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The Impact of Withholding Tax on Government Revenue Generation in Uyo Local Government Area: A Study of Uyo Local Government Area (2015–2025)

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Abstract

This study examined the impact of withholding tax on government revenue generation in Uyo Local Government Area, Akwa Ibom State, Nigeria, covering the period 2015 to 2025. The broad objective was to assess the trend, relationship, and contribution of withholding tax to overall revenue generation in the study area, alongside the administrative challenges that militate against effective withholding tax administration. The study adopted an ex-post facto and survey research design, drawing on a Taro-Yamane-derived sample of 190 respondents (58 from Uyo Local Government Area and 132 from the Akwa Ibom State Internal Revenue Service), of which 186 questionnaires were returned and used. Findings revealed that withholding tax collection in Uyo Local Government Area was relatively stable between 2015 and 2019, declined sharply in 2020 attributable to the COVID-19 pandemic and the associated oil price shock and recovered gradually through 2025. Withholding tax was found to contribute negligibly (approximately 0.065%) to Uyo Local Government Area's total revenue over the study period. A majority of surveyed staff (64.5%) agreed that withholding tax administration in Uyo L.G.A. faces significant administrative challenges. The study concludes that withholding tax, as currently administered, plays a marginal direct role in the local government area's revenue profile. It recommends improved fiscal data documentation, strengthened monitoring of withholding agents, and a

review of revenue-sharing arrangements between state and local government tiers.

Keywords: withholding tax, government revenue, Uyo Local Government Area, administrative challenges, COVID-19 (2020)

1. Introduction

1.1 Background to the Study

Taxation remains one of the most reliable instruments through which governments at all levels generate revenue to finance public expenditure, infrastructural development, and the provision of social services. Among the various tax types administered in Nigeria, withholding tax (WHT) occupies a strategic position as an advance payment of income tax, deducted at source from specified transactions such as contracts, dividends, rent, interest, royalties, and consultancy fees.

Contemporary scholarship continues to describe withholding tax in essentially this way; as a collection device rather than a freestanding tax head. Skarbiec (2026) frames the mechanism in functional terms, observing that by placing the deduction obligation on the domestic payer, a party already within the tax authority's practical reach, the system removes the need for direct administrative contact with every individual income recipient, lowering both collection cost and the opportunity for evasion.

Empirical work from outside Nigeria lends weight to this institutional framing. Slemrod, et al. (2022) examined the staggered introduction of withholding and third-party information reporting across United States personal income tax regimes and reported that the combined effect of the two mechanisms on tax collections was large enough that, in the authors' own words, it was "difficult to think of other broad-based policy levers that could have similarly large effects on tax collections". That finding, drawn from a mature and well-documented tax administration, sets a useful benchmark against which to read the experience of the Uyo Local Government Area.

The second variable at the centre of this study, government revenue generation, is conventionally defined in the Nigerian public finance literature as the aggregate income accruing to a government unit from taxes, rates, fees, fines, licences, and other sources within its jurisdiction. Oyedokun (2020) captures the structural imbalance between these two streams sharply, noting that although the Nigerian Constitution has clearly spelt out the jurisdiction of each tier of government on revenue generation, most local governments nonetheless possess abundant sources of revenue generation in their areas that remain untapped because of continued total reliance on federal allocation.

Akume and Badmus (2022) extend this structural picture by mapping Nigeria's tax collection responsibilities across its three tiers of government, noting that the Federal

Inland Revenue Service collects company-level taxes, including withholding tax, federally; State Internal Revenue Services (such as AKIRS) collect individual-level withholding tax and PAYE; while Local Government Revenue Committees are left chiefly with rates, levies, and licences. Read alongside Oyedokun's (2020) point about untapped local revenue potential, this layered architecture helps explain why withholding tax revenue generated by economic activity occurring within Uyo LGA's boundaries does not accrue directly to the local government in the way that, say, a market stall levy would.

Uyo, as the capital of Akwa Ibom State, hosts considerable economic activity, government contracts, commercial rents, and professional services that should ordinarily generate substantial withholding tax inflows. However, systematic investigation is needed to determine how much this potential translates into actual revenue for the local government and the impact of such revenue on the LGA's overall fiscal capacity. Owusu, et al. (2024) argue that taxpayer and withholding-agent noncompliance remains the main cause of developing countries' difficulty collecting tax revenue efficiently.

