



## MULTIPLE PERSONAL INCOME TAXES AND FINANCIAL WELL-BEING OF EMPLOYEES IN TERTIARY INSTITUTIONS

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**ABSTRACT:** *This study aimed to interrogate the relationship between multiple personal income taxes and public workers' financial wellbeing. The paper therefore examined the relationships between pay as you earn, Bayelsa Health Insurance Scheme, Education Trust Funds and worker's disposable income as proxies for objective financial wellbeing in (the public) tertiary institutions of Bayelsa State. The study adopted a quantitative design, and data were collected through the Salary Structure of teaching and non-teaching staff from Bayelsa State owned University of Africa and Niger Delta University in Nigeria. The data were analyzed by applying simple regression and correlation analysis. The findings revealed that there was a positive significant relationship between multiple personal income taxes and workers' financial wellbeing in Bayelsa State tertiary institutions. However, at the entity level, the Bayelsa Health Insurance Scheme (BHIS) variable had a positive substantial impact on workers' financial wellbeing; whilst, Pay as You Earn (PAYE) has a negative significant effect on workers' financial wellbeing. Whereas Education Trust Funds (EDTF) variable had an inverse non-significant association with workers' financial wellbeing in Bayelsa State. Therefore, we recommend a fair and equitable tax policy framework to sustain adequate pay for public servants and reduce employees' turnover in the state.*

**KEYWORDS:** Multiple income taxes, Education trust fund, Pay as you earn, Financial wellbeing, Civil servants.



## INTRODUCTION

The public workers have encountered several economic shocks since the Great Recession and COVID-19 pandemic, especially in Bayelsa State, which is a civil-service-based economy. The height of this circumstance has brought about scholarly thought on the view of the various factors that can impact on workers' financial wellbeing. The economic reality has raised several deliberations, owing to the fact that the financial well-being of workers is obviously constraints by multiple fiscal policy frameworks currently experienced in the state, such as pay as you earn taxes, education trust fund (EDTF) and Bayelsa State health Insurance (BHIS) levies which are deducted directly from employee's gross salary. This of course, reduces the disposable income available for personal sustenance and/or savings/investment. This scenario makes the employees vulnerable to severe financial crises with some aftermath's workplace opportunistic behaviors like corrupt practices, lateness to work, negligence of duty, absenteeism, and low performance (Court & Appiah, 2024; Adegbite, 2017; Braunstein & Welch, 2002; MaCurdy, 1992).

Generally, the tax regimes of governments are intended to generate revenues for social investments and the provision of socioeconomic infrastructure for the general good of the citizenry on one hand. And on the other hand, employees see such tax payments as a civil obligation imposed on them without options or optimal equity consideration (Tan & Chin-Fatt, 2000). Therefore, the introduction of such taxes directly or indirectly affects the workers' salary structure, and the propensity to save, invest or spend for their well-being (Adegbite, 2017; Ebifuro et al., 2016; MaCurdy, 1992; Flood & MaCurdy, 1992; North-Holland, 2020).

Therefore, the intrinsic and psychological effects of taxation on the remuneration of workers could be linked to several work related behaviors. The work of Court and Appiah (2024) stated that the tax burden on employees' wages and salaries has an important role to play in regard to job satisfaction, performance and wellbeing. The employee who renders services in any organizations is expecting to receive adequate remunerations that could improve her financial well-being and that of course serves as the primary motivation for the worker to put in her best (Patrick, 2023; Fountain, 2001). When such expectations are not met, due to excessive deductions or multiple tax systems in connection with paltry salary packages, the employees may become counter-productive as the result of the encumbered and struggling financial health status. Especially, when an employee is aware of the remuneration packages/benefits that his counterparts are receiving in similar sectors or in other parts of the world. The result of the pay dissatisfaction could lead to withdrawal behavior caused by the unfair and unjustifiable income tax deductions.

