



IMPACT OF TAX REFORMS ON INTERNALLY GENERATED REVENUE IN ADAMAWA STATE, NIGERIA

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Abstract

This study examined the impact of tax reforms on internally generated revenue in Adamawa State, Nigeria, focusing on three specific reform measures: personal income tax reforms, small business tax exemption reforms, and rent relief reforms. The study adopted a survey research design, collecting primary data through structured questionnaires administered to 218 senior staff of the Adamawa State Internal Revenue Service across seven zones in the state. Data were analyzed using descriptive statistics and regression analysis. The findings revealed that personal income tax reform has a positive and significant impact on internally generated revenue ($\beta = 0.297$, $p = 0.000$), indicating that improvements in personal income tax administration significantly contribute to revenue generation. However, small business tax exemption reform has a negative and insignificant impact ($\beta = -0.016$, $p = 0.635$), suggesting that exempting small businesses from tax does not enhance revenue generation as most were already outside the formal tax system. Similarly, rent relief reform has a positive but insignificant impact ($\beta = 0.020$, $p = 0.556$), indicating limited practical effect due to weak institutional capacity and inadequate property registration systems. The regression model explained 22.3% of the variation in internally generated revenue. The study recommends strengthening personal income tax administration, replacing blanket small business exemptions with a simplified taxation regime that encourages formalization, and establishing a comprehensive property database to enhance rent relief effectiveness.

Keywords: Tax Reforms, Internally Generated Revenue, Personal Income Tax, Small Business Tax Exemption, Rent Relief, Adamawa State

1. Introduction

Internally generated revenue (IGR) constitutes the sum of taxes, levies, fees, fines, licenses, and earnings from state-owned enterprises collected within a state, excluding transfers from the Federation Account (National Bureau of Statistics, 2023). IGR represents an important source of revenue available for state governments to meet expenditure obligations, reduce overdependence on unpredictable federal government allocations, and enhance fiscal viability and self-sustainability (BudgIT, 2024; World Bank, 2022). A robust IGR base is central to achieving fiscal autonomy

for states and reducing the resource curse of over-reliance on oil rents.

Adamawa State, located in Nigeria's northeast geopolitical zone, has historically depended heavily on federal allocations due to its limited industrial base, relatively low formal employment, and security challenges affecting economic activity. According to NBS (2023), Adamawa's IGR constituted less than 10% of its total revenue between 2018 and 2022, with the bulk coming from Federation Account Allocation Committee (FAAC) disbursements. For instance, over the 2020 to 2023 period, Adamawa State's total receipts

from all sources stood at approximately ₦450 billion, while its internally generated revenue represented a mere ₦45 billion—or just 10% of overall revenues. Such a narrow revenue base amplifies the state's exposure to external shocks, including oil-price volatility and macroeconomic crises.

In response to these challenges, Adamawa State has initiated reforms to improve its internal revenue system. These include the enactment of the Adamawa State Revenue Administration Law, the establishment of the Adamawa State Internal Revenue Service (ADIRS), the introduction of presumptive taxes for the informal sector, and digitization of tax filing and collection processes. These efforts are aligned with national reforms under the Finance Acts (2019–2023), which broadened tax bases and modernized tax administration across Nigeria. The data suggest that since the reforms began around 2019–2020, Adamawa State's IGR has generally improved; from approximately ₦9.7 billion in 2019 to ₦17 billion in 2023, despite a COVID-19-induced dip to ₦8.3 billion in 2020. However, the state's IGR level remains among the lower tiers compared to many states, ranking 32nd among the 36 states and the Federal Capital Territory in IGR performance in 2023.

State governments are constitutionally empowered to generate revenue internally to finance their operations. However, most states, including Adamawa State, have remained highly dependent on monthly allocations from the Federation Account. Over the past decade, dwindling oil revenues and volatility in federal allocations have made it imperative for states to strengthen their internally generated revenue (IGR) sources. Tax reforms have been initiated at both the federal and state levels. At the national level, successive Finance Acts (2019–2023) introduced changes in tax laws to broaden the tax base, simplify tax administration, and enhance revenue collection. At the state level, Adamawa State enacted the Adamawa State Revenue Administration Law and established the Adamawa State Internal Revenue Service to modernize tax administration, introduce presumptive taxes, and implement digital filing systems.

