An analysis of tax and oil revenue generation in Nigeria and Ghana

Loretta N. Baryeh
Coppin State University

Hyacinth Ezeka
Coppin State University

ABSTRACT

The revenue generation through taxation and oil of the African countries of Nigeria and Ghana were examined. Nigeria and Ghana were located in the Western hemisphere of Africa. There was widespread challenges in tax administration and compliance in these countries. Furthermore there was non-effective record-keeping coupled with the existence of a large informal sector which made revenue difficult to verify. This research replicated prior research that compared tax revenue for the two countries and affirmed that Ghana, Africa's "promising emerging economy", tax revenues as a percentage of gross domestic product (GDP) was higher than that of Nigeria considered a "heavyweight" of Africa. Further analysis revealed that Nigeria's oil revenue as a percentage of GDP was higher than Ghana in all years under analysis but the gap narrowed as the years went by.

Keywords: Tax, Oil, Revenue, Ghana, Nigeria

1. INTRODUCTION

This study is a descriptive study of the tax and oil revenue of the West African countries of Nigeria and Ghana. The paper is an extension of a prior paper by Bayeh and Ezeka (2016). Following Baryeh and Ezeka (2016) Ghana and Nigeria were chosen on the basis of the level of economic development and size. Nigeria ranked the seventh most highly populated country in the world with a population estimate of 182 million in 2015. It was the most populous on the continent and therefore considered a "heavyweight" of Africa. Nigeria was highly corrupt due to the fact that it ranked 26 on the corruption perception index[1] (CPI) and scored 136/168 as at 2015. Ghana Africa's "promising emerging economy" had a population of 27 million as at 2015. Ghana scored 47 (2015) on the CPI and was ranked 56/168 so was therefore moderately corrupt as compared to Nigeria. Ghana therefore represented the moderately corrupt and populous nations while Nigeria represented the most corrupt and populous nation of West Africa. We are motivated to conduct this study because of the chronic problems faced by developing countries with revenue generation which negatively affected the social infrastructure, amenities and other developmental activities.

This study contributes to the literature because even though prior research have examined the taxation and related challenges facing Nigeria and or Ghana; or oil revenue and associated challenges facing the countries, to the best of our knowledge this research is the first to examine taxation on revenue generation and compare revenue from oil on the per capita GDP for Nigeria and Ghana from 2001 to 2014.

This study along with Baryeh and Ezeka (2016) found that tax collection in under developing nations was overwhelming. Citizens were hesitant when it came to taxes. A large informal sector existed which had rampant inefficient record keeping methods which resulted in difficulty in verifying revenue. This further compounded the problems of the tax administration who had their challenges (inadequate personnel, facilities and technology).

This research replicated prior research that compared tax revenue for the two countries and affirmed that Ghana's, tax revenues as a percentage of gross domestic product (GDP) was higher than that of Nigeria. Further analysis revealed that Nigeria's oil revenue as a percentage of GDP was higher than Ghana in all years under analysis but the gap narrowed as the years went by. Future studies would examine if there is a correlation between the oil revenue and tax revenue in these countries. The paper is presented as follows: Section 2 literature review, Section 3 presents tax assessment in Ghana and Nigeria, section 4 present's challenges and addresses to challenges with taxation in Ghana and Nigeria; while section 5 presents oil revenue and associated challenges and Section 6 and 7 presents the analysis/findings and conclusions respectively.

2. LITERATURE REVIEW

2i) Taxation in Ghana and Nigeria

Prior research including Due J.F. 1963 and Kraus 2002 analyzed the taxation and associated challenges for some developing countries including Ghana and/or Nigeria. Hawkins (1958) examined taxation in developing economies including Ghana and Nigeria. Joshi and Ayee (2002) and Tendler (2002) studied taxation in Ghana and found that collecting taxes from

[1]The corruption index ranks countries according to their public sector perceived corruption. 0 highly corrupt and 100 very clean.168 countries in the world were ranked in 2015.

the informal sector was challenging. Prichard (2015) examined Ghana and other sub Saharan countries and concluded that increased government accountability and reliability depended on taxation because the political power of taxpayers was increased. According to Green (1965) there was strong similarities between Ghana and Tanzania's taxation in his study of four African economies including Nigeria, Tanzania, Ghana, and Kenya's development plans. Due J.F (1963) examined rates, exemptions and deductions as well as the administrative tax practices of eight African countries formally colonized by Britian. Fakile A. S. and Adegbie F. F. (2012) examined taxation in Nigeria and brought to light the enormous challenges Nigeria encountered in taxation. Chigbu and Eze (2012) examined the association between economic growth and taxation in Nigeria and concluded that the taxation granger caused economic growth.