The effect of income on both objective and subjective well-being is currently one of the most important subjects in the emerging literature (Court & Appiah, 2024; Clark et al., 2008). Consequently, there is a lack of empirical evidence about the impact of taxes on financial well-being. Therefore, analyzing the relationship between multiple taxes and objective financial well-being proxied by disposable income will not only add to the body of knowledge on the role of income for financial well-being, but it will also provide a new perspective on a central issue in the public welfare literature by addressing the question of how multiple taxes affect individual financial well-being. This is essential for both the tax policy makers and the long-term viability/efficacy of public governance (Lubian & Zarri, 2011).



Existing research on financial well-being suggests that financial well-being is a subjective assessment of one's current and future financial life (Bruggen et al., 2017; Netemeyer et al., 2018) and can be associated with both objective financial status and subjective traits, such as perceived and objective financial knowledge, financial confidence, self-control and self-esteem, financial behavior, and financial stress (CFPB, 2017; Malone et al., 2010). However, much of the study on financial well-being has not addressed the interconnections among all key components, nor has it looked at the denominator, which is essentially the individual's discretionary income that is linked to his well-being or living standard.

In the light of this, the knowledge gaps identified in the existing scholarship indicates that multiple personal income tax systems and the manner in which such tax regimes affect employee financial well-being remain unexplored in the current annals of research. To fill this gap, this work examines the effect of multiple personal income taxes (deductions) on financial wellbeing of employees in tertiary institutions in Bayelsa State, Nigeria.

### **Concept of Tax and Taxation**

A tax is an obligatory charge made by human and legal entities to the government in line with predefined criteria, for which the taxpayer receives no direct or explicit benefit (Adegbite, 2023; 2021). Taxes are an essential source of revenue for the government, and they are levied on the income, wealth, and profits of corporations and persons. And that the days of individuals paying taxes willingly are past; instead, taxes have been imposed on them as a result of their failure to comply with government directions on tax payment. In light of numerous tax regimes, it is not out of place to interrogate about the people' well-being that the government swore to protect, or provide social welfare for.?

### **Pay As You Earn (PAYE)**

The PAYE tax system is thought to have begun in 1944 in the United Kingdom, with Sir Kingsley Wood serving as the country's Chancellor at the time. It is a tax system in which income tax is withheld from the tax payer's income, resulting in the net payment less income tax (Gauke, 2024). Nigeria, as a colony of the United Kingdom, followed the PAYE system in the UK. However, Personal Income Tax (PIT), also known as PAYE, was introduced in Northern Nigeria in 1904 through the Native Revenue Ordinance Act and later expanded to the western and eastern regions. These regulations were combined and merged into direct taxation ordinance 4 of 1940 (Onaiwu & Arekhandia, 2021). However, the Income Tax Management Act 1961, as modified, governs the payment of contemporary PAYE in Nigeria.

PAYE is a type of direct tax in which an employee pays tax on all employment-related income, including salary, bonuses, commissions, directors' fees, and other earnings. It is also defined as a tax deducted from employees' monthly wages, including any allowances or incentives; consequently, it is a progressive tax structure in which an employee pays income tax on current earnings as it becomes due, which is usually at the end of the month. PAYE is only applicable to Nigerian residents working in the public and private sectors, as well as Nigerian foreign workers. Employers deduct taxes from their employees' earnings and remit them to the relevant state tax authority or federal tax authority as is in the case of PAYE for members of the armed forces, police, FCT residents, Ministry of Foreign Affairs staff, and non-resident individuals (Onaiwu & Arekhandia, 2021; Taxes and Levies Act, 1998).



### **Bayelsa State Education Trust Fund/Tax**

Generally, the education tax is levied on all companies at the rate of 2% of their assessable profits so as to ensure the pool of funds for the enhancement and betterment of the Nigerian Educational system. However, the Bayelsa State through the enactment of laws adopted this policy for the state workers with intention to improve their social wellbeing since the state is predominantly dominated by civil servants. Hence, Isoun (2018) revealed that the essence of this tax in the State is to enable or enhance standard academic competitiveness. By providing efficient teaching/research materials, educational infrastructure, scholarship/bursary, funding model schools/research in state owned public schools and tertiary institutions (Etekpe & Woniowei, 2021; Ugwunwany, Ananaba & Ekene, 2016; Etekpe, 2009).

