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Administrative Challenges and Taxpayer Compliance in Land-Based Tax Systems in Enugu State, Nigeria

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ABSTRACT: Land-based taxation is widely recognized as an effective source of revenue for subnational governments because it is based on immovable assets whose value increases with urban growth and public infrastructure development. In Nigeria, land-based taxes such as land use charges, ground rents, and tenement rates provide important opportunities for generating internally generated revenue (IGR). However, the effectiveness of these tax systems largely depends on efficient administration and taxpayer compliance. In many Nigerian states, administrative weaknesses and low compliance levels have limited the ability of governments to fully realize the revenue potential of land-based taxation. This study examined the administrative challenges affecting taxpayer compliance in land-based tax systems in Enugu State. The objectives were to assess the level of awareness of land-based taxes among property owners, identify the major administrative challenges affecting tax administration, and determine strategies that could improve taxpayer compliance and the overall efficiency of the land-based tax system. The study focused on Enugu State, particularly Enugu North, Enugu South, and Enugu East Local Government Areas where land-based tax administration activities are most prominent. A descriptive survey research design was adopted. Data were collected from both primary and secondary sources. Primary data were obtained through structured questionnaires administered to property owners and officials involved in land administration and revenue collection, while secondary data were obtained from government publications and relevant academic literature. A sample size of 384 respondents was selected for the study. Data were analyzed using descriptive statistical techniques such as frequency tables and percentages, while the chi-square test was used to test the research hypotheses at a 5% level of significance. The findings revealed that although many property owners are aware of land-based taxes, a considerable number still lack adequate knowledge of their tax obligations. Major administrative challenges identified include poor public awareness, weak property valuation systems, inefficient tax collection mechanisms, corruption, and political interference. The study recommends increased taxpayer education, adoption of digital land administration systems, strengthening of tax institutions, and improved enforcement mechanisms to enhance taxpayer compliance and revenue performance.

KEYWORDS: Taxpayer compliance; Property taxation; Land administration; Tax policy; Revenue generation; Enugu State.

I. INTRODUCTION

Land-based taxation is widely regarded as one of the most reliable sources of revenue for sub-national governments because it is based on immovable assets whose value often increases with urbanization and public infrastructure development. Property taxes, including land use charges, ground rents, and tenement rates, are therefore important fiscal instruments for financing urban services and promoting sustainable development (Bird & Slack, 2015). In many developed and emerging economies, land-based taxes contribute significantly to government revenue and help strengthen fiscal autonomy at local and state levels.

In developing countries, however, the effectiveness of land-based tax systems is often constrained by administrative inefficiencies and low levels of taxpayer compliance. Weak institutional capacity, inadequate property valuation



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systems, poor record keeping, and limited enforcement mechanisms frequently undermine the efficiency of property tax administration (Kelly, 2013). As a result, the potential revenue from land-based taxation remains largely underutilized in many jurisdictions.

Nigeria presents a typical example of this challenge. Although the legal framework for land-based taxation exists through instruments such as the Land Use Act of 1978 and various state property tax laws, the performance of these taxes has remained relatively low compared to their potential. Empirical studies have identified several factors responsible for this situation, including poor property enumeration, corruption within tax administration, political interference, and widespread taxpayer resistance (Arowolo, 2018; Nwankwo & Chukwu, 2020). In addition, many property owners lack adequate awareness of their tax obligations, while others distrust government institutions due to perceived lack of transparency in the use of public revenue.

In Enugu State, the introduction of the Land Use Charge (LUC) under the Enugu Property and Land Use Charge Law was intended to streamline property taxation by consolidating multiple levies into a single annual charge. The reform aimed to improve efficiency in tax assessment, billing, and collection while expanding the tax base through better property identification. Despite these reforms, the effectiveness of the land-based tax system in the state continues to face significant administrative and compliance challenges.

For instance, the absence of comprehensive digital land records and property databases has limited the ability of tax authorities to accurately identify and assess taxable properties. Furthermore, weak enforcement mechanisms and inconsistent application of tax laws have encouraged non-compliance among property owners. These challenges have reduced the revenue potential of land-based taxes and limited their contribution to internally generated revenue in the state.