This study, therefore, examines the tax impact of withholding tax on government revenue generation in Uyo Local Government Area between 2015 and 2025, treating withholding tax not merely as a rate fixed in statute but as an administered process whose ultimate contribution to local revenue is shaped by institutional design, third-party compliance behaviour, and the structural allocation of tax jurisdiction across Nigeria's three tiers of government.

1.2 Statement of the Problem

Despite the legal framework supporting withholding tax administration in Nigeria, local governments such as Uyo LGA continue to record relatively low internally generated revenue. Several problems characterise this situation: weak collection machinery, poor enforcement of remittance obligations by withholding agents, an inadequate database of taxable transactions and persons, a multiplicity of taxes that discourages voluntary compliance, and limited fiscal autonomy of local governments within Nigeria's three-tier government structure.

These challenges raise questions about whether withholding tax, as currently administered, makes a meaningful contribution to revenue generation at the local government level, or whether its potential remains largely unrealised. Without a clear empirical understanding of this relationship, policy interventions aimed at improving local government revenue may be poorly targeted. This study seeks to fill this gap by empirically assessing the impact of withholding tax on revenue generation in Uyo LGA over a ten-year period.

1.3 Scope of the Study

This study is delimited to Uyo Local Government Area of Akwa Ibom State, Nigeria. It covers a ten-year period, from 2015 to 2025, focusing specifically on withholding tax as a component of internally generated revenue. The study does not extend to other tax types (such as personal income tax or value-added tax) except where comparison is necessary to contextualise withholding tax's contribution.

1.4 Purpose of the Study

The broad objective of this study is to examine the impact of withholding tax on government revenue generation in Uyo Local Government Area from 2015 to 2025. The specific objectives are:

i. Examine the trend of withholding tax collection in Uyo Local Government Area from 2015 to 2025.
ii. Assess the relationship between withholding tax revenue and total internally generated revenue in Uyo Local Government Area.
iii. Evaluate the contribution of withholding tax to the overall revenue profile of Uyo Local Government Area.
iv. Identify the challenges militating against effective withholding tax administration and collection in Uyo Local Government Area.
v. Recommend measures for improving withholding tax administration to enhance revenue generation in Uyo Local Government Area.

1.5 Research Questions

i. What is the trend of withholding tax collection in Uyo Local Government Area from 2015 to 2025?
ii. What is the relationship between withholding tax revenue and total internally generated revenue in Uyo Local Government Area?
iii. To what extent does withholding tax contribute to the overall revenue profile of Uyo Local Government Area?
iv. What challenges militate against effective withholding tax administration in Uyo Local Government Area?
v. What measures can improve withholding tax administration and revenue generation in Uyo Local Government Area?

1.6 Research Hypotheses

H_{01}: Withholding tax has no significant effect on government revenue generation in Uyo Local Government Area.

H_{02}: There is no significant relationship between withholding tax revenue and total internally generated revenue in Uyo Local Government Area.

1.7 Significance of the Study

This study is significant to several stakeholders. To policymakers and tax administrators in Akwa Ibom State and Uyo LGA, the findings will provide an evidence base for reviewing withholding tax policy and enforcement strategy. To local government revenue agencies, it offers insight into specific administrative gaps that limit collection efficiency. To the academic community, it contributes to the relatively scarce body of literature on local government taxation in Nigeria, particularly studies disaggregated to the L.G.A. level rather than the state or federal level. To future researchers, it serves as a reference point and a basis for further studies on subnational tax administration in Nigeria.

1.8 Operational Definition of Terms

Withholding Tax (WHT): An advance, deductible payment of income tax withheld at source from specified transactions.

Internally Generated Revenue (IGR): Revenue generated by a government entity from sources within its jurisdiction, excluding statutory allocations.

Government Revenue Generation: The aggregate income accruing to a government unit from taxes, rates, fees, fines, and other internal sources.

Local Government Area (LGA): The third tier of government in Nigeria's federal structure, constitutionally responsible for grassroots administration.

Tax Impact: The measurable effect of a tax instrument on a defined fiscal or economic outcome.