2ii) Oil production in Ghana and Nigeria

In 1896 exploration for oil begun in the Tano Basin in Ghana; stated by the "Ghana Geological Survey Bulletin No. 40". This exploration produced 5 barrels of oil per day (bopd). Between 1909 to 1925 several international companies also explored for oil in Ghana. Societe Francaise de Petrole (SFP) drilled onshore wells between 1909 and 1913 and found oil 10 to 17 meters depth producing 7 bopd. For about 30 years there was inactivity in oil exploration in Ghana. Several explorations were made afterwards. Between 2001 and 2007 several companies resumed exploration however in deep water. The most significant discovery was made by a group of companies including Tullow Oil, Kosmos Energy, Anadarko and E. O. Group. The companies discovered significant high grade oil in West Cape Three Points of Ghana specifically in the Mahogany well. 23 discoveries were made from 2007 to 2013, mostly deep water discoveries.

There is an extant literature on Nigeria's oil industry because of its longevity and economic significance. Even though major exploratory works first begun in 1907 to 1914 by Nigerian Bitumen Corporation a German subsidiary, due to the First World War and other issues they withdrew. Shell Arcy Petroleum discovered petroleum in 1956 in Nigeria. As at 1958 the country was producing 5100 barrels per day. By the 1970s about $2 million barrels were being produced yearly. Among the world's largest oil producers Nigeria ranked 11th and was one of the influential countries in the Organization of Petroleum Exporting Countries (OPEC). Subsequently various other oil fields were found in Nigeria. For instance Elf discovered the Obagi and Ubata fields' in 1963. Mobil begun production from the four Idoho Fields in 1970. SNEPCO begun drilling first Exploration wells in 1995. Okono offshore wells begun in 2001 among others. Exxon-Mobile found billion barrels reserve in Owowo 3 and 2 wells in 2016.

3. TAX ASSESSMENT

3. i)Tax Assessment in Ghana

Assessment of taxes in Ghana was done by varying methods. Ghana Revenue Authority administered domestic taxes, where personal income tax was paid at graduated rates by self-employed persons while salaried workers had taxes withheld on a pay as you earn basis. Corporations paid 25% on their profits. The informal sector paid a Stamp Duty tax, which was dependent on the business size, type and class. Taxes was imposed on vehicles (VIT) as well as specific instruments with legal effects (Tax Stamp).There was a Gift tax (5%) and capital gains tax (15%). Mineral royalties' tax was 5%, while the rent tax was 8%. There was a communication service tax imposed on communication services. An excise tax was imposed on manufactured goods, while an import tax, a national health tax as well as value added tax was imposed on goods imported into the country. Other Levies such as Import Excise were imposed on specific commodities, ECOWAS Levy, Investment Levy and Export Development tax. A flat tax known as the VAT (value added tax) was imposed on goods while varying rates of duty applied to all imports. The VAT was a 12.5 % and a zero (0) rate levied on goods purchased and services provided. For the retail sector there was a "VAT flat Rate Scheme" of 3% on items sold. Registered businesses charged the tax in stages according to the value added from the manufacturing to when the items are retailed. The national health insurance levy (NHIL) was 2.5% of goods and services (excluding VAT).