Understanding the administrative and compliance challenges affecting land-based taxation is therefore essential for improving the performance of property tax systems. This study examines the key institutional, administrative, and behavioral factors influencing taxpayer compliance and land-based tax administration in Enugu State with the aim of identifying strategies for enhancing efficiency and revenue generation.

II. LITERATURE REVIEW

Land-based taxation systems depend heavily on effective administrative structures and high levels of taxpayer compliance. Without efficient administrative systems and effective enforcement mechanisms, the revenue potential of property taxation cannot be fully realized. Scholars have therefore emphasized the importance of institutional capacity in determining the performance of property tax systems.

In many developing countries, tax administration systems face significant challenges that limit their effectiveness. According to Kelly (2013), weak property registration systems and poor land valuation processes are major obstacles to effective property taxation. These challenges make it difficult for governments to identify taxable properties and assess accurate tax liabilities.

Nigeria faces similar challenges in the administration of land-based taxes. Despite the existence of legal frameworks such as the Land Use Act, many states still struggle with poor property records and limited enforcement capacity. Nwankwo and Chukwu (2020) observed that tax administrators in several Nigerian states lack the technical resources needed to maintain comprehensive property databases.

Another important issue affecting property tax administration is taxpayer compliance. Compliance refers to the willingness of taxpayers to fulfill their tax obligations in accordance with the law. Arowolo (2018) argued that taxpayer compliance is influenced by several factors including awareness, trust in government, and perceptions of fairness in tax administration.

In many cases, property owners are reluctant to pay land-based taxes because they perceive tax systems as unfair or ineffective. This lack of trust in government institutions often leads to tax evasion and resistance among taxpayers.



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2.1 Administrative Challenges in Land-Based Tax Systems

Administrative inefficiencies represent one of the most significant challenges facing land-based taxation in developing countries. These challenges include inadequate property databases, weak enforcement mechanisms, and limited institutional capacity.

According to Kelly (2013), the absence of accurate property registers makes it difficult for governments to identify taxable properties. Without reliable data on land ownership and property values, tax authorities cannot effectively assess or collect property taxes.

In Nigeria, administrative challenges are further compounded by political interference and corruption. Nwankwo and Chukwu (2020) found that political influence often prevents tax authorities from enforcing property tax laws against influential property owners. This selective enforcement undermines the credibility of tax systems and reduces compliance among taxpayers.

2.2 Taxpayer Compliance in Land-Based Taxation

Taxpayer compliance plays a critical role in determining the success of property tax systems. Compliance is influenced by both economic and psychological factors. For instance, taxpayers are more likely to comply with tax obligations when they perceive the tax system as fair and transparent.

Arowolo (2018) argued that public awareness and taxpayer education are essential for improving compliance levels. When taxpayers understand the purpose of taxation and the benefits derived from public spending, they are more likely to fulfill their obligations voluntarily.

Furthermore, Bird and Slack (2015) noted that transparent and accountable tax administration systems can significantly enhance taxpayer trust. When governments demonstrate that tax revenues are used effectively for public services, taxpayers become more willing to comply with tax laws.

Improving compliance therefore requires a combination of administrative reforms, public education campaigns, and stronger enforcement mechanisms.

III. METHODOLOGY

3.1 Research Design

This study employed a descriptive survey research design to investigate the administrative challenges and taxpayer compliance issues affecting land-based taxation in Enugu State. The design enabled the researcher to obtain relevant data from key stakeholders involved in land-based tax administration and property ownership within the study area.

3.2 Sources of Data

Data were collected from primary and secondary sources. Primary data were obtained through questionnaires administered to property owners and government officials responsible for tax administration. Secondary data were obtained from official government publications, revenue records, academic journals, textbooks, and previous studies relating to property taxation and tax compliance.

3.3 Population of the Study

The population consisted of 472 respondents, including officials of the Enugu State Internal Revenue Service, staff of the Ministry of Lands and Urban Development, local government revenue officers, and property owners in Enugu North, Enugu South, and Enugu East Local Government Areas. These groups were selected because they are directly involved in land-based tax administration and compliance.

3.4 Sample Size and Sampling Technique

From the population, a sample size of 384 respondents was selected using stratified and random sampling techniques. The stratification ensured that both tax administrators and taxpayers were adequately represented in the sample. Random sampling was then used to select respondents from each group in order to reduce bias and improve the reliability of the study findings.