2. Literature Review

Nigeria operates a federal system of government with three tiers: federal, state, and local, each constitutionally assigned distinct revenue jurisdictions under the 1999 Constitution. Local governments, as the tier closest to the grassroots, are expected to generate revenue internally to complement statutory allocations and fund local development. The Constitution has clearly spelt out the jurisdiction of each tier of government on revenue generation, yet most local governments in the country have abundant sources of revenue generation in their areas that remain untapped, largely because of their total reliance on federal allocation (Oyedokun, 2020).

Within this structure, withholding tax occupies an unusual position, although primarily a federal and state tax instrument, its administration intersects with local government economic activity, since contracts, rents, and services rendered within local government areas generate transactions on which withholding tax is deducted. Nigeria's tax architecture assigns collection responsibility across three authorities such as the Federal Inland Revenue Service, which collects taxes such as company income tax and withholding tax on behalf of the federal government; the State Inland Revenue Services, which collect state-level taxes including individual withholding tax and PAYE; and the Local Government Revenue Committees, which collect local levies such as shop and kiosk rates and tenement rates (Akume & Badmus, 2022).

The persistence of low internally generated revenue at the local government level despite this theoretically rich tax base has been linked in the literature to weak administrative capacity, poor data on taxable transactions, and limited enforcement of remittance obligations by withholding agents.

2.1.1 Conceptual Review

2.1.2 Concept of Withholding Tax

Withholding tax is best understood not as a distinct tax type but as a collection mechanism, a method by which an existing tax liability (typically company income tax, personal income tax, or petroleum profits tax) is collected in advance, at source, before income reaches the recipient. By imposing a collection obligation on the domestic payer, an entity within the tax authority's enforcement capacity, the mechanism resolves the compliance gap that would otherwise attend the taxation of dispersed or hard-to-monitor recipients, dispensing with the need for direct administrative contact between the revenue authority and every individual taxpayer, thereby reducing both administrative cost and the risk of noncompliance (Skarbiec, 2026).

In the Nigerian context, withholding tax is deducted at source from payments such as contracts and consultancy fees, supply of goods and services, rent, dividends, interest, royalties, and director's fees at rates typically ranging between 5% and 10%, depending on the nature of the transaction and the status of the payee (corporate or individual). Tijani and Mathias (2013) similarly emphasise that withholding tax in Nigeria functions primarily as a mechanism to reduce tax evasion and ensure advance collection of tax liabilities before income disperses. Uchenna and Okelue (2012) further establish empirically that improved withholding tax administration is positively associated with revenue generation in Nigerian states, particularly where enforcement of remittance obligations is strengthened.

The withholding tax mechanism serves three principal functions in tax administration theory: (1) a revenue assurance function ensuring tax is collected before income disperses into informal, hard-to-track use; (2) an anti-evasion function shifting part of the compliance burden onto the withholding agent; and (3) a cash-flow function for government, providing more regular, advance inflows to government rather than concentrating tax receipts at the point of annual assessment.

2.1.3 Concept of Government Revenue Generation

'Government revenue generation' refers to the process by which a government unit, federal, state, or local, mobilises financial resources from various sources to fund its expenditure obligations. At the local government level in Nigeria, revenue generation is typically classified into two broad streams: statutory allocation funds received from the Federation Account and internally generated revenue (IGR) mobilised by the local government itself from sources within its jurisdiction, including rates, fees, fines, licences, and its share of nationally or state-collected taxes (Nwosu & Okafor, 2014).

The capacity of a local government to generate revenue internally is widely treated in the literature as a proxy for its fiscal autonomy and administrative efficiency. Low IGR, relative to statutory allocation, is generally interpreted as a sign of weak revenue mobilisation capacity (Oyedokun, 2020). Okafor (2012) reinforces this point, arguing that tax revenue generation is fundamental to Nigerian economic development and that improving the systems by which taxes are assessed, collected, and remitted at all government tiers remains a priority policy concern.

2.1.4 The Relationship between Withholding Tax and Government Revenue Generation

Conceptually, withholding tax connects to government revenue generation through its contribution to the broader tax revenue pool from which statutory allocations are drawn and, where locally administered (e.g., on local government contracts), through a direct contribution to IGR. The strength of this connection in practice depends on factors such as the volume of taxable transactions occurring within the LGA, the rate of compliance by withholding agents, the efficiency of the collecting authority's enforcement machinery, and the transparency of revenue-sharing arrangements between tiers of government (Akinyomi & Tasie, 2021).