Despite these reforms, Adamawa State's IGR remains relatively low when compared to its revenue potential and to other states with similar economic profiles. Revenue leakages persist due to weak institutional capacity, inadequate enforcement mechanisms, corruption, and poor compliance by taxpayers. Taxpayer awareness is low, the informal sector is largely untaxed, and administrative bottlenecks continue to undermine revenue collection efficiency. In many cases, reforms are poorly implemented or face resistance from stakeholders, thereby reducing their intended impact.

Though a number of empirical studies including Alabi (2022), Okeke and Salaudeen (2023), Ogbodo and Mihara (2021), Adewale et al. (2025), Ike and Peter (2022), Asaolu et al. (2015), Okeke (2023), and Yashim et al. (2021) have examined the effect of tax reforms on IGR at the national level or in more fiscally vibrant states like Lagos, Rivers, and Kano, there is limited scholarly evidence specifically focusing on Adamawa State. This lack of localized research creates a knowledge gap for policymakers and practitioners seeking to design evidence-based interventions to boost IGR. Without a clear understanding of the actual impact of tax reforms on revenue performance in Adamawa State, reform efforts risk being misdirected or ineffective.

The main objective of this study is to examine the impact of tax reforms on internally generated revenue in Adamawa State. The specific objectives were: i. To examine the impact of tax reforms in personal income tax on internally generated revenue in Adamawa State. ii. To investigate the impact of small business tax exemption reform on internally generated revenue in Adamawa State. iii. To determine the impact of rent relief on internally generated revenue in Adamawa State.

This study developed and tested the following hypotheses in null form: **H₀₁**: Personal income tax reform has no significant impact on internally generated revenue in Adamawa State, **H₀₂**: Small business tax exemption reform has no significant impact on

internally generated revenue in Adamawa State. **H₀₃:** Rent relief has no significant impact on internally generated revenue in Adamawa State.

This study is significant to the Adamawa State Internal Revenue Service, taxpayers, residents of Adamawa State, and researchers. The Adamawa State Internal Revenue Service will benefit from practical recommendations to enhance operational efficiency in administering tax reforms. Taxpayers will benefit from highlighted opportunities to reduce their tax burden through available exemptions, allowances, and reliefs. Residents of Adamawa State are the ultimate beneficiaries, as an increase in IGR will enable the state government to expand fiscal capacity to deliver essential public goods and services. Researchers will benefit from the study's contribution to existing academic literature on tax reforms and sub-national revenue generation in Nigeria.

This study focused on examining the impact of tax reforms on internally generated revenue in Adamawa State. The study sought to determine the impact of recent tax reforms; personal income tax, small business tax exemption, and rent relief on IGR. Data were collected using primary sources with the help of tax authorities who are believed to be in a better position to provide insights on the impact of reforms on IGR.

2. Literature Review

2.1 Conceptual Definitions

Internally Generated Revenue

Internally generated revenue (IGR) refers to the revenue collected by a state government within its jurisdiction, excluding federal allocations (Adamu & Kawugana, 2023). It encompasses all forms of revenue derived from taxes, levies, rates, fees, licenses, fines, rents, and earnings from investments and state-owned enterprises. According to Ayebaenemi et al. (2024), IGR is a fund not constituting the proceeds of any loan, debt issuance, equity issuance, asset sales, insurance recoveries, or indebtedness. The main objective of IGR is to reduce

the overdependence of state governments on federal allocations, which are often unpredictable due to fluctuating oil prices and macroeconomic instability (BudgIT, 2024; World Bank, 2022).