The generation of funds requires stakeholders' contribution and participation. Isoun (2018) stated that the primary sources of revenue for the ETF and which is not exclusive, are: state and local government (LGAs), 5% of state/LGAs "internally generated revenue (IGR)," 2% of political office holders salary, 0.5% of the state/LGAs civil/public servants' aggregated basic salaries, levies on corporate entities operating in the state and donations/other sources.

### **Bayelsa Health Insurance Scheme Deduction**

As stated in the NHIS Act 35 of 1999, Part 1(Section 1), the Health Insurance Scheme is a mandatory contribution, and/or pool system of taxes or deductions for all public employees with the goal of providing health insurance, so that the insured and their dependents can access safe, high-quality, and reasonably priced health services. In light of the aforementioned, the state government created the Bayelsa Health Insurance Scheme (BHIS), a social security program in which enrollees' medical expenses are covered by the common pool of funds contributed by scheme participants. The plan is to attain Universal Health Coverage (UHC) in order to guarantee the realization of an inclusive social (financial risk) protection system (NHIS, 2005).

The Bayelsa Health Insurance Scheme Law was created by the Bayelsa State Government in 2019 and mandates participation for all citizens, particularly state employees. The essence was to establish a fair and long-lasting domestic health finance system and policies that support healthcare service usage. So as to offer access across all socioeconomic classes, and demographically reduce the health-risk of the State to a large extent. The purpose of BHIS is to serve as the state's only publicly owned company that runs healthcare procurement services. The objective is to view health as a social investment to the benefit of the public that will raise labor force participation, productivity, and in turn enhance the state's health indicator indices. These deductions can be claimed on tax returns to reduce taxable income and, thus, their tax obligation. However, it's essential to keep accurate records and receipts to support these deductions, as tax authorities may request proof of expenses. For instance, In Nigeria, "the National Health Insurance Scheme (NHIS)" is a federal program that provides health insurance coverage to employees in the public and private sectors. Contributions to the NHIS are mandatory for employees and employers, and are tax-deductible. The Bayelsa State Health Insurance Scheme, on the other hand, is a state-specific program that provides health insurance coverage to residents of Bayelsa State.



## Financial Well-Being of Bayelsa State Civil Servants

The ministries, extra-ministerial departments, parastatals and agencies of government are basically managed by civil servants. Accordingly, the civil service is the group of public servants working in civil professions that are not related to politics or the judiciary (Bridges, Bridges, Edward & Chapman, 2024; Agwu, 2013; Patrick, 2023). The civil service is also perceived as an endeavor to carry out public policy, with the intention of accomplishing the state's aims and objectives through all accessible political channels in order to maintain social equilibrium (Baxitbaevich, 2022). In the Chinese empire, which began in 206 BC, individuals were chosen on the basis of merit to manage the empire's daily operations. This is when the history of civil service began (Garba & Jirgi, 2014).

Nonetheless, the United Kingdom is credited for creating the modern civil service after putting the Northcote-Trevelyan Report's recommendations into practice in the middle of the 19th century (United Kingdom Civil Service Commission, 2012). Integrity, honesty, objectivity and impartiality, permanency, political neutrality, anonymity, impartiality, and professionalism are characteristics of the civil service (Garba & Jirgi, 2014; Lowe, 1981). The civil service is viewed as either the constant force in government (Salisu, 2009) or as the "black box" through which policy choices are made, carried out, and documented (Lowe, 1981). The late General Sani Abacha, the military head of state at the time, founded the Bayelsa State Civil Service concurrently with the state's establishment in 1996 (Court & Appiah, 2024). The Bayelsa State Civil Service was established alongside the creation of the state in 1996 by the then Military Head of State, the late General Sani Abacha (Court & Appiah, 2024). Since then, several policies have been formulated and implemented that affect the psychological financial well-being of civil servants. The financial well-being of employees is crucial to job satisfaction, and performance (Patrick, 2023; Fogel & Lewin, 1974; Fountain, 2001). In the course of performing official responsibilities, employees manifest several work-related behaviors that have the propensity and capacity to diminish or enhance the inputs and outputs of the workforce depending on the prevailing circumstances (Adebayo, Adeyemi & Osunwole, 2022; Salisu et al., 2015).