2.2 Theoretical Framework

2.2.1 Ability-to-Pay Theory

The ability-to-pay theory holds that tax burden should be distributed according to taxpayers' capacity to bear it, typically measured by income, wealth, or consumption. Withholding tax, by deducting a proportion of income at the point of payment, operationalises this principle directly. Taxpayers contribute in proportion to actual income received, with no separate assessment burden. Musgrave and Musgrave (1989) provide the classical treatment of this theory in public finance, establishing the normative basis for evaluating whether current withholding rates and thresholds appropriately reflect payees' capacity within Uyo LGA's economic context.

2.2.2 Theory of Planned Behaviour (Tax Compliance Behaviour)

The theory of planned behaviour suggests that perceived behavioural control depends on beliefs related to attitudes toward the behaviour and subjective norms (Owusu, et al., 2024). Applied to tax compliance, this theory explains why withholding agents may or may not comply fully with their obligations. Taxpayer noncompliance is widely identified as the main cause of developing countries' difficulties in collecting tax revenues efficiently (Owusu et al., 2024). Atawodi and Ojeka (2012) similarly find, in a Nigerian SME context, that factors such as tax knowledge, perceived fairness, and the severity of enforcement significantly moderate the relationship between tax obligations and actual compliance behaviour.

2.3 Empirical Review

2.3.1 Local (Nigerian) Studies

A quantitative study employing survey questionnaires across three local governments in Gombe State found that tax fairness, tax evasion, tax knowledge, and corruption were positively and significantly associated with ineffective tax administration, leading the researchers to recommend restructuring local government tax administration to restore taxpayer confidence (Ahmed & Bappah, 2022). This finding is directly relevant to Uyo LGA's context.

Olabisi and Ode (2019) conducted a study specifically on withholding tax administration and internally generated revenue in Ekiti State, Nigeria, finding that inadequate enforcement of remittance obligations by withholding agents was the most significant driver of revenue shortfalls, a finding consistent with the present study's survey evidence from Uyo LGA. Enahoro and Jayeola (2012) similarly found, in their study of Lagos State, that strengthening tax administration, particularly enforcement and documentation, had a measurable positive impact on state revenue generation, reinforcing the view that administrative capacity rather than the tax instrument's design is the binding constraint. Eke, et al. (2025) examined the effect of non-oil tax revenue on government recurrent expenditure in Nigeria between 2004 and 2023, finding that company income tax had a negative and statistically insignificant influence on recurrent spending, while value added tax showed a positive and statistically significant effect, underscoring VAT's reliability as a funding source. Folorunso and Adegbie (2025) further found, using the Taro Yamane sampling technique, the same approach adopted in the present study, that both voluntary tax compliance and tax enforcement strategies contributed significantly to increased tax revenue generation across six Nigerian states.

On the constitutional and structural dimension, Oyedokun (2020) emphasises that the persistence of weak local government revenue generation is structurally rooted, with most local governments in Nigeria possessing abundant but untapped revenue sources.

Nwosu and Okafor (2014) reinforce this conclusion, finding that Nigerian local governments are disproportionately dependent on federal allocation and that their IGR bases, including rates, licences, and fees, are significantly underexploited.

2.3.2 Foreign (International) Studies

Slemrod, et al. (2022) examined the introduction of withholding and third-party reporting for personal income tax across U.S. states, finding effects of such magnitude that the researchers noted it was difficult to identify other broad-based policy measures capable of producing comparable gains in fiscal collections. This finding lends strong support to the theoretical expectation that withholding tax mechanisms substantially enhance revenue collection relative to systems relying on voluntary self-assessment.

Comparative OECD analysis of withholding systems for personal income tax shows that under cumulative withholding arrangements, employers withhold tax progressively over the course of the fiscal year, such that for the majority of employees, the total amount withheld over the year closely approximates their final liability, substantially reducing the administrative burden of end-of-year reconciliation (Organisation for Economic Co-operation and Development, 2012). Bird and Zolt (2008) complement this institutional analysis by examining how technology-enabled improvements in withholding and third-party reporting in developing countries can substantially expand tax compliance at lower administrative cost, a finding with direct relevance to the technology-based recommendations developed in Chapter Five of this study.

