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Land-Based Taxation and Internally Generated Revenue Performance in Enugu State (2014–2024)

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ABSTRACT: Taxation remains a fundamental instrument for financing public services and promoting sustainable economic development. In many developing countries, subnational governments increasingly rely on internally generated revenue (IGR) to reduce dependence on federal allocations. Among the various revenue sources available to state governments, land-based taxation has been widely recognized as a stable and sustainable mechanism for revenue mobilization because land is immovable and its value generally increases with urban development. Despite the growth in landed properties across Nigerian cities, the contribution of land-based taxes to internally generated revenue remains relatively low. This study evaluated the performance of land-based taxes as a source of internally generated revenue in Enugu State, Nigeria, between 2014 and 2024. The objectives were to identify the land-based taxes operational in the state, determine their contribution to internally generated revenue, and assess their overall performance within the state's revenue system. The study focused on Enugu State, particularly Enugu North, Enugu South, and Enugu East Local Government Areas where property development and taxation activities are most prominent. A descriptive survey research design was adopted for the study. Data were obtained from both primary and secondary sources. Primary data were collected through structured questionnaires administered to property owners, tax administrators, and officials of the Enugu State Internal Revenue Service. Secondary data were obtained from official revenue records and relevant government documents. A sample size of 384 respondents was selected from the study population. Data were analyzed using descriptive statistics such as frequency distributions, percentages, and mean scores, while the chi-square test was used to test the research hypotheses at a 0.05 level of significance. The findings revealed that the major land-based taxes operational in Enugu State include Land Use Charge, Tenement Rate, and Ground Rent. The study further found that land-based taxes contribute moderately to the state's internally generated revenue but remain below their potential due to administrative inefficiencies and low taxpayer compliance. The study therefore recommends the development of digital property databases, improved taxpayer awareness, and the adoption of technology-driven tax administration systems to enhance revenue generation.

KEYWORDS: Land-based taxation; Internally generated revenue; Property tax; Land use charge; Fiscal sustainability; Enugu State.

I. INTRODUCTION

Taxation remains one of the most important instruments through which governments mobilize financial resources for public service delivery and infrastructure development. In federal systems such as Nigeria, sub-national governments increasingly rely on internally generated revenue (IGR) to supplement statutory allocations from the federation account, particularly in the face of declining oil revenues and growing expenditure responsibilities. Among the various sources of IGR available to state governments, land-based taxation has been widely recognized as a stable and sustainable revenue mechanism because land is immobile and its value tends to appreciate with urban development and public investment (Bird & Slack, 2018).

Land-based taxes are levies imposed on land and landed property, including improvements such as buildings and infrastructure. These taxes are considered efficient because property ownership is relatively easy to identify and assess compared to other tax bases. Globally, land and property taxes constitute a significant portion of local government



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revenue. For example, property taxation contributes about 30–40 percent of municipal revenue in several developed economies, including the United States and Canada (Bahl & Bird, 2018). Similarly, countries such as Singapore and South Korea have successfully utilized land taxation systems to support urban development and infrastructure financing (Kim & Lim, 2021).

In Nigeria, land-based taxation has historical roots dating back to the colonial period when tenement rates and native authority levies were introduced to finance local administration and infrastructure development. The enactment of the Land Use Act of 1978 significantly restructured land administration by vesting ownership of land in state governments, thereby providing the legal basis for modern land-based revenue systems (Umeh & Udu, 2019). Instruments such as ground rent, tenement rates, and land use charges are now widely used by state governments to generate revenue from land and property ownership.

Despite the theoretical advantages of land-based taxation, its contribution to internally generated revenue in many Nigerian states remains relatively low. Studies indicate that land-based taxes account for less than 10 percent of total IGR in most states due to weak land administration systems, poor property enumeration, and low taxpayer compliance (Nwankwo & Chukwu, 2020; Eze & Ugwu, 2023). In Enugu State, the introduction of the Land Use Charge Law in 2016 was intended to harmonize multiple property-related taxes and improve revenue generation. However, available evidence suggests that the contribution of land-based taxes to the state's IGR has fluctuated and remains below its potential.

Given the increasing demand for sustainable revenue sources at the sub-national level, it is important to evaluate the performance of land-based taxes in Enugu State. This study therefore examines the contribution of land-based taxes to internally generated revenue in the state between 2014 and 2024, with the aim of assessing their effectiveness and identifying factors influencing their performance.