Personal Income Tax

Personal Income Tax (PIT) is universally recognized as a direct tax imposed on the income of individuals, including wages, salaries, business profits, dividends, interest, rent, and other earnings (Pistone et al., 2025). In Nigeria, PIT is governed by the Personal Income Tax Act (as amended) and is a major component of internally generated revenue for states (Olagunju et al., 2025). The theoretical foundations of PIT rest on two competing concepts: the source theory, which limits taxable income to regular and predictable flows from a fixed source, and the pure wealth accrual (Haig-Simons) concept, which defines income as the sum of an individual's consumption plus the change in net wealth over a period (Bogacki et al., 2023). A recent empirical study by Asaolu and Ogunleye (2024) confirms that efficient PIT collection, especially through Pay-As-You-Earn (PAYE) systems, significantly drives sustainable revenue growth in subnational governments.

Tax Exemption Reform

A tax exemption is a statutory provision that excludes certain income, transactions, organizations, or persons from the obligation to pay tax (Bhartia, 2009). When a taxpayer is exempted, they are not required to compute or remit tax on the exempted income or activity, thereby reducing their overall tax burden (Okeke & Salaudeen, 2023). Common examples include minimum wage earners, pension contributions, and rent relief allowances under personal income tax, as well as small businesses with turnover below a certain threshold and pioneer industries under corporate tax (Adegbe & Fakile, 2021). The rationale for granting exemptions includes promoting economic development, protecting low-income earners, encouraging savings, and supporting charitable activities (Ogbonna & Appah, 2022). A recent study by Ellawule et al. (2024) on MSMEs in Nigeria found that government tax

exemptions had a significant positive effect on tax compliance, supporting the view that short-term revenue loss can be offset by long-term gains in economic growth and tax base expansion.

Rent Relief Reform

Rent relief, in the context of tax policy, refers to targeted tax measures that reduce the taxable income or tax liability of individuals or landlords associated with rental housing (Ola, 2001; Adegbie & Fakile, 2021). It functions as a fiscal tool to either alleviate housing costs for low-income tenants or incentivize the supply of rental properties by landlords (Federal Inland Revenue Service, 2020; World Bank, 2022). Under the recent 2025 Tax Act, the Consolidated Relief Allowance was replaced with a Rent Relief deduction specifically for tenants, allowing eligible individuals to claim relief equal to 20% of annual rent paid, capped at ₦500,000 (TheCable, 2025). Rent relief is not charity but a pragmatic economic tool that, when properly implemented, returns disposable income to tenants, rewards responsible landlords, and increases the availability of rental housing.

Tax Reforms

Tax reform is a comprehensive process of reviewing and restructuring the tax system to improve its efficiency, equity, and revenue generation capacity (Zwal, 2025). According to Ike and Peter (2022), tax reform is an attempt to strengthen the existing tax system by introducing new tax rates, new legal clauses, and a new assessment system to improve its efficiency. Tax reforms are tactics or initiatives meant to increase and improve revenue generation, addressing measures to improve the effectiveness of the current tax system and change outdated methods of tax collection and management. Evidence has shown that the decline in oil revenue in Nigeria was the primary catalyst for the tax reform movement (John, Ezejiofor, & Ndum, 2022; Ogunmakin & Owoniya, 2022).

2.2 Empirical Review

Several empirical studies have examined the relationship between tax reforms and revenue

generation in Nigeria. Okeke (2023) investigated the impact of tax reforms on revenue generation in Anambra State using a time series approach, finding that company income tax, value added tax, and petroleum profit tax have positive and significant effects on revenue generation. Asaolu et al. (2015) studied the impact of tax reforms on revenue generation in Lagos State, discovering that taxpayer education programs have a positive and significant impact on revenue generation. Ike and Peter (2022) examined tax reforms and revenue generation in Nigeria using secondary data and found significant differences in petroleum profit tax, company income tax, and value added tax between periods.