Castro, et al. (2023) identify deterrence mechanisms, individual-level intrinsic motivations, and social norms as important determinants of tax compliance, with strong evidence that compliance increases when taxpayers' cost-benefit calculations favour paying taxes. Tanzi and Zed (2000) add an important comparative dimension, demonstrating through a cross-country analysis that developing countries tend to collect far less tax revenue as a share of GDP than their economic structures would theoretically permit, with withholding-mechanism weaknesses among the identified causes. The International Monetary Fund (2021) has similarly emphasised that enhancing sub-national revenue mobilisation in developing economies requires improvements in both legal frameworks and administrative capacity, particularly at the local government level where enforcement resources are thinnest.

2.3.3 Comparative Studies on Internally Generated Revenue

A comparative analysis of IGR in Lagos and Edo States between 2011 and 2016 found that while several strategies had been implemented in both states, issues such as poor compliance, weak enforcement mechanisms, corruption, and a lack of innovation continued to constrain performance, with Lagos State recording markedly higher tax compliance than Edo State (Adejoh & Sule, 2021). Kiabel and Nwokah (2009) similarly found that engaging external tax consultants rather than relying solely on internal revenue officers was associated with higher revenue collection in Nigerian states, a finding that resonates with the administrative-capacity concerns surfaced in this study's survey.

Akinyomi and Tasie (2021) found using the Fully Modified Ordinary Least Squares technique that PAYE tax and road taxes were the strongest determinants of state-level IGR in Nigeria, partly because these revenue streams were less susceptible to corrupt practices. This finding is a useful comparative benchmark for the present study's finding of a negligible withholding tax contribution (0.065%) to Uyo LGA's total revenue. Ishola, et al. (2020) add a staffing dimension, noting that local government revenue departments are frequently understaffed relative to the scale of the collection task and are sometimes perceived as less capable than external consultants engaged for the same function that is a finding that resonates with the 64.5% agreement level found among Uyo LGA and AKIRS staff in this study.

The Organisation for Economic Co-operation and Development (2021) further notes, in its Revenue Statistics in Africa report, that sub-Saharan African countries continue to face challenges in mobilising revenue from withholding-based instruments at subnational levels, suggesting that the constraints documented in the present study for Uyo L.G.A. are not unique to Nigeria but reflect wider structural challenges common across developing country contexts.

2.4 Gap in Literature

The reviewed literature reveals two consistent patterns. First, most Nigerian empirical studies on withholding tax and revenue generation are conducted at the federal or state level, with comparatively few studies disaggregating the analysis to a specific local government area. Second, where local government revenue studies exist, they tend to focus on rates, levies, and general IGR rather than isolating withholding tax's specific contribution. This study addresses both gaps by focusing specifically on Uyo Local Government Area and by isolating withholding tax as the explanatory variable of interest over a ten-year period (2015–2025).

2.5 Summary of Literature Review

This chapter has reviewed the conceptual, theoretical, and empirical literature relevant to withholding tax and government revenue generation. It has shown that withholding tax functions primarily as an advance-collection mechanism with strong theoretical and empirical support for enhancing revenue collection efficiency, while government revenue generation at the local level remains structurally dependent on statutory allocation in

Nigeria. The ability-to-pay theory and the theory of planned behaviour together provide the theoretical lens for this study, while the empirical review has identified a clear gap that is the absence of LGA-specific, withholding-tax-focused studies, which this research seeks to fill.

3. Methodology

3.1 Research Design

This study adopts the ex-post facto research design, combined with elements of a survey design. The ex-post facto design is appropriate because the study examines existing fiscal data (withholding tax collections and revenue figures for 2015–2025) without manipulating any variable. The survey component complements this by collecting primary data from relevant tax officials and stakeholders to address the qualitative dimension of the study (specifically, objective four on administrative challenges). This mixed approach allows the study to triangulate quantitative secondary data with primary survey data, strengthening the validity of the conclusions drawn.

3.2 Area of the Study

This study is conducted in the Uyo Local Government Area, the headquarters of which doubles as the capital of Akwa Ibom State, Nigeria. Uyo LGA is the administrative, commercial, and political nerve centre of the state, hosting significant government, commercial, and professional activity that generates withholding-tax-relevant transactions, contracts, consultancy services, rent, and similar payments. Akwa Ibom State was created on 23 September 1987 from the former Cross River State, and Uyo was chosen as its capital specifically to encourage development across all regions of the new state (Wikipedia, 2026). The state is situated in the South-South geopolitical zone of Nigeria and is widely regarded as one of Nigeria's leading oil- and gas-producing states (Niger Delta Budget, 2026).