3ii) Tax assessment in Nigeria

Nigeria imposed taxes on individuals, entities, and assets based on transactions. On Individuals, Personal Income Tax ranged between 7 to 2% of taxable income imposed according to the income of citizens. There was also a development levy, a flat charge imposed on every taxable citizen. 30% of tax was imposed on all companies (except petroleum companies) in Nigeria, known as the Corporate Income tax. Petroleum Profit tax of 65.75% was imposed for the first 5 years of the company's formation and thereafter 85% was imposed on the profits of all petroleum companies. While an Educational Tax was charged on all companies, a Technology tax was charged on select companies to support nationwide development of technology infrastructure. Qualifying goods and services attracted a 5% tax on their net sales value. Capital gains attracted a 10% tax. Stamp Duty was imposed on various commercial and legal documents. Excise Duty was charged on specific goods manufactured while imported goods attracted Import duty. Export Duty was charged on exported goods outside the country. Property taxes were imposed on land or other property.

4. CHALLENGES AND ADDRESSES TO CHALLENGES WITH TAXATION IN GHANA

Numerous problems plagued the tax authorities in Ghana. There was no strong and operational headquarters but rather a fragmentation of the customs and excise service and the tax administration. There was duplication of functions across the various Tax Authorities as well as the pursuit of uncoordinated reforms. The non-integrated information technology across the revenue authorities complicated the data storage and retrieval of information on taxpayers. The tax structure was not transparent and most tax payers perceived tax practices as inconvenient. Furthermore there was numerous weaknesses in the key operations needed to administer a modern tax authority. Tendler (2002) for instance portrays the 'devil's deal'—an unspoken pact between leaders of the informal sector operators and politicians "If you vote for me… I won't collect taxes from you; I won't make you comply with tax, environmental or labor regulations; and I will keep the police and inspectors from harassing you" (Tendler 2002: 99). Even though successive Ghanaian governments have made efforts to remedy the situation, intentions have not solidified into actions, because of the consequences of losing electoral votes.

According to Bird and Wallace (2003) direct presumptive taxation was proposed in Ghana based on broad indicators such as "size and capacity of machinery, number of customers

or employees, the square footage of commercial space and not on actual income calculated, but on profits likely being made." However the costs incurred in the presumptive taxation were more than the benefits. (Terkper 1995; Appiah-Kubi 2003). The VAT was introduced to rectify the problems with direct taxation, and to remedy the inability to effectively tax the informal sector. This did not overcome all the problems, as such, the Ghana Poverty Reduction Strategy was established "to increase measures that would widen the tax base and minimize revenue leakages, reduce the incidence of tax avoidance and strengthen the capacity of the revenue collecting institutions" (Republic of Ghana 2003). Ayee (2007) concluded that taxation of Ghana's informal sector was an "albatross" and this was reiterated by the 2007 Budget Statement: which stated that "only 1 million out of 5 million taxpayers were paying income taxes." Assessing tax liability was difficult because record keeping by the private sector was improper. The improper record keeping was due to illiteracy. Ayee (2007) stated that the informal sector was a huge voting block for politicians so they turned a blind eye to their activities to maintain their votes. For instance the relationship between the Rawlings Provisional National Defense Council in the mid-1980s and the Ghana Private Road Transport Union.
To remedy these difficulties, the Revenue Institutions were integrated with the formation of the Ghana Revenue Authority (GRA) in 2009. This new institution adopted best Tax practices around the world. GRA employed better qualified staff, invested in modern technology and better equipment. The Revenue Authority also restructured and set up a more client friendly system along with the provision of professional services. Furthermore the GRA engaged in training, motivating and disciplining of their staff. Additionally the authority also tried to encourage and promote voluntary compliance, as well as effective border protection. However some challenges still existed. The large informal sector with heterogeneous and complex activities created tax compliance difficulty. Therefore the tax burden was still shouldered heavily by the formal sector. There were ongoing changes aimed at improving Ghana's tax administration.

