Regulatory mechanisms and incentives nexus in taxation and governance of West African economies

Taiwo Olaiya¹

¹Obafemi Awolowo University, Ile-Ife, Nigeria

April 09, 2021

Abstract

Despite the evident and contemporaneous concurrences in the political-economy and governance histories of Nigeria and Ghana, scholarly attention devoted to comparative interrogation of the public finance and the governance in the states is at low ebb. In this paper, we draw conceptual insights from public economics discourses of taxation and governance to argue that people-centered revenue profile relates significantly with comparative performances of government institutions. Matrix data were obtained from sampled respondents in Nigeria and Ghana and analysed for percentage analysis to validate the research conjectures. As predicted, the nexus between taxation and governance was generally weak, but nevertheless stronger in Ghana than Nigeria. In addition, the regulatory mechanisms for tax administration related positively to determine the nexus between taxation and governance in the study area. In addition, the study demonstrated a divergence in the states’ political economies as well as in their regulatory mechanisms for taxation. Also, incentives played a key role in shaping the relationship between taxation and governance. Nevertheless, tax incentives fostered a weak positive relationship for taxation and governance in Nigeria and Ghana even though such appears stronger in the latter than the former.

Hosted file