# TAXATION AND TAX REVENUES TOWARDS TRANSFORMATION OF EDUCATIONAL FACILITIES IN AFRICA.

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**Abstract**

*Due to increasing responsibilities of government in governance and the fragile economic situation in many African countries, the budget allocation and the actual fund released for the implementation of projects and programmes in education has become fluidy, leading to continuous deterioration and rot in educational facilities. The situation is worsened by droughts, wars, insurgency, flood, misapplication of funds and the over dependence on mono-product for the sustainability of their economies. The paper revealed the urgent need for governments to increase its revenue base through taxes from the informal sector in order to transform education. Data were selected to portray the millions of children who are out of schools due to gross deficit in educational facilities and infrastructures. The paper identified such taxes as payroll or personal income tax, property tax, real estate, value added tax, tangible, intangible tax, foreign tax e.t.c. Many countries in developed world rely on taxes to execute projects germane to their citizen, therefore tax revenues should be carefully collected and judiciously appropriated toward the provision, repairs or replacement of educational facilities. The paper made some useful recommendations on how taxation guidelines could be reviewed towards proactive revenue generation for transformational development in education.*

**Keywords**:

**Taxation**: **-** Taxation is a compulsory levy that the government of a country or its agencies impose on taxable persons, businesses, individuals, organizations e.t.c to allow government provide revenues needed for capital and recurrent projects and programmes which are meant to achieve macro and micro economic objectives. Tax is the amount of levy or charges which government imposes on her citizens, goods or services for the purpose of raising revenue.

**Transformation**:- Means a noticeable or marked change, modification, variation in appearance (outlook), content, and context of education.

The ailing and failing economic realities in both the developed and developing countries have made the overdependence on mono-income product by nations such as Nigeria (petroleum) Ghana (Cocoa), Kenya (Tourism), Germany (automobile), Australia (sheep) Unrealistic. Today, economic recession is threatening many nations across developed and developing boundaries. Fortunately, some have experienced great transformation in different areas of their economy including education through taxation and proper distribution of tax revenues. It is on this precise that this paper calls for an upscale in taxation and tax revenues towards the transformation of educational facilities in Africa which have been in bad shape in different African countries for many years.

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**Table 1: Rationale for Transformation of Educational Facilities**

| S/N | Countries | Estimated Number of out of School | % of out of School and the Year |
|---|---|---|---|
| 1. | Burkina Faso | 917,044 OUT OF SCHOOL | Overall spending on education decreased by nearly 3% 0f total public spending between 2011 and 2012 – more than us$10 million |
| 2. | Central Africa Republic | 193, 882 out of school | Education spending in 2012 was expected to decline 13% from 11% of the government budget |
| 3. | Chad | 770,441out of school | Only 33% of enrolled children – who mostly live in urban mostly are taught by qualified |

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| | | | teachers. Protracted crisis in the region has led to a population of more than 300,000 refuges |
| 4. | Cote d' Ivoire | 1.2 milli0n out of school. | Public spending is 23% of the budget, an increase from 19% in 2009. However, gender parity in Grade 1 went down over this same period |
| 5. | Democratic Republic of Congo | 2.4 million out of school | 2 million of the out -of-school may not have the chance to enroll. A record study showed 68% of the children in grades 3 and 4 were unable to read a single word in a simple text. |
| 6. | Ethiopia | 3 million out of school | Over the last decade, primary enrolment has risen from 40% to 85%. Poverty, gender equality and regional disparities remain a barrier to universal access. |
| 7. | Kenya | More than 1 million out of school | Kenya has allocated an average of 20% of its budget to education since 2011. Class sizes, quality of teaching and materials and access to sanitation remain barrier to access, retention and learning. |
| 8. | Niger | More than 1 million out of school | The number of out - of - school has declined from 65% in 2002 to 36 % in 2012 and primary completion has increased from 22% to 49%. However, the 2010 coup' d'état has increased dropout rates among girl and quality |

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| | | | of learning. |
| 9. | Nigeria | 10.5 million out of school | Nigeria has the highest out of school- drop- out school population in the world and this is increasing. Regional inequality is . the out –of –school population in the Northeast is 30 times greater than that in southeast schools, students and teachers are frequently the target of violence. |
| 10. | Somalia | Estimated 1 million out of school. | A mere 42% of primary school age children are in any form of school. Ongoing conflicts, gender and regional disparities, and lack ofd reliable data and government financing mechanisms for education make progress difficult. |
| 11. | South Sudan | 1.3 million out of school. | Half of all primary school –age children in South Sudan are out of school. South Sudan's government spending on education is one of the lowest in the world while its military spending equals more than half of government spending. |

