fair to build event study estimates by having various states adopt withholding gradually between 1948 and 1987. The study came to the strong conclusion that, when tax rates were unchanged, the introduction of withholding tax resulted in an instantaneous and lasting boost in income tax receipts of almost 29%. The outcome was in line with the important roles that third-party reporting and withholding play in enhancing tax compliance.

Improvements to the system must be made on a regular basis given the way taxes are currently administered. Although there is no connection at all between corporate income tax and economic growth, Kiabel and Nwokah (2009) discovered that PIT and growth are negatively correlated due to their ability to expand the government's revenue base. High statutory income tax rates, such as corporation income tax rates, are employed by Micah, Chukwumah, and Umobong (2012) and have a major effect on economic growth. The results of the previous estimation showed that the CIT rate, because of its ability to increase the revenue base of the government, significantly impacted economic growth in all of their regressions by controlling the endogeneity of tax measures, whereas the PIT rate and its progressivity had no significant effect on economic growth. Similarly, Owens (2006) contends that while average fiscal spending and taxes may be strongly correlated, average tax rates create a multitude of biases that ultimately lead to the conclusion that taxes have no effect on economic growth. Enokela (2010) looked into the connection between VAT and economic growth in Nigeria using multiple regression. The findings show a positive and statistically significant relationship between GDP and VAT. Gross domestic product (GDP) and government capital expenditure (GCE) have a statistically significant, positive, and insignificant connection. Emmanuel (2013) examined the effect of VAT on economic development and total tax revenue in Nigeria using time series data spanning the years 1994-2010.

The result of the regression analysis shows that VAT has a large and positive impact on GDP and overall tax collections. The significance of internal financial resource mobilization for the economic development and prosperity of developing nations cannot be overstated. Large-scale tax reforms are usually implemented by developing countries to enable a reasonable level of public spending and generally lower budget deficits (United Nations, 2002). According to the World Bank Global Monitoring Report (2005), most developing countries are ultimately dependent on an effective tax system to fund the needs of the public sector, even though they have not been able to raise enough money for services related to human development and basic public infrastructure.

It is useless to create a reasonable tax framework that cannot or will not be managed effectively (Bird, 1991). An empirical study on the connection between value-added tax (VAT) and economic growth in Nigeria was carried out by Adereti, Sanni, and Adesina (2011). They regressed to GDP, a stand-in for economic growth on VAT, using the standard least squares method. Changes in VAT revenue profits account for a sizable portion of the variance in economic growth, as measured by GDP, according to the coefficient of determination, which was set at 0.950544. This suggests that the model estimate has a substantial explanatory power. This outcome validated the hypothesis that tax reforms encourage the generation of public revenue.

Research Methodology

The descriptive nature of this research project necessitates a survey analysis of people's perceptions regarding the relationship between withholding tax on income of public servants (University of Port Harcourt as a case study) and the revenue generating capacity of the Nigerian government. In the same way, the study collected primary data from the sample of 28 respondents selected from the population of 30 respondents using a basic random sampling technique. The test results were generated using Social Science Package Software (SPSS), and the analysis and testing of the hypotheses is done using statistical tools such as the percentage frequency distribution and Spearman's Rank correlation coefficient.

Presentation and Descriptive Analysis of Primary Data

Two of the study's null hypotheses are supported by the analysis of the respondent data, which focuses more on these particular enquiries. Using Spearman's Ranks Correlation Coefficient, these study hypotheses were tested with the actual data. A total of thirty copies of the questionnaires were given to the senior, middle, and junior staff members of the University of Port Harcourt in Rivers State, based on their familiarity with the subject matter. 28 of the questionnaire, or 93.4% of the total, were returned, and the remaining 2 surveys, or 6.6%,were not.