As such, the primary function of the civil service is to actively assist the current administration in formulating and implementing policies. It is also burdened with giving such counsel about the advantages and disadvantages of policy alternatives, even when it clashes with the current administration. In a similar vein, it serves to put government-established policy directives into practice by converting policy decisions into actions. In a similar vein, the civil service preserves institutional memory via maintaining accurate and comprehensive records of governmental actions (James, Russell & Renwick, 2023). Depending on the jurisdiction, the civil service may get pay in the form of bonuses, salary, or other perks in exchange for their services (Organization for Economic Cooperation and Development, 2020).

Financial well-being is defined by the Consumer Financial Protection Bureau (CFPB) (2015) as having financial freedom, being able to track and meet financial goals, managing daily finances, and absorbing financial shocks. The primary determinants of financial well-being are one's financial behaviors, knowledge, and personal traits. Current stress levels related to money management and aspirations for future financial stability are also indicators of financial well-being and can have a big impact on overall life satisfaction (Fan & Henager, 2022; Netemeyer et al., 2018). Subjective assessments and objective measures of an individual's personal financial situation are referred to as financial well-being. Metrics like income, debt, and savings



as well as indications of financial aptitude like understanding financial goods and services, budgeting, and preparing ahead are examples of objective indicators of financial status. Subjective views encompass individual's contentment with their financial circumstances, both now and in the future (Cox, Hooker, Markwick & Reilly, 2009).

### **Multiple Personal Income Taxes and Financial Well-Being**

The financial well-being of civil servants is an ongoing concern due to the cumulative effects of multiple personal income taxes imposed at various levels of government. The federalism practice in Nigeria allows both federal and state governments to impose taxes on individuals, including civil servants, whose income is primarily derived from government employment. Over the years, this layered of taxation system has affected the disposable income of civil servants, ultimately impacting their financial well-being (Abiola & Asiwah, 2022; Ofoegbu et al., 2016)

Generically, multiple or heavy taxation has significant influence on the life of individuals, business firms and the economy (Ralph, 1998). The effect could be traced to the taxpayers behaviors, purchasing power, resources/income and financial wellbeing. Therefore, the absenteeism, lateness to work and retiring home before the official closing time behavior of employees in Bayelsa State may be juxtaposed. The Employee tax regime was an effort to augment the federal government's dwindling allocation (Court & Appiah, 2024; Kiabel & Oyadonghan, 2014). The 2013 bill of the State House of Assembly on personal income tax policy directly affects the salary and wage structure of civil servants as well as their financial wellbeing.

The fiscal policy thrust is composed of the PAYE with an increase in the tax rate, the EDTF and the BHIS levy. The deductions from the salary of civil servants through various personal income taxes serve as disincentives to the psychology of the average worker in the state civil service (Flood & MaCurdy, 1992). To broaden the revenue base, personal taxes were enforced without considering the knock-on effects on the workers financial wellbeing. Pay and pay satisfaction are important elements in the world of workers' financial wellbeing. Hence it is a contributing factor to individual employee work-related attitudes and organizational outcomes (Currall et al., 2005) and inappropriate pay for workers results in pay dissatisfaction. From the theoretical foundation of distributive justice and equity, a worker who is dissatisfied with pay in relation to inputs and output ratios, referents and similar workers in other state civil services would not give the best to service delivery (Court & Appiah, 2024). The reduction of disposal income and the diminution of real wages and salaries deny the workers the ability to meet their basic necessities and financial obligations. The aftermaths are discouragement to work, disincentive to save, diversion of economic resources and prevention of investment (Court & Appiah, 2024; Kiabel & Oyadonghan, 2014; Ralph, 1998).