II. LITERATURE REVIEW

Land-based taxation has become an important fiscal instrument for sub-national governments seeking to enhance internally generated revenue (IGR) and reduce dependence on central government allocations. Property-related taxes such as land use charges, ground rents, and tenement rates are particularly attractive sources of revenue because land is immovable and its value often increases with urban development and public infrastructure investments. Scholars in public finance have emphasized that effective land-based taxation can significantly strengthen fiscal sustainability and promote efficient land use in urban economies (Bird & Slack, 2018).

In many developed countries, property taxation represents a major component of local government revenue. For instance, Bahl and Bird (2018) noted that property taxes account for a substantial proportion of municipal revenue in countries such as the United States and Canada. Similarly, Smolka (2019) argued that land-based taxes play an important role in urban financing by capturing part of the value created through public infrastructure investments. These taxes are considered economically efficient because they are difficult to evade compared to income-based taxes.

In developing countries, however, the contribution of land-based taxation to public revenue remains relatively low. This is often attributed to administrative weaknesses, inadequate property records, and limited enforcement capacity. Kelly (2013) explained that many developing countries lack accurate property databases, which makes it difficult to identify taxable land and buildings. As a result, governments fail to capture the full revenue potential of land-based taxes.

In Nigeria, land-based taxation has evolved through several legislative frameworks. The Land Use Act of 1978 established the legal foundation for land administration by vesting ownership of land in the state government. This legislation empowered state authorities to collect land-related charges such as ground rent and land use charges from property owners (Umeh & Udu, 2019). Over time, state governments have introduced reforms to harmonize property taxes and improve revenue performance.

Despite these reforms, studies indicate that land-based taxes still contribute a relatively small share of internally generated revenue in many Nigerian states. Nwankwo and Chukwu (2020) found that property taxation systems in several Nigerian states remain inefficient due to poor property enumeration and outdated land records. Similarly, Eze



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and Ugwu (2023) reported that land-based taxes contribute only a modest proportion of Enugu State's total IGR, despite rapid urban development in the state.

These findings suggest that the potential of land-based taxation as a revenue source remains underutilized in Nigeria. Consequently, many scholars have called for reforms aimed at improving land administration systems, enhancing property valuation processes, and strengthening tax collection mechanisms.

2.1 Concept of Land-Based Taxation

Land-based taxation refers to taxes imposed on land and landed property, including improvements such as buildings and infrastructure. These taxes are typically assessed based on the value, location, size, and use of the property. According to Bird and Slack (2018), land-based taxes are among the most efficient forms of taxation because they are based on visible and immovable assets that are difficult to conceal.

Land-based taxes can take several forms, including land use charges, tenement rates, ground rents, and property rates. In Nigeria, these taxes are usually administered by state governments or local authorities depending on the specific legal framework governing land administration (Umeh & Udu, 2019). The introduction of land use charge systems in several Nigerian states was aimed at harmonizing multiple property-related taxes into a single payment in order to improve administrative efficiency and reduce tax burdens on property owners.

The economic rationale for land-based taxation is rooted in the benefit principle of taxation, which suggests that property owners should contribute to the cost of public infrastructure and services that increase the value of their land. Smolka (2019) argued that public investments in infrastructure such as roads, drainage systems, and public utilities often lead to increases in land values. Land-based taxes therefore allow governments to capture part of this value for public use.

2.2 Performance of Land-Based Taxes in Internally Generated Revenue

The performance of land-based taxes is often evaluated by examining their contribution to government revenue and their effectiveness in supporting public service delivery. In many developed countries, property taxes are considered stable and reliable revenue sources because land ownership is relatively permanent.

However, the situation in developing countries is different. Kelly (2013) observed that weak administrative systems often reduce the effectiveness of property taxation in developing economies. In Nigeria, empirical studies have shown that land-based taxes contribute only a small proportion of state revenue compared to other taxes such as personal income tax.

For example, Eze and Ugwu (2023) found that land-based taxes accounted for between three and twelve percent of Enugu State's internally generated revenue during the study period. Although this contribution is relatively stable, it remains significantly below the expected potential considering the rapid expansion of urban property development in the state.

Similarly, Nwankwo and Chukwu (2020) reported that the poor performance of property taxation in Nigeria is largely due to administrative inefficiencies, weak enforcement mechanisms, and low taxpayer compliance. These challenges highlight the need for comprehensive reforms aimed at strengthening property tax administration and improving revenue performance.