Table 1: Distribution and Collection of Questionnaire

Respondents	**No Distributed**		**No Returned**		**No Not Returned**	
	NO	%	NO	%	NO	%
Senior management staff	6	20	5	16.7	1	3.3
Middle management staff	11	36.7	11	36.7	0	0
Junior management staff	13	43.3	12	40	1	3.3
Total	30	100	28	93.4	2	6.6

Table 1 above demonstrates that thirty questionnaires were sent out to staff members at different levels of the University of Port Harcourt in Rivers State. 6.6% of the total, were not returned, while the remaining 28 surveys, or 93.4%, were returned.

Table 2: Withholding Tax Does Not Increase Government Revenue

Opinions	**Undecided (0)**	**Strongly disagree (1)**	**Disagree (2)**	**Agree (3)**	**Strongly Agree (4)**	**Total**
The existence of withholding tax	**0**	**1**	**1**	**2**	**6**	**10**

contributes to increase in government revenue.						
The existence of withholding tax contribute enhances government revenue generating capacity	**1**	**1**	**1**	**6**	**9**	**18**
Total	**1**	**2**	**2**	**8**	**15**	**28**
Total weight	**0**	**2**	**4**	**24**	**60**	**90**
Percentage (%)	**0**	**2.2**	**4.4**	**26.7**	**66.7**	**100%**

From table 2, 66.7% of respondents strongly agreed, while 26.7 % disagreed, 4.4% disagreed and 2.2% strongly disagreed. The response from the respondents on the question above has shown that withholding tax can increase the revenue base of the government thereby leading to economic growth in the country.

Table 3: Withholding tax does not have any relationship with the income of the staff of University of Port Harcourt

Opinions	**Undecided (0)**	**Strongly disagree (1)**	**Disagree (2)**	**Agree (3)**	**Strongly Agree (4)**	**Total**
Withholding tax does not have any relationship with the income of staff members in the long run	1	0	1	3	4	9
Withholding tax encourages investment in the economy	1	1	2	5	10	19
Total	2	1	3	8	14	28
Total weight	0	1	6	24	56	87
Percentage (%)	0	1.2	6.9	27.5	64.4	100

Table 3 shows that 64.4% of the respondents strongly agreed, while 27.5% disagreed, 6.9% disagreed and 1.2% strongly disagreed. From the analysis, it can be deduced that withholding has the capability to increase employees' income and encourage investment in the economy in the long run.

Hypotheses Testing

Table 4: $H0_1$: Withholding Tax Does Not Increase Government Revenue

Using the SPSS output of Spearman's Ranks Correlations coefficient result below, the hypothesis is tested for acceptance or rejection.

Correlations

			x1	y1
Spearman's rho	x1	Correlation Coefficient	1.000	.846**
		Sig. (2-tailed)	.000	.000
		N	6	6
	y1	Correlation Coefficient	.846**	1.000
		Sig. (2-tailed)	.000	.000
		N	6	6

**. Correlation is significant at the 0.01 level (2-tailed).

From the SPSS table 4 above, the Spearman' Rank Coefficient is 0.846 showing a positive relationship between withholding tax and government revenue. The probability value = .000 which is less than 0.05 thus revealing a significant relationship between withholding tax and government revenue. Based on this, the null hypothesis is rejected while the alternate is accepted, which states that withholding tax enhances government revenue.

Table 5: H0$_2$: Withholding tax does not have any relationship on the income of the staff of university of Port Harcourt

Correlations

			x2	y2
Spearman's rho	x2	Correlation Coefficient	0.900**	0.900**
		Sig. (2-tailed)	.000	.000
		N	6	6
	y2	Correlation Coefficient	0.900**	0.900**
		Sig. (2-tailed)	.000	.000
		N	6	6

**. Correlation is significant at the 0.01 level (2-tailed).

Similarly, from the SPSS table 5 above, spearman's rank coefficient is 0.900 showing a positive relationship between withholding tax and income of the staff of university of Port Harcourt. The probability value is PV = .000 and less than 0.05 revealing a significant positive relationship between withholding tax and income of staff of university of Port Harcourt (public servants). Therefore, the null hypothesis is rejected and alternate accepted.