Demographically, Uyo has experienced rapid population growth, rising from a 2006 census figure of 427,873 to an estimated 1,393,000 by 2024, reflecting sustained urbanisation driven by the city's status as a centre for civil service employment, the oil and gas sector, and a growing services economy (Wikipedia, 2026). Uyo is widely described as the wealthiest local government area in Akwa Ibom State, with its revenue base drawing substantially on oil and gas-linked commerce, general business activity, and tourism (Nigerian Leaders, 2024). The presence of the University of Uyo, a state-owned international airport, and a concentration of state and federal government offices further reinforces Uyo's position as the dominant generator of contract-based and professional-service transactions within the state.

3.3 Population of the Study

The population of this study comprises two strata: (1) relevant revenue-generating and tax-administering bodies operating in or in relation to Uyo LGA, specifically the Akwa Ibom State Internal Revenue Service (AKIRS) and the Uyo LGA Treasury/Revenue Department; and (2) staff of these institutions involved in tax assessment, collection, remittance, and revenue administration, comprising 68 staff at Uyo LGA and 198 staff at AKIRS.

3.4 Sample Size and Sampling Technique

For the human population, this study adopts the Taro Yamane formula for sample size determination: $n = N / [1 + N(e)^2]$, where n = sample size, N = population size, and e = margin of error (0.05). Applying the formula: Uyo LGA staff (N = 68): n = 58; AKIRS staff (N = 198): n = 132. This gives a combined sample size of 190 respondents. A purposive sampling technique was adopted for selecting respondents, since the study required individuals with direct knowledge of withholding tax administration.

3.5 Sources and Methods of Data Collection

Secondary data was sourced from Akwa Ibom State Internal Revenue Service (AKIRS) revenue records, Uyo Local Government Area treasury records, and researcher field estimates derived from engagement with companies and entities remitting tax directly to Uyo LGA. Primary data was collected via a structured questionnaire administered to the purposively sampled staff, using a five-point Likert scale format.

3.6 Validity and Reliability

The questionnaire's validity was established through expert review by the project supervisor, who assessed content and face validity. Reliability was assessed through the consistency of response patterns obtained from the administered instrument.

3.7 Model Specification

To address objectives one and two, this study specifies the following regression model:

$IGRt = \beta 0 + \beta 1WHTt + \mu t$

Where: IGRt = Total Internally Generated Revenue of Uyo LGA at time t; WHTt = Withholding Tax Revenue attributable to Uyo LGA at time t; β_0 = constant/intercept; β_1 = coefficient measuring the effect of withholding tax on IGR; μt = stochastic error term.

A priori expectation: $\beta 1 > 0$, i.e., withholding tax is expected to have a positive and significant effect on total revenue generation.

3.8 Technique of Data Analysis

Objective 1 (trend of WHT collection): Descriptive statistics and trend analysis using the time-series data, 2015–2025. Objective 2 (relationship between WHT and IGR): Ordinary Least Squares (OLS) regression analysis. Objective 3 (contribution of WHT to overall revenue): Ratio analysis. Objective 4 (administrative challenges): Descriptive statistics (frequencies, percentages, mean scores) on questionnaire responses.

4. Data Presentation, Analysis, and Discussion of Findings

This chapter presents and analyses the data obtained for this study. The data consists of ten-year aggregate revenue figures for Uyo Local Government Area and the Akwa Ibom State Internal Revenue Service (AKIRS), supplemented by researcher field estimates of withholding tax collection where official, disaggregated figures were not published.

4.1 Presentation of Aggregate Revenue Data

Table 4.1: Aggregate Revenue Figures, Uyo LGA and AKIRS (2015–2025)

Entity	**Total Revenue (2015–2025)**	**Average Annual Revenue**
Uyo Local Government Area	₦600,000,000,000	₦60,000,000,000
AKIRS	₦7,600,000,000,000	₦760,000,000,000

Source: Field data, as supplied by the researcher.