III. METHODOLOGY

3.1 Research Design

This study adopted a descriptive survey research design to evaluate the contribution of land-based taxes to internally generated revenue (IGR) in Enugu State. The descriptive design was considered appropriate because it enables the researcher to collect data from a large population and analyze patterns relating to land-based tax performance and revenue generation. The design also allowed the use of both primary and secondary data sources in assessing the performance of land-based taxes over the study period.



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3.2 Sources of Data

Data for the study were obtained from both primary and secondary sources. Primary data were collected through structured questionnaires administered to relevant stakeholders including officials of the Enugu State Internal Revenue Service (ESIRS), Ministry of Lands and Urban Development, and property owners within the study area. Secondary data were obtained from government revenue records, published reports, academic journals, textbooks, and official documents relating to land-based taxation and internally generated revenue in Enugu State.

3.3 Population of the Study

The population of the study comprised officials involved in land administration and revenue collection as well as property owners in Enugu State. These included staff of the Enugu State Internal Revenue Service, officials of the Ministry of Lands and Urban Development, local government revenue officers, and property owners within Enugu North, Enugu South, and Enugu East Local Government Areas where land-based tax activities are most prominent.

3.4 Sample Size and Sampling Technique

A sample size of 384 respondents was adopted for the study. The sample size was determined using appropriate sampling techniques to ensure adequate representation of the study population. The respondents were selected through stratified and random sampling methods in order to capture views from both government officials and property owners involved in land-based tax administration and compliance.

3.5 Method of Data Collection

The primary instrument for data collection was a structured questionnaire designed to obtain information on the operational structure and revenue performance of land-based taxes in Enugu State. The questionnaire contained both closed-ended and structured questions relating to tax payment patterns, awareness of land-based taxes, and perceptions regarding their contribution to internally generated revenue.

3.6 Method of Data Analysis

The collected data were analyzed using descriptive statistical techniques such as frequency distribution tables, percentages, and mean scores. These methods were used to present and summarize the responses obtained from the questionnaire survey. In addition, the chi-square (χ^2) statistical test was employed to test the research hypotheses at a 0.05 level of significance. This approach enabled the study to determine whether land-based taxes significantly contribute to internally generated revenue in Enugu State.

IV. RESULTS AND DISCUSSION

This section presents the results of the data analysis relating to the contribution of land-based taxes to internally generated revenue (IGR) in Enugu State. The results are presented using descriptive statistics including frequency distributions, percentages, tables, and graphical illustrations.

4.1 Questionnaire Distribution and Response Rate

A total of 384 questionnaires were distributed to respondents comprising officials of the Enugu State Internal Revenue Service, staff of the Ministry of Lands and Urban Development, local government revenue officers, and property owners within Enugu North, Enugu South, and Enugu East Local Government Areas.

Out of the distributed questionnaires, 350 were successfully returned and found usable, representing a response rate of 91.1%, while 34 questionnaires were not returned, representing 8.9%. The high response rate indicates a strong level of participation among stakeholders involved in land-based tax administration in Enugu State.

Table 4.1 Questionnaire Distribution and Return Rate

Questionnaire Status	Frequency	Percentage (%)
Distributed	384	100
Returned	350	91.1



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Not Returned	34	8.9
Total	384	100

The high response rate enhances the reliability of the study findings.

4.2 Types of Land-Based Taxes Operational in Enugu State

The study examined the types of land-based taxes currently operational in Enugu State. The results revealed that Land Use Charge, Tenement Rate, and Ground Rent constitute the primary land-based taxes implemented by the state government.

Table 4.2 Land-Based Taxes Operational in Enugu State

Land-Based Tax Type	Frequency	Percentage (%)
Land Use Charge	160	45.7
Tenement Rate	110	31.4
Ground Rent	80	22.9
Total	350	100

The results indicate that Land Use Charge accounts for the highest proportion of land-based taxes collected in the state. This reflects the policy reform aimed at harmonizing several property-related taxes into a single charge to improve administrative efficiency and revenue collection.

4.3 Contribution of Land-Based Taxes to Internally Generated Revenue

Respondents were asked to evaluate the extent to which land-based taxes contribute to the overall internally generated revenue of Enugu State.