Conclusion and Recommendation

Following the tests of the hypotheses, the following conclusions were drawn: Since withholding tax is withheld at the source from employees of the University of Port Harcourt and other higher education institutions in Rivers State and ends up in government coffers, there is a significant relationship between withholding tax and government revenue. There is a positive relationship between withholding tax and income of the staff of University of Port Harcourt in the since the higher the rate of withholding tax, the higher the revenue in government coffers that would result to increment of employees' salaries thereby boosting investment in the economy by individuals and the government. The study recommends that as a matter of urgency, there should be the introduction of a comprehensive tax administration reforms that would plug loopholes in tax laws, policies and administration. Such reforms should reduce to the least minimum tax avoidance and tax evasion. A simpler tax system with a limited number of rates is critical to fostering taxpayer compliance. There should be focus on simplifying taxes, procedures, and structures. Simplicity of the tax system and legislation is the guiding principle for effective tax collection. This makes tax administration less challenging.

References

Adereti, S.A., Sanni, M.R., & Adesina, J.A. (2011). Value added tax and economic growth of Nigeria. *European Journal of Humanities and social Sciences* 10(*1*).

Bhartia, H.L., 2009. *Public Finance. 14th Edition*, Vikas Publishing House PVT Ltd, New Delhi.

Bird, R.M., (1991). Tax administration and Tax reform: reflections on experience in tax policy in developing Countries, ed. by Khalilzadeh- Shirazi J and Shah A.A. World Bank Symposium, Washington D.C.

Ezejelue, A.C and Ihendinihu, J.U (2006).*Personal Income Taxation in Nigeria*. LIins Consult Nig. Okigwe.

Easson A, and ZoltE.M,(2001) "Tax Incentives for Foreign Investment, Part I, Recent Trends and Countertrends", 55 *Bulletin for International Fiscal Documentation 266.*

Enokela, S. A. (2010).The impact of Value Added Tax on economic development of Nigeria. *Journal of Economic Literature, 45*(16), 32-41.

Kiabel, B. & Nwokah, N. (2009). Boosting revenue generation by state governments in Nigeria: The tax Consultants option revisited. *European Journal of Social Sciences*, 8(*4*), 66-75.

Kuewumi, M. (1996), "A Critique of Tax Incentives" in Nigeria Tax News Journal, Vol. II, No.1, April, p.4.

Kusi, N. (1998), "Tax Reform and Revenue Productivity in Ghana, AERC Research Paper Seventy-four,March, Nairobi Dickson E.

Musgrave, R.A. and P.B. Musgrave, 2004.*Public Finance in Theory and Practice.* Tata McGraw Hill, New Delhi, India.

Micah, L., Chukwuma, E. & Umobong, A. (2012). Tax system in Nigeria: Challenges and the way forward. *Research Journal of Finance and Accounting*, 3(*5*), 1-14.

Ogbonna G.N and Ebimobowei A, (2012)."Impact of tax reforms and Economic Growth of Nigeria: Time Series Analysis*" Current Research Journal of Social Sciences* 4(1) 62-68, 2012.

Owens, J. (2006). Tax in a borderless world. *Journal of Political Education*, 41(11), 38-50.

Oriakhi, D.E.and Osemwengie, P.K (2013) ‘‘Tax Incentives and Revenue Productivity of the Nigerian Tax System’ ’*European Centre for Research Training and Development, UK (www.ea-journal.org).*

Osoro, N.E (1993), Revenue Productivity Implications of Tax Reform in Tanzania, AERC Research Paper 20, September, Nairobi, p.24.

Phillips A, "The Significance of Nigeria's Income Tax Relief Incentives", *The Nigerian Journal of Economic and Social Studies*, 11, July 1969.

Sutirtha, B. & Libor, D. (2021). The effects of introducing withholding and third-party reporting on tax collections: Evidence from the U.S. state personal income tax. *Journal of Public Economics*; 4(5).

The-World-Bank-Group: https://data.worldbank.org/indicators/GC.TAX.TOTL.CN

United Nations Development Programme's Human Development Report, 24 July, 2014 and 2010.