4ii) Challenges and addresses to challenges with taxation in Nigeria

Nigerian citizens were very apathetic to taxes. Individuals as well as organizations legally or illegal attempted to reduce their tax liability. However taxes were very important in the provision of social welfare and other public amenities. Fakile and Adegbie (2012) attributed the effectiveness of taxation as dependent on the tax jurisdiction. Revenue collection from taxation in Nigeria had not been high as compared to revenue from oil. There was also the problem of inadequate staffing and mismanagement of taxes collected. Moreover there was massive bribery and corruption with tax officials and personal interest superseded official interest. The multiplicity of taxes made the tax structure overly complex. Taxpayers paid taxes several times on the same tax base. Some taxpayers kept two set of records, one for the business and the other with minimal taxable income for tax purpose. Furthermore taxpayer records were inaccurate. Voluntary compliance was minimal in Nigeria. According to Ernst and Young, (2012) tax evasion and delinquency was a problem in the country. To compound the problems, logistics such as transportation and facilities for tax officials was inadequate.

The Nigerian tax administration therefore introduced reforms. The leadership for the revenue authority was changed. They introduced an automated tax system with self-assessment facilitates. Tax payment was more convenient because of the E-payment system. In addition a unique Taxpayer Identification Number was also introduced (TIN). Tax officials were being held to higher standards, for instance officials who were found to have allowed unwarranted concessions or waivers faced disciplinary measures. Punitive measures were being taken against taxpayers who indulged in tax evasion. However there was ongoing reforms since all problems have not been resolved.

5. OIL REVENUE AND ASSOCIATED CHALLENGES

The prior study by Baryeh and Ezeka (2016) found that Nigeria collected less tax as a percentage of GDP than Ghana, even though it earned more revenue than Ghana. This paper therefore tried to analyze the revenue generation from oil and taxation. We are motivated to do this analysis because of the notion that countries that tend to fixate on oil as a source of revenue tend to neglect other forms of revenue such as taxation. The "oil" was however plagued with challenges sometimes known as the resource curse. Prior 1980's the literature suggested that the natural resources led to economic development. However, post 1980 the literature has advocated a resource curse, Sachs and Warner (2001) and Tadjoeddin, (2007)

5i) Oil in Ghana

Ghana's oil industry consists of one onshore and five offshore sedimentary basins. Environmental challenges have resulted due to the discovery of oil in Ghana. Seismic acquisition has led to accidental spills and acoustic emission. In addition, drilling has led to the discharge of fluids that have affected marine environment at Cape three points. There was also the Kosmos Energy spill in 2009 of 600 barrels of oil based mud during exploration in the Jubilee fields (western region Ghana). Transportation and storage of oil has led to accidents and this caused major pollution; for instance, in 2010, Tullow Oil spilled 37 liters of oil due to pipe breakage in the Jubilee fields. Boohene and Peprah (2011) in a study on women and oil discovery found that there was a perception that the discovery would lead to decrease in fishing, loss of jobs and associated decline in income. The study recommended that the oil neighborhoods need technical services including training/ development and capacity building to mitigate the problems created by the oil discovery. A phenomenon where oil is stolen or siphoned is known as bunkering. Ghana has been experiencing such phenomena since the oil discovery.

The use of the oil revenue has been a major problem since the discovery, there has also been lots of speculation as to how the revenue should be used to avoid the resource curse as faced by Nigeria and Chad. While some have the notion that the oil revenue should be put into a consolidation fund, others think it should be used for specific projects such as petro- chemicals. There is also the fear that it could be used only for developing the capital of Ghana, Accra, as opposed to the rest of the country. Expectations from the host communities was enormous as evidenced in Addei et al (2010). According to Breisinger, C. (2010) et al, policy debates have concentrated on the Dutch disease resource curse when it came to the resource boom. However, they argued that a "dynamic computable general equilibrium model" advocates an oil fund and rules that allocate oil revenue to productivity enhancing activities, stability and growth.