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3.5 Method of Data Collection

Data were collected through structured questionnaires and review of revenue documents. The questionnaire was designed to capture information on issues such as awareness of land-based taxes, compliance behavior, administrative challenges, and perceptions regarding tax fairness and enforcement.

3.6 Method of Data Analysis

The collected data were analyzed using descriptive statistical tools including frequency tables, percentages, and mean scores. The chi-square statistical technique was also used to test the study hypotheses at a 5% level of significance in order to determine the relationship between administrative challenges and taxpayer compliance in the land-based tax system.

IV. RESULTS AND DISCUSSION

This section presents the results obtained from the analysis of questionnaire responses collected from property owners, tax administrators, and officials of the Enugu State Internal Revenue Service. The results focus on taxpayer awareness, administrative challenges affecting land-based tax systems, and strategies for improving compliance and efficiency in land-based taxation.

4.1 Respondents' Awareness of Land-Based Taxes

The study examined the level of awareness among property owners regarding land-based tax obligations in Enugu State. Awareness of taxation plays a critical role in determining voluntary compliance and effective tax administration.

Table 4.1 Awareness of Land-Based Taxes

Response	Frequency	Percentage (%)
Aware	230	65.7
Not Aware	120	34.3
Total	350	100

The results show that 65.7% of respondents are aware of land-based taxes, while 34.3% reported that they are not aware of such tax obligations. This indicates that although a majority of property owners have some knowledge of land-based taxation, a significant proportion of taxpayers still lack adequate awareness.

Low awareness levels among some property owners may contribute to poor compliance with land-based tax obligations.

4.2 Major Administrative Challenges Affecting Land-Based Tax Systems

Respondents were asked to identify the major challenges affecting the efficiency of land-based taxation in Enugu State.

Table 4.2 Administrative Challenges Affecting Land-Based Tax Systems

Challenge	Frequency	Percentage (%)
Poor public awareness	95	27.1
Weak property valuation systems	85	24.3



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Inefficient tax collection	70	20.0
Corruption and administrative inefficiency	60	17.1
Political interference	40	11.5
Total	350	100

The results reveal that poor public awareness is the most significant challenge, accounting for 27.1% of responses. This suggests that many taxpayers lack sufficient understanding of land-based taxes and their obligations.

The second major challenge identified is the weak property valuation system, which often leads to inaccurate tax assessments and disputes between taxpayers and tax authorities.

Other challenges include inefficient tax collection mechanisms, corruption within administrative systems, and political interference, which collectively reduce the effectiveness of land-based tax administration.

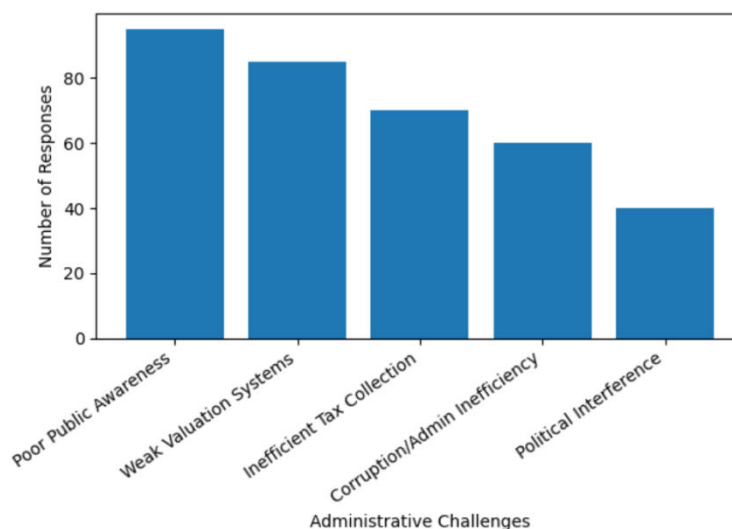


Figure 4.1 Major Administrative Challenges Affecting Land-Based Tax Systems

The graphical illustration of the results shows that poor public awareness and weak valuation systems dominate the challenges affecting land-based taxation in Enugu State.