Alabi (2022) examined tax reforms and revenue generation capacity of State Internal Revenue Services in North-Central Nigeria, finding that tax reforms contribute positively to internally generated revenue capacity. Similarly, Zwal (2025) studied the impact of tax laws on revenue generation in Nigeria, showing that tax reforms have significantly increased revenue generation, though challenges such as inadequate enforcement, tax evasion, and infrastructural deficits persist. Toro (2020) evaluated the impact of tax reforms on revenue mobilization in Nigeria, indicating that tax reform had a positive and strong effect on revenue generation. Ogbodo and Mihara (2021) examined tax reforms on internally generated revenue in Nigeria, revealing that petroleum profit tax has no significant effect on internally generated revenue, while value added tax has a significant effect.

At the state level, Olaoye and Awe (2018) examined tax reform and its impact on revenue generation in Ekiti State, demonstrating that taxpayer identification significantly increases the state's ability to generate revenue. Musa and Aifuwa (2022) conducted a study in Edo State on the effect of ICT application on revenue generation, showing that the state's ability to generate income was positively impacted by the use of ICT as a tax reform tool.

Despite these contributions, the empirical literature reveals a significant gap: most studies have been

conducted at the national level or in more fiscally vibrant states, with limited scholarly evidence specifically focusing on Adamawa State. This study aims to fill this gap by providing localized evidence on the impact of tax reforms on IGR in Adamawa State.

2.3 Theoretical Framework

This study is anchored on the optimal theory of taxation and the expediency theory of taxation. The optimal taxation theory, pioneered by Mirrlees (1971), postulates that in any economic system where equality is valued, income taxation would be a vital instrument of policy. The theory can be used to analyze tax reform within a normative framework whereby, given a government revenue objective, an optimal tax reform seeks to maximize an explicit social welfare function that balances vertical equity gains against tax-induced losses in the efficiency of resource allocation (Aminu & Eluwa, 2014). This theory is directly relevant to the current study as it provides a normative framework for evaluating tax reforms, explaining how reforms should be designed to balance revenue generation objectives with equity considerations and efficiency losses.

The expediency theory of taxation, developed by Buehler (1936), states that tax revenue collection systems must pass the test of practicability, which must be the only consideration when the government is choosing a revenue collection system. The theory proposes that the economic and social objectives of the government should be treated as irrelevant, since it is useless to have a tax that cannot be levied and collected efficiently. This theory is relevant to the study in that tax reform is expected to enhance revenue collection by creating an enabling environment that facilitates efficient assessment and revenue collection processes. The expediency theory is particularly relevant as it emphasizes the practical administrative considerations that determine the success of tax reforms in generating internally generated revenue, addressing challenges of tax evasion, enforcement deficits, and infrastructural constraints (Zwal, 2025; Inyang et al., 2022).

3. Methodology

3.1 Research Design and Study Area

The study adopted a survey research design, collecting primary data through structured questionnaires administered to respondents. The survey research design was considered appropriate because information and data were obtained directly from respondents through questionnaires. The study area was Adamawa State, located in Nigeria's Northeast geopolitical zone, comprising 21 local government areas with its capital at Yola. Despite considerable agricultural, commercial, and human resources, Adamawa State has consistently ranked among the lowest-performing states in internally generated revenue, ranking 32nd among the 36 states and the Federal Capital Territory in IGR performance in 2023.

3.2 Population, Sample Size, and Sampling Technique

The population of the study consisted of 483 staff of the Adamawa State Internal Revenue Service from seven zones in the state (Adamawa State Civil Service Commission, 2025). The sample size consisted of 230 senior staff members, arrived at using a purposive sampling technique. Senior staff were selected because they are in a better position to know the changes that tax reforms have brought to revenue generation in the state. The Abuja and Lagos liaison offices were deliberately excluded from the sample as they are located outside the state's territorial jurisdiction and primarily serve representational functions rather than direct involvement in revenue administration within the state.

3.3 Instrument and Data Collection

Data were collected using a structured questionnaire containing 20 questions on a 4-point Likert scale (Strongly Agree = 4, Agree = 3, Disagree = 2, Strongly Disagree = 1). The questionnaire comprised two sections: Section A captured demographic information, while Section B contained questions on tax reforms and internally generated revenue. The instrument's face and content validity were determined by the supervisor, and reliability was established using Cronbach's Alpha coefficient, with values above 0.70 considered acceptable.