ii) Oil in Nigeria

In the early fifties and sixties agriculture was the mainstay of the Nigerian economy but the discovery of oil has pushed agriculture into oblivion. According to Amnesty International oil spills in the Niger delta in Nigeria was causing great environmental damage. It was not only due to sabotage and theft but also due to pipeline corrosion, equipment failure and maintenance issues.
In 1991 due to speculation of attack on an oil facility, security forces were called in who brutalized and killed about 80 people and destroyed over 500 homes as found by official reports of the judicial inquiry. The report found that there was no imminent attack. Local youth of Umuechem were protesting against Shell because Shell had been operating since 1950 and had polluted streams and destroyed crops among others. The overreliance on the security forces resulted in enormous bloodshed. According to Human Right Watch HRW (1995) protestors against Shell were met with severe violence including floggings, rape and even extra judicial killings by the state. While Ken Saro-Wiwa and eight other Ogoni tribesmen were killed in 1995, further non- violent protestors were killed and their houses burnt down Doron and Falola (2016). The oil companies were in cohorts with the Nigerian government in the violence against protestors. It was reported that Chevron boats and helicopters were used in attacks against protestor in 1998 and 1999 (HRW 1999b and 1999b). Since the discovery of the oil industry in Nigeria, there have been several oil related violence. According to Idemudia, U. and Ite, U. E. (2006), even though corporate social responsibility (CSR) policies and corporate–community relation (CCR) strategies were adopted the violence was not curtailed. They argue that the inability to seek and integrate community perceptions into CSR procedures and policies, government failures and over emphasis on affirmative action has aggravated the problem. They suggested a tri-sector partnership approach to development and conflict resolution.

6. ANALYSIS AND FINDINGS

Nigeria, West Africa's most populous country with an estimated population of 182 million as at 2015 was considered a "heavyweight" of Africa. Nigeria scored 26 (2015) on the CPI and ranked 136 out of the168 countries. Africa's emerging economy, Ghana with a population estimate of 27 million as at 2015 scored 47 (2015) on the CPI and was 56 out of 168 countries ranked. Following Baryeh and Ezeka (2016) Ghana and Nigeria were chosen on the bases of the level of economic development and size. World Bank reports were used in obtaining population and tax data while the Transparency International was used in determining corruption. According to the World Bank "GDP per capita was gross domestic product divided by midyear population." GDP was the aggregate "gross value added by all resident producers in the economy added to any product taxes" minus "any subsidies not included in the value of the products." World Bank Report. It was measured in the most current U.S. dollars. It excluded deductions for degradation of natural resources and depreciation of fabricated assets.
Table 1(Appendix) portrays Nigeria's GDP per capita being higher than Ghana in all the years under analysis. Nigeria's was lowest, $350 in 2001 and highest, $3203 in 2014 whilst Ghana's was $275 in 2001 peaked $1827.1 in 2013.

Following Baryeh and Ezeka (2016) tax revenue from Ghana and Nigeria was also compared for the years 2001 to 2012. 2013 and 2014 data were unavailable. Nigeria's tax revenue as percentage of its GDP was low and needs improvement. It was lowest 0.9% in 2004 and highest 5.5% in 2008 as shown in Table 2 (Appendix). Even though tax revenue was beneficial in sustaining development and governance of any country and Nigeria was not effectively utilizing it. Ghana's taxes as a percentage of GDP though not very high, was better than Nigeria's in all the years of comparison under study. It was lowest 12.6 % in 2009 and highest in 2004, 21.8%

The revenue generated by oil was also analyzed. Oil rents were "the value of crude oil production at world prices" minus total costs incurred in the oil production. Most countries which generate revenue from oil have been said to be lax on revenue generation from other sources, for instance taxation. We therefore compared the oil revenue generated as a percentage of GDP for Nigeria and Ghana (Table 3 Appendix). It was found that for the two countries under study, Nigeria generated more revenue from oil than Ghana in all the year under analysis. Ghana's ranged from 0.6 % to 7.3% while Nigeria's ranged from 10.8% to 38.2%. Nigeria's oil revenue was about 40 times that of Ghana's because in the early 2000s Ghana had just discovered oil so Nigeria was already an oil producing giant. However the difference between the two countries is narrowing. As at 2011 Nigeria's was only 3 times that of Ghana's, which reduced to less than twice by 2014.