The figure demonstrates that administrative and institutional weaknesses remain the major constraints to effective property tax administration. Improving institutional capacity and taxpayer education is therefore essential for strengthening compliance.

4.3 Strategies for Improving Land-Based Tax Compliance

The study also examined strategies that could enhance taxpayer compliance and improve the efficiency of land-based tax administration in Enugu State.

Table 4.3 Strategies for Improving Land-Based Tax Performance



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Strategy	Frequency	Percentage (%)
Digital property database (GIS)	120	34.3
Public awareness campaigns	90	25.7
Institutional strengthening	75	21.4
Simplification of tax procedures	65	18.6
Total	350	100

The results show that the development of a digital property database using GIS technology is the most preferred strategy for improving land-based tax performance. This strategy would enable government agencies to accurately identify taxable properties and improve property valuation systems.

Public awareness campaigns were also identified as an important strategy for improving voluntary tax compliance among property owners.

Institutional strengthening and simplification of tax procedures were also recommended as measures that could enhance efficiency within the land-based tax system.

4.4 Discussion of Findings

The findings of the study highlight the importance of administrative efficiency and taxpayer awareness in improving the performance of land-based taxation systems. Although a majority of respondents are aware of land-based taxes, the existence of a significant proportion of uninformed taxpayers suggests that awareness campaigns remain inadequate.

The study further reveals that institutional weaknesses such as poor property valuation systems and inefficient tax collection mechanisms significantly affect tax administration. These weaknesses reduce the ability of government agencies to fully capture revenue from land-based taxes.

Additionally, issues such as corruption and political interference undermine public trust in tax administration systems and discourage voluntary compliance.

The results therefore suggest that improving administrative capacity, adopting digital land administration systems, and strengthening taxpayer education programs are essential for enhancing the effectiveness of land-based taxation in Enugu State.

V. CONCLUSION AND POLICY RECOMMENDATIONS

5.1 Conclusion

This study examined the administrative challenges affecting taxpayer compliance in land-based tax systems in Enugu State. The findings reveal that although a majority of property owners are aware of land-based taxes, a significant proportion of taxpayers still lack adequate knowledge of their tax obligations. This limited awareness contributes to low levels of voluntary compliance among property owners.

The study further identified several institutional and administrative challenges that hinder the efficiency of land-based tax administration. These include poor public awareness, weak property valuation systems, inefficient tax collection mechanisms, corruption within administrative structures, and political interference. Among these challenges, poor public awareness and weak valuation systems were identified as the most significant constraints affecting the performance of land-based taxation.

The results also show that improving administrative capacity and adopting modern technological systems could significantly enhance tax administration and compliance. Respondents strongly supported the introduction of digital



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property databases and Geographic Information Systems (GIS) to improve property identification and valuation accuracy.

Overall, the findings indicate that the effectiveness of land-based taxation in Enugu State depends largely on the efficiency of tax administration and the level of taxpayer compliance. Without effective administrative systems and adequate public awareness, the revenue potential of land-based taxes cannot be fully realized.