3.4 Method of Data Analysis

Data were analyzed using descriptive statistics (frequency distributions, percentages, means, and standard deviations) and inferential statistics (regression analysis). The questionnaire items for each variable were coded to make them suitable for regression analysis. The regression model specified was:

$$\text{IGR} = \beta_0 + \beta_1\text{PITR} + \beta_2\text{SBTE} + \beta_3\text{RTRR} + e \quad \dots\dots(1)$$

Where:

IGR = Internally Generated Revenue (dependent variable)

PITR = Reforms in Personal Income Tax

SBTE = Reforms in Small Business Tax Exemption

RTRR = Reforms in Rent Tax Relief

β_0 = Intercept or constant term

β_1 – β_3 = Parameters or coefficients to be estimated

e = Error term (stochastic disturbance term)

Based on theoretical and empirical literature, the study expected positive relationships between all independent variables and IGR ($\beta_1 > 0$, $\beta_2 > 0$, $\beta_3 > 0$).

Table 1: Responses on Personal Income Tax Reforms

S/N	Statement	Mean	Std. Dev.	Decision
1	The reforms in personal income tax system will be easier to understand and apply	2.61	1.147	Agree
2	The reduction due to reforms in personal income tax will enhance compliance among taxpayers	2.55	1.107	Agree
3	The changes in personal income tax will make the tax filing more complex and difficult to follow	2.43	1.130	Disagree
4	The new tax laws are clearer and easier to enforce	2.52	1.169	Agree
5	Tax avoidance and evasion will continue to remain significant problems even after the reforms	2.57	1.139	Agree
	Composite Mean	2.54	0.521	Agree

Source: Field Survey (2026)

The composite mean of 2.54 indicates that respondents generally agreed that personal income tax reforms have a moderate impact on internally generated revenue in Adamawa State. The highest mean (2.61) was recorded for the statement that reforms will be easier to

4. Results and Discussion

4.1 Response Rate and Demographic Characteristics

A total of 230 copies of the questionnaire were distributed, with 218 properly completed and returned, representing a response rate of 94.8%, which is significantly above the generally acceptable threshold of 70% (Mugenda & Mugenda, 2012). The demographic characteristics revealed that the majority of respondents were male (58.7%), middle-aged (36-45 years, 37.2%), married (60.1%), highly educated (89.4% held Bachelor's or postgraduate degrees), and possessed significant work experience (69.3% had more than 10 years of experience). This demographic profile suggests that respondents were well-positioned to provide informed and reliable responses.

4.2 Descriptive Analysis of Research Questions

Research Question One: Impact of Personal Income Tax Reform on IGR

Table 1 presents the responses on personal income tax reforms:

understand and apply, while the lowest (2.43) was for the statement that reforms would make tax filing more complex.

Research Question Two: Impact of Small Business Tax Exemption Reform on IGR

Table 2: Responses on Small Business Tax Exemption Reform

S/N	Statement	Mean	Std. Dev.	Decision
1	Tax exemption for small businesses will have long-term economic benefits for business growth and creation of employment	2.56	1.148	Agree
2	There is always a difficulty in verifying business eligibility which poses significant challenges in administering the small business tax exemption policy	2.56	1.098	Agree
3	Tax exemption for small businesses has reduced the administrative burden of chasing small taxpayers	2.47	1.090	Disagree
4	The implementation of small business tax exemptions will lead to increase in the number of registered small businesses	2.47	1.149	Disagree
5	Tax exemption for small businesses has reduced the overall cost of tax compliance	2.44	1.092	Disagree
	Composite Mean	2.50	0.514	Neutral

Source: Field Survey (2026)

The composite mean of 2.50 indicates that respondents held neutral views regarding small business tax exemption reforms. The findings suggest that small business tax exemption reforms are perceived as having a limited impact on internally generated revenue, as

respondents were not strongly convinced of the benefits of these exemptions.