7. CONCLUSION

This paper is an extension of Baryeh and Ezeka (2016). Tax revenue is an important source of revenue for most countries. Even though Nigeria had a much bigger economy than Ghana in terms of GDP, Ghana's tax collection as a percentage of GDP was greater in all years under comparison. Moreover the comparison of the gross domestic product of Ghana and Nigeria showed that Nigeria earned more revenue (GDP) than Ghana in all years of analysis. Since oil was the backbone of the Nigerian economy and Ghana had also discovered oil, an analysis of the oil revenue as a percentage of GDP in the comparative years was undertaken. It was found that oil as percentage of GDP for Nigeria was higher than Ghana in all years of analysis. The results highlight the fact that Ghana fared better than Nigeria in tax collection as a source of revenue. Nigeria was fixated on revenue generated from oil and therefore did not prioritize taxation. Further studies will analyze the effect of oil as a percentage of GDP for both countries as Ghana's production peaks to determine whether tax revenue for Ghana would also subside with increase in oil production. The correlation between tax revenue and oil rents will also be analyzed in further studies. This study will benefit policy makers and other regulators in analyzing sources of revenue generation and its utilization in decision making.

REFERENCES

1. Addei, I. and Broni-Bediako, E. (2010) "Managing the Huge Expectations of Ghana's Oil and Gas Discovery." International Journal of Economic Development Research and Investment, Vol. 1 Nos. 2 & 3 2010
2. Appiah-Kubi, K. 2003 "An analysis of Tax reforms in Ghana," Ghana social science journals , new series, Vol 2 , No 1 , May :66-103.
3. Ayee, J. 2007 "The organizational culture of tax officials in Ghana" African Journal of tax administration and management. Forthcoming.
4. Ayee, J. R.A., "Building tax compliance through reciprocity with government" University of Ghana Paper presented at the Foreign Investment Advisory Service (FIAS) of the World Bank Group Regional Conference on the theme "Enterprise Formalization in Africa", held at the Alisa Hotel, Accra on January 10 – 11, 2007.
5. Baryeh L. and Ezeka H.(2016) "A comparative analysis of taxation on revenue generation in West Africa economies." Research in Business and Economics Vol 11, Dec
6. Bird and Wallace 2003, "Taxing Alcohol in Africa: Reflections from International Experience," International Tax Program Papers 0304,International Tax Program, Institute for International Business, Joseph L. Rotman School of Management, University of Toronto, revised
7. Boohene R. and Peprah J.A. (2011) Women, Livelihood and Oil and Gas Discovery in Ghana: An exploratory Study of Cape Three Points and Surrounding Communities. Journal of Sustainable Development. Vol 4:No 3
8. Breisinger, C., Diao, X., Schweickert, R. and Wiebelt, M. (2010), Managing Future Oil Revenues in Ghana: An Assessment of Alternative Allocation Options*. African Development Review, 22: 303–315. doi:10.1111/j.1467-8268.
9. Chigbu E.E. and Eze L. (2012), "An Empirical Study on the causality between Economic Growth and Taxation in Nigeria." Current Research Journal of Economic Theory. 4(2), 29-38.
10. Doron, R., & Falola, T. (2016). Ken Saro-Wiwa. Ohio University Press.
11. Due J.F. (1963) Taxation and economic development in tropical Africa. (pp 61-82) Cambridge, M.A.: MIT press.
12. Ernst & Young (2010) Nigeria @ 50: Top 50 tax issues
13. Fakile A. S. and Adegbie F. F. (2012) 112. "Tax Expenditure in Sub Saharan Africa: The Nigerian Experience." Research Journal and Accountancy, Vol 3, No 7.
14. Green, R.H (1965) "Four African Development Plans: Ghana, Kenya, Nigeria and Tanzania." The Journal of Modern African Studies- Cambridge Univ. Press.
15. Ghana Geological Survey Bulletin No. 40
16. Ghana Revenue Authority: www. gra.gov.gh.
17. Ghana Republic of (2003) Ghana Poverty Reduction Strategy 2003-2005: An Agenda for Growth and Prosperity, Vol 1 (Accra :Government of Ghana NDPC)
18. Ghana Republic of (2005) The budget statement and Economic Policy of the Government of Ghana for the 2006 financial year presented to parliament on Thursday Nov, 10th 2005 by Kwadwo Baah Wiredu M.P. Minister of Finance and Economic Planning (Accra Assembly Press, Ghana Publishing Corporation)