4.2 Objective One: Trend of Withholding Tax Collection (2015–2025)

Table 4.2: Estimated Withholding Tax Revenue, Uyo LGA (2015–2025)

Year	**WHT Revenue (₦'million)**
2015	37.9
2016	39.0
2017	40.0
2018	39.6
2019	41.5
2020	15.4
2021	26.9
2022	30.0

2023	37.9
2024	39.9
2025	40.0
Total	388.1

The data shows a relatively stable upward trend from 2015 (₦37.9 million) to 2019 (₦41.5 million), followed by a sharp decline in 2020 (₦15.4 million), a drop of roughly 63% in a single year, consistent with the COVID-19 pandemic and the 2020 oil price crash. Collections recovered gradually from 2021 through 2025, returning roughly to pre-pandemic levels by 2024–2025.

4.3 Objective Two: Relationship Between Withholding Tax Revenue and Total IGR

This objective could not be addressed due to the unavailability of annual, year-by-year total revenue figures for Uyo LGA. The only total revenue data available was a single ten-year aggregate (₦600 billion, 2015–2025), whereas the regression model requires paired annual observations. Objectives Two and the associated hypotheses (H_{01} and H_{02}) remain untested, and the issue is carried forward as a recommendation for future research.

4.4 Objective Three: Contribution of Withholding Tax to Uyo LGA's Overall Revenue Profile

Using the estimated ten-year aggregate withholding tax figure (₦388.1 million) against Uyo LGA's total revenue (₦600 billion):

WHT Contribution = (388.1m ÷ 600,000m) × 100 = 0.065%

This is a genuinely small contribution; withholding tax accounts for less than one-tenth of one per cent of Uyo LGA's total revenue over the decade, suggesting it plays a negligible direct role in Uyo LGA's revenue base.

4.5 Objective Four: Administrative Challenges in Withholding Tax Administration

Table 4.3: Respondents' Perception of Administrative Challenges in Withholding Tax Administration in Uyo LGA

Response	Frequency	Percentage (%)
Strongly Agree	70	37.6
Agree	50	26.9
Neutral	10	5.4
Disagree	40	21.5
Strongly Disagree	16	8.6
Total	186	100.0

Mean Score ($\bar{X}$) = [(70×5)+(50×4)+(10×3)+(40×2)+(16×1)] ÷ 186 = 676 ÷ 186 = 3.63

With a mean score of 3.63 (above the midpoint criterion of 3.0), a combined 64.5% of respondents affirmed that withholding tax administration in Uyo LGA faces significant administrative challenges. This finding is consistent with the empirical literature, particularly Ahmed and Bappah (2022) and Ishola, et al. (2020).

4.6 Test of Hypotheses

H_{01} and H_{02} remain untested, as stated in Section 4.4, due to the unavailability of annual total revenue data needed for regression analysis.

4.7 Summary of Findings

i. Withholding tax collection in Uyo LGA showed relative stability from 2015–2019, a sharp decline in 2020, and gradual recovery through 2025.
ii. The relationship between withholding tax and total IGR could not be statistically tested due to data unavailability.
iii. Withholding tax's contribution to Uyo LGA's total revenue is negligible (approximately 0.065%).
iv. A majority of surveyed staff (64.5%) perceive significant administrative challenges in withholding tax administration in Uyo LGA.

5. Summary, Conclusion, and Recommendations

5.1 Discussion of Findings

Taken together, the four sets of findings paint a coherent picture of withholding tax's practical role in Uyo Local Government Area's revenue profile. The trajectory shown in

Table 4.2, broad stability from 2015 to 2019, a sharp 2020 collapse, and a slow climb back to roughly pre-pandemic levels by 2024–2025, is consistent with the view advanced by Owusu et al. (2024) that withholding tax revenue depends on the continuous, active compliance behaviour of withholding agents. The 0.065% contribution ratio found in Section 4.5 suggests that very little of what is collected reaches the local government tier, reflecting the structural revenue-sharing architecture mapped by Akume and Badmus (2022). The mean perception score of 3.63, with 64.5% of respondents affirming significant administrative challenges, is consistent with Ahmed and Bappah's (2022) Gombe State findings and Ishola, et al. (2020) observations about under-staffed local government revenue departments.

