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Environmental Tax as a Tool for Flood Reduction in Nigeria: A Study of Lagos State

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Abstract

Cities in Nigeria are generally characterized by poor drainage and are therefore subject to flooding. Particularly affected are cities like Lagos, Ibadan, Aba, Calabar, Yenagoa, etc. An estimated 25 million people or 28% of Nigeria's population live in the coastal area and are at risk from flooding. To this end, environmental taxes have been proposed to address a wide range of issues including waste disposal, water pollution and air emissions. This study looked at environmental tax, and how it can be used as a tool for flood reduction in Nigeria. The research covers the local governments which are majorly affected by flood in Lagos state and copies of questionnaire were administered to the selected samples who are residents. The Spearman Rank Order Correlation which is a non-parametric test was used to measure the degree of association between the dependent and the independent variables. The findings revealed that there is a moderate positive correlation ($R_s = .398$, $p < .005$) between imposition of environmental tax on nylon packages and reduction of flood and it is significant at 0.01. The study concludes that the implementation of environmental taxes on nylon packaging companies will lead to a reduction in the use of nylon as the major packaging system in Nigeria. The study therefore recommends that there should be a change in the packaging system in Nigeria as most of our products are made by nylon. The adoption of paper bags or cloth bag which has been adopted in developed countries especially in England should be emphasized.

Key words: Environmental tax, flood, global warming, Nigeria

Introduction

In recent years, tax payment has become a burden on the payers especially in developing economies. This is because people believe that there is no reward accruing from payment of tax. A policy issue that has been of particular interest in recent years is green tax reform, which involves increasing taxes on the use of the environment and reducing taxes on other tax bases, especially labour (Coxhead, & Chan, 2011).

With the increment in the taxes on the use of environment and reduction of taxes in other areas, there will be more urgency on the part of individuals to pay tax because they will believe that there are benefits accruing to them since the tax being paid has something to do with their environment (Fullerton, 1996).

When tax is imposed on a polluting or environmentally harmful substance or activity, it introduces an economic cost that the polluter will take into account when making the decision on whether or not to carry on the activity (Sollund, 2007).