19. Hawkins E. K. (1958). "The growth of a money economy in Ghana and Nigeria." Oxford Economic Papers 10 (3) 339-354.
20. http://data.worldbank.org/country/nigeria
21. http://data.worldbank.org/country/ghana
22. http://ghs.fxexchangerate.com/usd-2012_12_31-exchange-rates-history.html.
23. https://www.hrw.org Human rights watch
24. Idemudia, U. and Ite, U. E. (2006), Corporate–community relations in Nigeria's oil industry: challenges and imperatives. Corp. Soc. Responsib. Environ. Mgmt, 13: 194–206. doi:10.1002/csr.101
25. Jedrzej George Fryna Oil in Nigeria: Conflict and Litigation Between Oil Companies and Village .By
26. Joshi A. and Ayee J.,(2002) "Taxing the Informal Sector: Politics, Revenue and the Informal Sector", *IDS Bulletin*, Vo. 33, No. 3.
27. Krauss, J. (2002), Capital, Power and Business Association in the African Political Economy: A Tale of Two Countries, Ghana and Nigeria" Journal of Modern African Studies 40(3), 395-436.
28. Micah, L. C., Ebere, C., & Umobong, A. A. (2012). Tax System in Nigeria - Challenges and the way forward. *Research Journal of Finance and Accounting, 3*(5), 9-15.
29. *Olajide And Associates - Chartered ...* (n.d.). *Accountant in Nigeria...* Retrieved from http://www.olajideassociates.com/olajide/news604.htm
30. Opoku, Y. Integration of Revenue Agencies In Ghana : Ghana country correspondent
31. Sachs and Warner (2001) Natural Resources and Economic Development The curse of natural resources, European Economic Review 45, 827-838
32. Tadjoeddin,M. Z. (2007) A future resource curse in Indonesia: The political economy of natural resources, conflict and development. Center for Research on Inequality, Human Security and Ehnicity, Oct No 35
33. Tendler, J. (2002). Small Firms, the Informal Sector, and the Devil's Deal. *IDS Bulletin [Institute of Development Studies]*, *33*(3).
34. Terkper, S. E. (1985). Ghana: Tax Administration Reforms (1985-1993); The World Bank Washington D.C.
35. *The Problems and Prospects of Tax Collection | Bizcovering.* (n.d.). Retrieved from http://bizcovering.com/accounting/the-problems-and-prospects-of-tax-collection/

APPENDIX

Table 1: GDP per capita (US$)

Year	Ghana GDP per capita	Nigeria GDP per capita
2001	275.5	350.3
2002	311.6	457.4
2003	375.9	510.3
2004	426.2	645.8
2005	501.7	804.0
2006	929.7	1014.7
2007	1099.0	1131.1
2008	1234.1	1376.9
2009	1095.5	1092
2010	1323.1	2315
2011	1587.2	2514.1
2012	1641.8	2739.9
2013	1827.1	2979.8
2014	1441.6	3203.3

Table 2: Comparative Statistic of Tax Revenue from Ghana and Nigeria as a % of GDP

Year	Ghana % of GDP	Nigeria % of GDP
2001	17.2	2.0
2002	17.5	2.0
2003	18.5	1.5
2004	21.8	0.9
2005	21.3	2.9
2006	12.8	2.4
2007	13.9	4.0
2008	13.9	5.5
2009	12.6	5.1
2010	13.4	2.3
2011	14.9	1.8
2012	20.8	1.6

2013 and 2014 data are unavailable

Table 3: Comparative Statistic of Oil Rents from Ghana and Nigeria as a % of GDP

Year	Ghana	Nigeria
	Oil rent % GDP	Oil rent % GDP
2001	1.0	36.6
2002	0.8	25.7
2003	0.8	28.6
2004	0.9	32.6
2005	1.0	38.2
2006	0.6	34.2
2007	0.6	31.1
2008	0.7	32.0
2009	0.4	23.7
2010	0.5	16.3
2011	6.3	19.0
2012	6.0	16.3
2013	6.3	13.5
2014	7.3	10.8