5.2 Summary

This study examined the impact of withholding tax on government revenue generation in Uyo Local Government Area, Akwa Ibom State, covering the period 2015 to 2025. The study adopted an ex-post facto and survey research design, drawing on a Taro-Yamane-derived sample of 190 respondents. Withholding tax collection was relatively stable from 2015 to 2019, declined sharply in 2020 attributable to the COVID-19 pandemic and oil price collapse, and recovered gradually through 2025. Withholding tax's contribution to Uyo LGA's total revenue was found to be negligible at approximately 0.065%. The relationship between withholding tax and total internally generated revenue could not be statistically tested owing to the unavailability of annual disaggregated figures. Survey findings indicated that 64.5% of staff perceive significant administrative challenges in withholding tax administration.

5.3 Educational Implications of the Study

i. Curriculum relevance for tax and public finance education: The findings underscore the need for university curricula in accounting and public administration to give greater attention to subnational and local government taxation.

ii. Training needs for revenue administration personnel: The finding that a majority of staff perceive significant administrative challenges points to a clear need for targeted in-service training in taxpayer database management, withholding tax compliance monitoring, and the use of information technology in tax administration.

iii. Research methodology training: The data limitations encountered in this study have pedagogical value for postgraduate research methodology training, illustrating real constraints of conducting subnational fiscal research in Nigeria.

iv. Public financial management literacy: The study highlights a broader educational need for improved public financial management literacy among local government personnel.

v. Contribution to academic literature: This study contributes a rare LGA-specific empirical examination to a literature otherwise dominated by federal- and state-level analyses.

5.4 Conclusion

Based on the findings of this study, it is concluded that withholding tax, as currently administered and captured in available records, plays a marginal direct role in Uyo Local Government Area's revenue profile. This reflects a combination of structural factors: the bulk of withholding tax legally accrues to federal and state authorities rather than directly to local governments; LGA-specific withholding tax data is poorly documented; and administrative challenges in collection and enforcement remain significant. The absence of robust, disaggregated annual fiscal records at the local government level is itself a major finding that is one that constrains evidence-based fiscal policymaking at the LGA level generally.

5.5 Recommendations

Based on the findings, the following recommendations are made:

i. **Improve fiscal data documentation:** Uyo LGA, in collaboration with AKIRS, should institute systematic, tax-type-disaggregated annual revenue reporting.

ii. **Strengthen enforcement and monitoring of withholding agents:** AKIRS and Uyo LGA should intensify monitoring of contract-awarding agencies and corporate withholding agents.

iii. **Build an updated taxpayer/transaction database:** A reliable, regularly updated database of taxable transactions and withholding-liable entities within Uyo LGA would directly address the administrative challenges identified by survey respondents.

iv. **Address the post-pandemic collection gap structurally:** Revenue authorities should examine whether collection processes have structural vulnerabilities to economic shocks and build more resilient remittance enforcement mechanisms.

v. **Clarify and potentially reform revenue-sharing arrangements:** Policymakers should review whether the current allocation of withholding tax revenue between state and local government tiers adequately reflects the economic activity generated within local government areas like Uyo.

5.6 Limitations of the Study

The study anticipates certain limitations, including possible difficulty in accessing complete and disaggregated fiscal records for some years within the study period, given the documentation practices of subnational government agencies in Nigeria. Respondent bias may also arise where staff of revenue-generating agencies are reluctant to disclose certain administrative details.

5.7 Contribution to Knowledge

This study contributes to knowledge by providing one of the few empirical examinations of withholding tax's contribution to revenue generation disaggregated to the local government level in Nigeria, using Uyo LGA as a case study. It also documents, transparently, the practical data limitations that researchers face when attempting such disaggregation, which is itself a methodological contribution for future subnational fiscal researchers.

5.8 Suggestions for Further Research

i. Future studies should be conducted once disaggregated, officially published annual withholding tax and total revenue figures become available for Uyo LGA to permit full regression-based hypothesis testing.
ii. A comparative study across multiple local government areas in Akwa Ibom State would help establish whether the negligible withholding tax contribution found in this study is unique to Uyo LGA or reflects a wider state-level pattern.
iii. Future research should disaggregate the 'administrative challenges' construct into specific, separately measured items (e.g., taxpayer database adequacy, enforcement capacity, corruption, and multiplicity of taxes) to identify which specific factors matter most.

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