Table 4.3 Perceived Contribution of Land-Based Taxes to IGR

Response Category	Frequency	Percentage (%)
Very High	40	11.4
High	70	20.0
Moderate	140	40.0
Low	100	28.6
Total	350	100



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The results show that 40% of respondents rated the contribution as moderate, while 28.6% rated it as low. Only 31.4% of respondents considered the contribution high or very high.

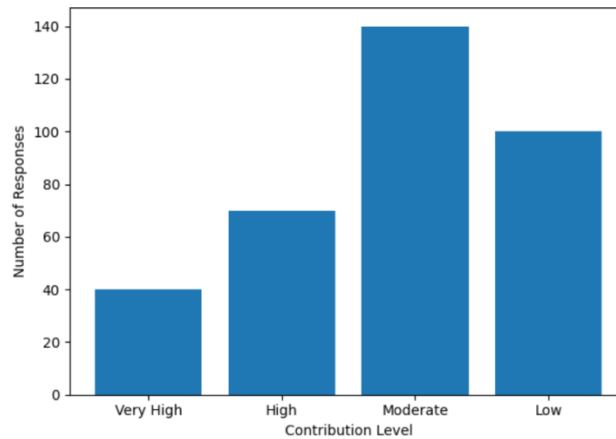


Figure 4.1 Contribution of Land-Based Taxes to Internally Generated Revenue

The graphical illustration (Figure 4.1) shows that the majority of respondents perceive the contribution of land-based taxes to internally generated revenue as moderate rather than substantial.

The dominance of the moderate response category suggests that although land-based taxes provide a consistent revenue stream, they have not yet achieved their full potential in supporting the state's revenue base. This may be attributed to administrative inefficiencies, weak property enumeration systems, and limited taxpayer compliance.

4.4 Discussion of Findings

The results reveal that land-based taxes constitute an important component of the internally generated revenue system in Enugu State. The presence of major property-related taxes such as Land Use Charge, Tenement Rate, and Ground Rent confirms the existence of a structured land taxation system in the state.

However, the moderate contribution of land-based taxes to internally generated revenue indicates that the system is still underperforming relative to its potential. Despite increasing property development and urban expansion in Enugu State, the revenue generated from land-based taxes remains relatively low.

Several factors may explain this situation. First, the lack of a comprehensive property database limits the ability of tax authorities to identify taxable properties effectively. Second, administrative inefficiencies within tax collection systems may lead to revenue leakages. Third, many property owners may lack adequate awareness of their tax obligations or may be reluctant to comply due to distrust in government institutions.

These findings support earlier studies which argue that property taxation systems in many developing countries remain underutilized due to institutional and administrative challenges. Strengthening land administration systems, improving property valuation techniques, and increasing taxpayer awareness could significantly enhance the performance of land-based taxes as a reliable source of internally generated revenue.

V. CONCLUSION

This study evaluated the performance of land-based taxes as a source of internally generated revenue in Enugu State between 2014 and 2024. The findings revealed that the main land-based taxes operational in the state include Land Use Charge, Tenement Rate, and Ground Rent. These taxes constitute an important component of the state's internally generated revenue framework.

However, the results indicate that the overall contribution of land-based taxes to internally generated revenue is moderate and below its expected potential. Despite the rapid expansion of urban development and property ownership



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in the state, the revenue generated from land-based taxes has not increased proportionately. This suggests that significant gaps still exist in the administration and collection of land-based taxes.

The study also reveals that administrative inefficiencies, weak property identification systems, and limited taxpayer compliance contribute to the relatively low performance of land-based taxes. Without effective land administration systems and reliable property databases, it becomes difficult for tax authorities to accurately identify taxable properties and enforce tax obligations.

Overall, the findings demonstrate that while land-based taxes represent a stable and sustainable source of revenue, their effectiveness depends largely on the efficiency of tax administration and the level of taxpayer compliance.