Research Question Three: Impact of Rent Relief on IGR

Table 3: Responses on Rent Relief Reforms

S/N	Statement	Mean	Std. Dev.	Decision
1	The rent relief reform will affect the landlord's motivation to maintain or invest in new rental properties	2.47	1.113	Disagree
2	Rent relief reform will not achieve its social objectives of providing affordable housing to low-income earners	2.54	1.109	Agree
3	The existing information system is sufficient to track the changes in number of rental units or property values due to the reforms	2.34	1.071	Disagree
4	Rent relief reform will be affected by compliance with property tax payments or rent collection on government properties	2.52	1.107	Agree
5	Personal income tax will be the most affected by the rent relief reform	2.57	1.140	Agree
	Composite Mean	2.49	0.501	Neutral

Source: Field Survey (2026)

The composite mean of 2.49 indicates that respondents held neutral views regarding rent relief reforms. The lowest mean (2.34) was recorded for the statement that the existing information system is sufficient to track the effects of rent relief reforms, indicating particular

concern about the adequacy of existing information systems.

4.3 Diagnostic Tests

Diagnostic tests were conducted to ensure that the data met the assumptions of ordinary least squares

regression. The Shapiro-Wilk normality test indicated non-normal distribution ($p < 0.05$), but with a sample size of 218, this was not considered a serious violation according to the Central Limit Theorem. The Variance Inflation Factor (VIF) values ranged from 1.002 to 1.004, indicating no multicollinearity (Hair et al.,

2010). The Breusch-Pagan test ($p = 0.207$) confirmed homoscedasticity, and the Durbin-Watson statistic of 1.852 indicated no autocorrelation (Field, 2013).

4.4 Regression Results and Hypothesis Testing

Table 4: Correlation Matrix

Variables	PITR	SBTE	RTRR	IGR
PITR	1.000			
SBTE	0.021	1.000		
RTRR	0.045	0.038	1.000	
IGR	0.469**	0.021	0.035	1.000

Source: SPSS Output (2026)

Note: Correlation is significant at the 0.01 level (2-tailed)

The correlation analysis reveals a moderate positive and statistically significant correlation between personal income tax reforms and IGR ($r = 0.469$, $p < 0.01$). However, small business tax exemption reforms ($r =$

0.021 , $p > 0.05$) and rent relief reforms ($r = 0.035$, $p > 0.05$) show weak and insignificant correlations with IGR.

Table 5: Regression Results

Variable	Unstandardized Coefficients (B)	Standardized Coefficients (Beta)	t	Sig.
(Constant)	1.784		11.737	0.000
PITR	0.297	0.469	8.220	0.000
SBTE	-0.016	-0.026	-0.476	0.635
RTRR	0.020	0.033	0.589	0.556

Source: SPSS Output (2026)

Dependent Variable: IGR

Table 6: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
0.472	0.223	0.213	0.438	22.817	0.000

Source: SPSS Output (2026)

The regression model explained 22.3% of the variation in internally generated revenue ($R^2 = 0.223$), and the F-statistic of 22.817 ($p = 0.000$) confirmed that the model was statistically significant.

Hypothesis One (H_{01}): Personal income tax reform has no significant impact on internally generated revenue in Adamawa State.

The p-value of 0.000 ($p < 0.05$) led to rejection of the null hypothesis. The coefficient ($\beta = 0.297$) indicates that personal income tax reform has a positive and significant impact on IGR. This finding is consistent with the a priori expectation and supports the expediency theory of taxation, which emphasizes that tax collection systems must pass the test of practicability. The PAYE system in Adamawa State passes this test by being administratively efficient and practically implementable. The finding also aligns with

Asaolu et al. (2015), Alabi (2022), Olaoye and Awe (2018), and Okeke (2023), all of whom found positive relationships between tax reforms and revenue generation.

Hypothesis Two (H₀₂): Small business tax exemption reform has no significant impact on internally generated revenue in Adamawa State.