**Source:** www.aworldatschool.com
22% of primary school –age children in Africa are out of school.

Many efforts of African countries to get all children in schools has stalled. If nothing is done to reverse the current trend, millions of African children might be out of school in 2025 than there are today. A world at school Source: www.aworldatschool.com report (2015) observed that with the Millennium Development Goals (MDGs) deadline having expired more than 30 million children are still out of school, out of which 12million live in conflict, emergency, and internally displaced settings in Libya, Nigeria, Niger, Chad, Egypt, Southern Sudan, Somalia, Ethiopia, Kenya e.t.c. Education is now receiving inadequate allocation in the budgets of many African countries while the available infrastructures and facilities in schools are fast deteriorating. These facilities need repairs or replacement, yet the present financial allocation is fragile. Intervention by governments and NGOs is declining, for instance, the "safe school initiative" in North East Nigeria, launched in the wake of #BringBackOurGirls# is a tip of the iceberg solution because more resources are needed to keep education functioning. Therefore, the need to utilize tax revenue towards transforming educational facilities becomes imperative.

## Reasons for Imposing Taxes

Taxation is one of the most important ways in which developing countries can mobilize resources for sustainable development. This is because:

i. it supports the basic functions of an effective state,
ii. enables it to raise resources needed to provide essential services,
iii. it provides government with independent revenue for investment,
iv. it reduces poverty and creates employment,
v. creates the capacity for economic growth,
vi. it is a catalyst for governments to be more responsive and accountable to citizens. (OECD, 2014),
vii. the total tax collected in 2012 by African countries was ten (10) times higher than the Official Development Assistance (ODA) received by the continent.

**Table** 2: Types of Taxes

| **Country** | **Individual Income Taxes** | **Corporate Income Taxes** | **Social Insurance Taxes** | **Property Taxes** | **Consumption Taxes** | **Other** |
|---|---|---|---|---|---|---|
| Australia | 39.2% | 18.9% | 0.0% | 8.6% | 28.1% | 5.2% |
| Austria | 22.9% | 5.3% | 34.1% | 1.3% | 27.6% | 8.8% |
| Belgium | 27.8% | 6.8% | 32.1% | 7.5% | 24.9% | 0.9% |
| Canada | 36.6% | 9.5% | 15.5% | 10.6% | 24.5% | 3.3% |
| Chile | 39% (1) | | 6.5% | 4.3% | 50.1% | 0.1% |
| Czech Republic | 10.6% | 9.9% | 43.6% | 1.5% | 33.9% | 0.5% |
| Denmark | 50.7% | 6.3% | 1.9% | 3.8% | 31.4% | 5.9% |
| Estonia | 16.4% | 4.5% | 35.3% | 1.0% | 42.2% | 0.6% |
| Finland | 29.3% | 4.9% | 29.6% | 2.8% | 33.1% | 0.3% |
| France | 18.0% | 5.6% | 37.4% | 8.5% | 24.5% | 6.0% |
| Germany | 25.6% | 4.8% | 38.3% | 2.4% | 28.4% | 0.5% |
| Greece | 20.6% | 3.3% | 32.0% | 5.6% | 37.8% | 0.7% |

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|---|---|---|---|---|---|---|
| Hungary | 13.8% | 3.4% | 32.8% | 3.2% | 43.7% | 3.1% |
| Iceland | 37.4% | 5.4% | 10.4% | 7.1% | 35.1% | 4.6% |
| Ireland | 33.2% | 8.4% | 15.3% | 7.0% | 34.9% | 1.2% |
| Israel | 18.4% | 8.9% | 17.1% | 9.0% | 39.2% | 7.4% |
| Italy | 27.2% | 6.5% | 30.3% | 6.3% | 25.5% | 4.2% |
| Japan | 18.6% | 12.5% | 41.6% | 9.1% | 18.0% | 0.2% |
| Korea | 15.0% | 14.9% | 24.7% | 10.6% | 31.2% | 3.6% |
| Luxembourg | 21.9% | 13.4% | 29.3% | 7.1% | 28.1% | 0.2% |
| Mexico | 26.3% (1) | | 14.9% | 1.5% | 54.5% | 2.8% |
| Netherlands | 20.2% | 5.1% | 41.2% | 3.0% | 29.3% | 1.2% |
| New Zealand | 37.7% | 14.1% | 0.0% | 6.2% | 38.3% | 3.7% |
| Norway | 23.4% | 24.8% | 22.6% | 2.9% | 26.3% | 0.0% |
| Poland | 14.1% | 6.6% | 37.8% | 3.9% | 36.2% | 1.4% |
| Portugal | 18.5% | 8.7% | 28.3% | 3.9% | 39.7% | 0.9% |
| Slovak Republic | 9.2% | 8.4% | 43.9% | 1.6% | 35.4% | 1.5% |
| Slovenia | 15.5% | 3.4% | 40.8% | 1.8% | 37.9% | 0.6% |
| Spain | 22.6% | 6.4% | 35.8% | 6.3% | 26.6% | 2.3% |
| Sweden | 28.2% | 6.1% | 23.6% | 2.4% | 29.1% | 10.6 % |
| Switzerland | 31.7% | 10.5% | 24.9% | 6.6% | 22.9% | 3.4% |
| Turkey | 14.4% | 7.4% | 27.2% | 4.2% | 45.0% | 1.8% |
| United Kingdom | 27.5% | 8.1% | 19.1% | 11.9% | 32.9% | 0.5% |
| United States | 37.7% | 10.2% | 22.3% | 11.8% | 17.9% | 0.1% |