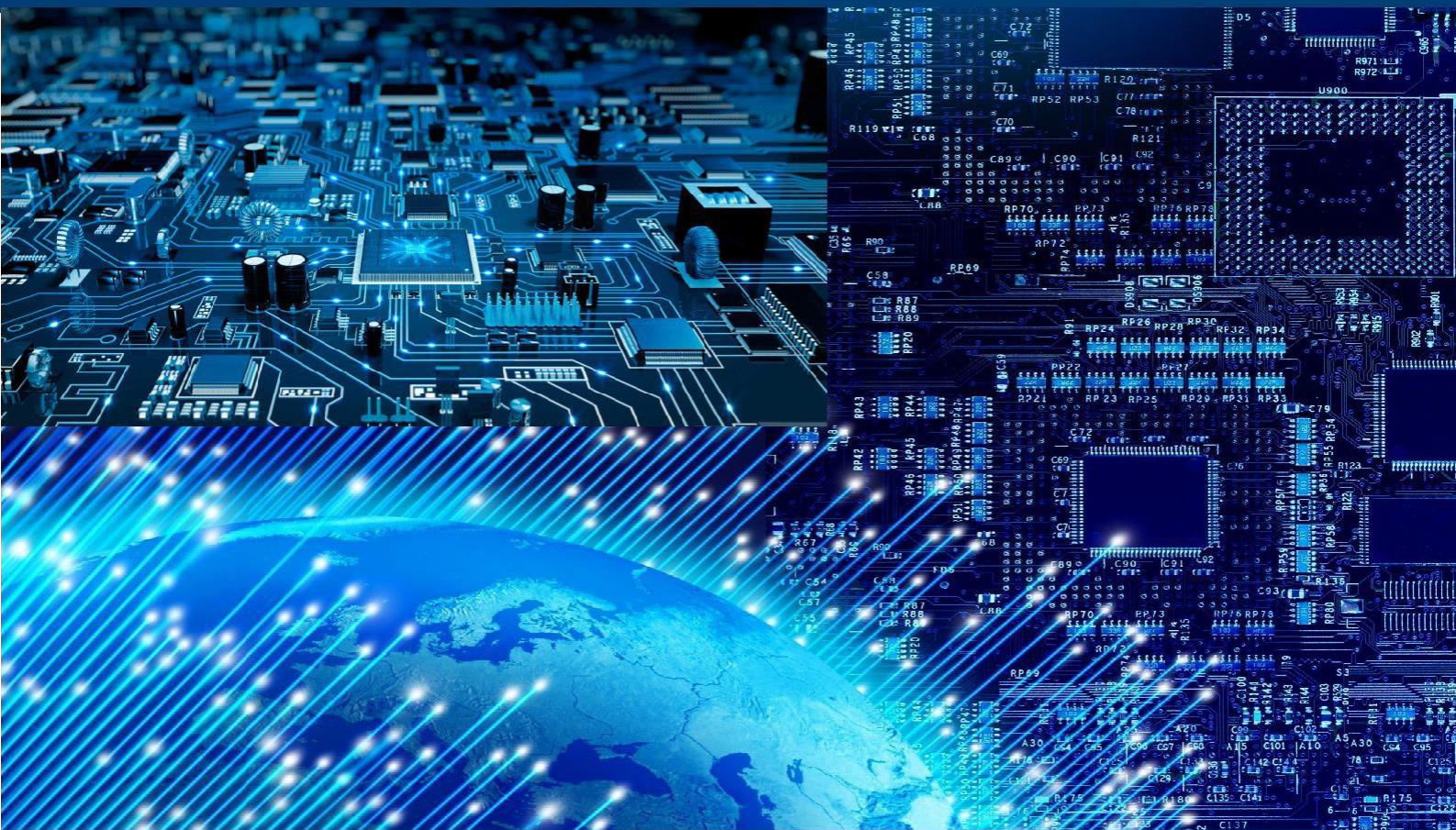
VI. POLICY RECOMMENDATIONS

Based on the findings of the study, the following recommendations are proposed to improve the performance of land-based taxes in Enugu State:

- a. **Development of a Comprehensive Digital Property Database:** The state government should establish a comprehensive digital land and property database using Geographic Information Systems (GIS). This will improve property identification, enhance valuation accuracy, and expand the tax base.
- b. **Strengthening Land Administration Institutions:** Relevant institutions such as the Ministry of Lands and the Enugu State Internal Revenue Service should be strengthened through improved funding, technical capacity, and administrative autonomy to enhance tax collection efficiency.
- c. **Public Awareness and Taxpayer Education:** Government agencies should implement sustained public enlightenment campaigns to educate property owners about their tax obligations and the benefits of land-based taxation for infrastructure development.
- d. **Simplification of Property Tax Procedures:** Simplifying tax assessment and payment procedures will make compliance easier for taxpayers and reduce administrative bottlenecks within the tax system.
- e. **Adoption of Technology-Driven Tax Collection Systems:** The introduction of electronic billing and payment platforms will enhance transparency, reduce revenue leakages, and improve efficiency in land-based tax administration.

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