The p-value of 0.635 ($p > 0.05$) led to failure to reject the null hypothesis. The coefficient ($\beta = -0.016$) indicates a negative but insignificant impact. This finding contradicts the a priori expectation and the findings of Ellawule et al. (2024), who found positive effects of tax exemptions on compliance. The negative and insignificant relationship can be attributed to several factors: most small businesses in Adamawa State were not paying taxes prior to the reforms; company income tax is not collected by state governments but by the federal government; and the high prevalence of informal economic activities means that many small businesses operate outside the formal tax system.

Hypothesis Three (H₀₃): Rent relief has no significant impact on internally generated revenue in Adamawa State.

The p-value of 0.556 ($p > 0.05$) led to failure to reject the null hypothesis. The coefficient ($\beta = 0.020$) indicates a positive but insignificant impact. This finding partially supports the a priori expectation, though the lack of statistical significance suggests the impact is not substantial. The positive but insignificant relationship can be explained by non-compliance by property owners, weak property registration systems, limited scope of implementation, and information system gaps.

5. Conclusion and Recommendations

Based on the analysis of the data collected from 218 respondents, the following key findings were established:

- i. **Personal Income Tax Reforms:** There is a positive and significant relationship between personal income tax reforms and internally generated revenue in Adamawa State ($\beta = 0.297$, $p = 0.000$). The standardized coefficient (Beta = 0.469) confirms that personal income tax reforms are the most influential predictor of IGR among the three variables examined.
- ii. **Small Business Tax Exemption Reforms:** There is a negative but insignificant relationship between small business tax exemption reforms and internally generated revenue in Adamawa State ($\beta = -0.016$, $p = 0.635$). This suggests that exempting small businesses from tax does not significantly enhance revenue generation.
- iii. **Rent Relief Reforms:** There is a positive but insignificant relationship between rent relief reforms and internally generated revenue in Adamawa State ($\beta = 0.020$, $p = 0.556$). This indicates that while rent relief may have some positive effect on revenue generation, the impact is not statistically significant.
- iv. **Personal Income Tax as Major Source:** Personal income tax is perceived as the major source of internally generated revenue in Adamawa State, with a mean score of 2.85 on a 4-point scale, and 59.6% of respondents agreeing with this statement.
- v. **Model Fit:** The regression model explained 22.3% of the variation in internally generated revenue, with personal income tax reforms being the most significant predictor among the three variables examined.

Based on the findings of this study, it is concluded that: Reforms in personal income tax have a positive and significant impact on internally generated revenue in Adamawa State, confirming that improvements in the administration of personal income tax through the Pay-As-You-Earn system and other reform measures have effectively contributed to revenue growth in the state.

Small business tax exemption reform has a negative and insignificant impact, suggesting that the current policy

of exempting small businesses from tax does not contribute to revenue generation, as most small businesses were already operating outside the formal tax system and the exemption merely formalized a pre-existing situation of non-compliance.

Reforms in rent relief have a positive but insignificant impact, indicating that while this reform holds theoretical potential, its practical effect on revenue generation is currently limited by the absence of a comprehensive property registration system, low compliance by property owners, and weak institutional capacity within the Adamawa State Internal Revenue Service.

Based on the conclusions of the study, the following recommendations are made:

- i. The government should strengthen personal income tax administration by enhancing enforcement mechanisms, expanding the tax base to capture more income earners, investing in modern technology to automate tax filing and collection processes, and improving the efficiency of the PAYE system.
- ii. The government should replace blanket small business tax exemptions with a simplified taxation regime that encourages formalization and gradually integrates small businesses into the tax net. This could include a presumptive tax system with low rates and simplified filing procedures to encourage voluntary compliance.
- iii. The government should establish a comprehensive property database and strengthen property tax compliance before implementing rent relief reforms to ensure their effectiveness. This includes registering all rental properties, assessing property values, and ensuring that property owners comply with tax obligations.
- iv. The government should invest in modern technology for revenue collection, including automated systems, digital tax filing platforms, and robust information management systems. Additionally, institutional capacity building at the Adamawa State Internal Revenue Service through staff training, improved enforcement mechanisms, and effective compliance strategies is essential.

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