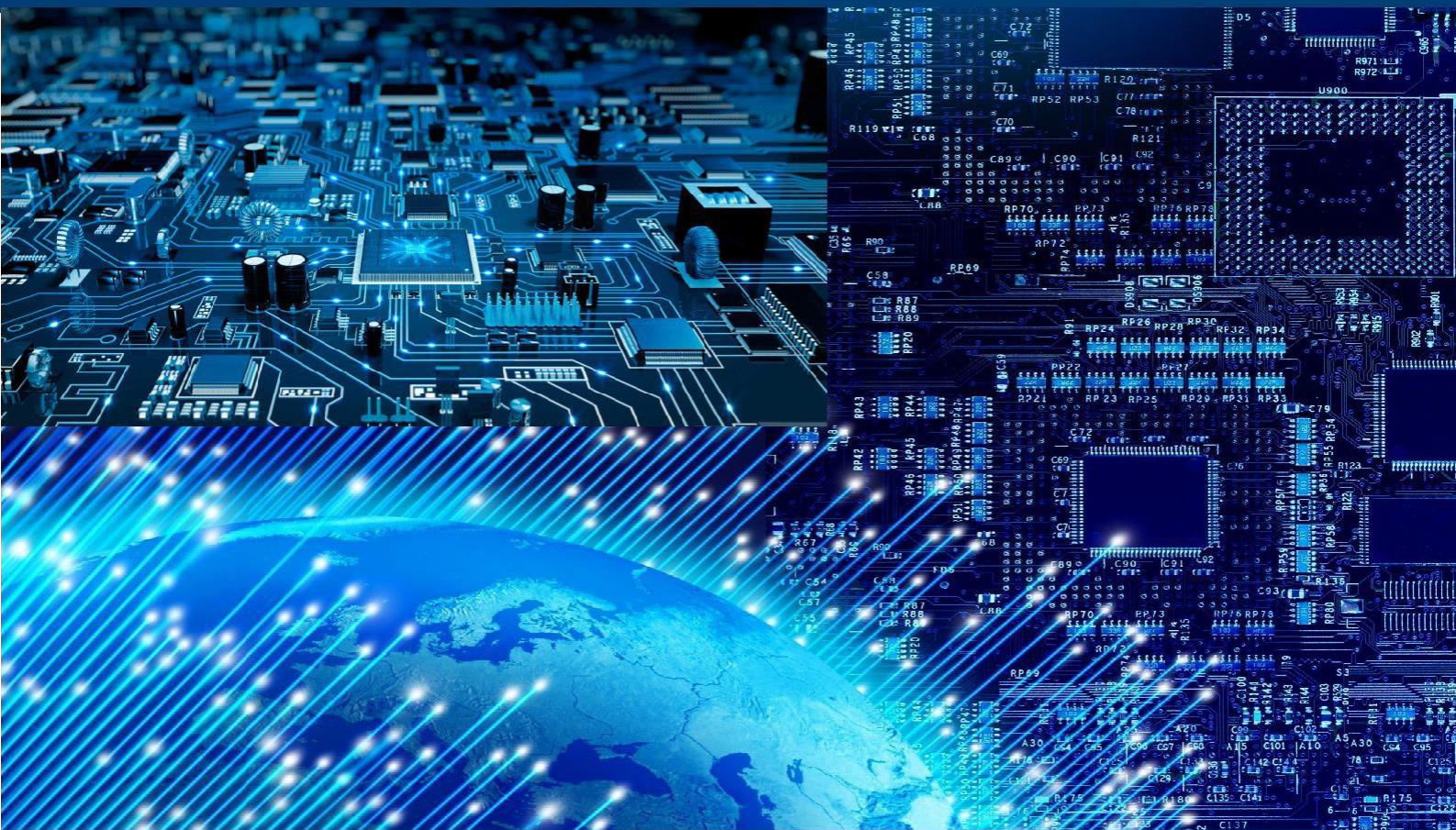
5.2 Policy Recommendations

Based on the findings of this study, the following policy recommendations are proposed to improve taxpayer compliance and administrative efficiency in land-based tax systems in Enugu State.

1. **Strengthening Taxpayer Awareness Programs:** Government agencies should implement continuous public enlightenment campaigns to educate property owners about land-based taxes, their obligations, and the benefits derived from tax revenue. Improved awareness will enhance voluntary compliance and reduce resistance to tax payments.
2. **Adoption of Digital Property Information Systems:** The state government should establish a comprehensive digital property database using Geographic Information Systems (GIS). This will improve property identification, enable accurate valuation, and expand the tax base.
3. **Institutional Capacity Building:** Relevant institutions responsible for land administration and revenue collection should be strengthened through improved funding, staff training, and modern technological tools. Capacity building will enhance the efficiency of tax administration and reduce administrative bottlenecks.
4. **Improvement of Property Valuation Systems:** Accurate property valuation is essential for effective land-based taxation. Government should ensure that qualified estate surveyors and valuers are involved in property assessment to improve fairness and transparency in tax assessments.
5. **Simplification of Tax Procedure:** Simplifying tax assessment and payment procedures will encourage compliance among taxpayers. The introduction of electronic billing and online payment platforms will make tax payment more convenient and transparent.
6. **Strengthening Enforcement Mechanisms:** Tax authorities should implement stronger enforcement measures to ensure compliance with land-based tax laws. This may include penalties for non-payment and improved monitoring of property ownership records.

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