**Source of Tax Revenue, OECD Countries, 2012**

All taxes are not meant for all category of people, though tax payment is a compulsory levy, it is only meant for a class of people. The following are types of taxes from which governments from various countries derive their revenue:

1. **Personal Income or Payroll Tax**: This is a tax an employer withholds and/or pays on behalf of their employees based on their salaries/wages. In some countries (USA, Britain, France, Germany e.t.c) both states and federal authorities collect payroll tax.

2. **Corporate Taxes:** There are taxes imposed on corporate establishments that operate in a country, such as MTN, GLO, Chevron, Total, Mobil, Shell-BP e.t.c.

3. **Sales Tax:** Is a tax or levy imposed by government at the point of sales on retail of goods and services. It is collected by the retailers and remitted to government. It is based on a percentage of the selling prices of goods and services.

4. **Foreign Tax:** These are income taxes paid to a foreign government on income earned in that country.

5. **Value-Added Tax**: A national sales tax collected at each stage of production or consumption of goods. Depending on the political climate, the taxing authority often exempts certain necessary living items such as food and medicine from the tax.

6. **Property Tax:** Is a levy on property that the owner is required to pay. The government in whose jurisdiction the property is located levies the tax. There are four broad types of property tax namely: land tax, personal property tax, intangible property and real estate tax.

## Advantages of tax

Some of the advantages of tax include the following:

i. To raise money to run the affairs of government.
ii. To stimulate investment and create entrepreneurship.
iii. To reduce inflation.
iv. To encourage the purchase of local goods.
v. To discourage consumption of certain exotic commodities.
vi. It makes government to be responsible and accountable to the citizenry.
vii. It provides revenue for the provision, repairs or replacement of obsolete educational infrastructures and facilities. (IMF, 2011).

## Types of Educational Facilities

Lawrence (2015) observed that an effective school facility is responsive to the efficient delivery of educational objective at minimum risk. They help to make school environment safe, secure, accessible, well-ventilated, aesthetically pleasant, interest induced-facilities e.t.c. (Castaldi, 2014).

Based on mounting evidence, (Earthman, 2010) recommended that “safe schools increasingly recognize the importance of facilities, that are flexible, accessible, diverse and inspiring. The school facility consists also of a variety of buildings, physical structures (including mechanical, electrical, plumbing, power, telecommunications, security, and fire suppression system.

Other facilities (outdoor) include playground areas, for psychomotor development, tracks, parking lot, store, library, laboratories e.t.c. the design, purchase, repairs and management of the above facilities involve enormous financial commitment for government whether at the local or national level hence the need to improve on the existing taxation guidelines with a view to improving the revenue base on government towards better transformation of educational facilities.

## Conclusions

Development of educational section is possible despite the myriad of other socio-economic challenges among African nations. In order to carryout necessary overall responsibilities to the people, sufficient funds must be generated. Government generate revenue through various agencies. Countries such like Great Britain started tax collection in 1799 to prosecute war against France, Switzerland introduced tax in 1840, Austria 1869, England in 1860, India- 1860, USA in 1862, Italy in 1864, Nepal in 1959 as a regular source of government income.

Whether direct (income, corporate, land, tangible, intangible tax e.t.c) or indirect tax (excise duty, custom duty, VAT e.t.c) the objective is to raise revenue for development and welfare programme, encourage production and distribution of basic needs of the citizenry (including education, regulate and transform major sectors of the country. However, faulty taxation guidelines and fluidy implementation has been the bane of low revenue generated by government agencies. To improve revenue generated from tax and transform the infrastructure and facilities in education, governments must use people of proven integrity to head her agencies.

## Recommendations

The following recommendations are therefore proffered;

1. In view of the importance of revenue generated from tax for sustainable national development including the transformation of education sector, firstly, there is need for regular country-wide orientation on the functions of tax revenue.
2. Review of existing tax laws and guidelines and extant laws to make it more realistic and revenue-oriented. Both the rich and poor landowners should be taxed appropriately.
3. Some tax (revenue) must be tied to specific sector(s) for the development of such sectors. For instance, taxes from interest of petroleum firms in Nigeria is used by Tertiary Education Trust Fund (TETFUND) in the development of tertiary arms of education in Nigeria.
4. Tax waiver must be curtailed if not completed abrogated to elicit more funds from both the formal and informal sectors of the economy.
5. There should be a measure of infirmly and sanity in the administration of tax laws to avoid double taxation.

6. There should be a synergy among African countries that are in the upscale of tax benefit so that inexperienced countries in the art of tax collection could learn and update their skills.
7. People of proven integrity should be drafted by each country to salvage the act of tax collection.

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