### **Theory and Hypothesis Development**

The tax burden theory posits that the higher the taxes imposed on individuals, the greater the reduction in disposable income, which negatively affects their consumption capacity, savings, and overall financial well-being. In the context of Nigeria, civil servants are particularly vulnerable to the effects of multiple personal income taxes, as they face deductions not only from the federal government but also from state governments under the provisions of the Personal Income Tax Act (PITA) of 2011 (Ofoegbu et al., 2016). The tax burden is especially



heavy because state governments often levy additional taxes on earnings, which are sometimes duplicative of federal taxes. This leads to excessive taxation, diminishing the disposable income of civil servants and, in turn, reducing their ability to meet personal financial obligations (Adegoriola & Adegoke, 2018).

The interaction between the PAYE system and state-level taxation increases the complexity of taxation for civil servants, who may not be fully aware of the total tax obligations they are subjected to. This uncertainty creates financial strain, as individuals find it difficult to plan for their future when their earnings are eroded by overlapping tax structures. The tax burden on civil servants, especially those in lower-income categories, leads to significant financial stress, reducing their capacity for saving, investing, or improving their quality of life (Adejare, 2021; Owolabi & Okwu, 2017).

In light of this, the work of Court and Appiah (2024) investigated the connections between multiple personal income tax laws, employee dissatisfaction, and withdrawal behavior within the Bayelsa State public service. Utilizing a quantitative approach, the study's data were gathered via a structured questionnaire from a sample of 252 respondents from Bayelsa State Civil Service. Multivariate regression and structural equation modeling were performed using Stata software version 12 and SmartPLS version 4 for analysis. Results showed that pay discontentment and personal income tax regimes were positively correlated; pay dissatisfaction and employee tardiness and absenteeism were positively correlated; and pay dissatisfaction mediated the relationships between personal income tax regimes and public sector employees' work withdrawal behaviors.

According to Myles (2023), the emergence of endogenous growth theory has created a way to investigate how taxes affect workers' well-being in Nigeria. It is possible to analyze tax incidence and forecast growth consequences by explicitly modeling the human choices that lead to growth. The study examines the empirical and theoretical data to see whether there is agreement on how taxes influence the rate of employee well-being in Nigeria. It is demonstrated that theoretic models identify several avenues via which taxes might impact growth, and that these impacts could be quite significant. Despite unsolved issues with empirical testing of the growth effect, the empirical data overwhelmingly suggests that the tax effect is very weak.

Gale and Samwick (2023) investigated the impact of individual income tax modifications on the well-being of long-term Nigerian employees. Achieving socioeconomic well-being in the community depends on the design and funding of tax changes. Tax rate reductions may incentivize people to work, save, and invest, but they will probably also increase the government budget deficit if they are not accompanied by quick spending cutbacks. This will eventually lower national savings and drive up interest rates. The findings imply that different tax reforms will affect growth in different ways. Long-term consequences on the size of the economy will be more favorable for reforms that increase incentives, cut back on current subsidies, prevent windfall gains, and avoid deficit financing, but they may also result in trade-offs between efficiency and equity.

In order to combat COVID-19, Ma, Yang and Li (2022) looked into comparative research on the tax and fee reduction strategies for sustainable development. The paper examines how the world's three biggest economies—China, the US, and Japan—reacted to COVID-19 between 2020 and 2021 in terms of taxes, fees, and other measures. In reaction to COVID-19, the

research on China, the US, and Japan has different tax and charge policies. In order to lessen business taxes, boost business vitality, the government raises residents' disposable income, encouraging consumption, which ultimately fosters economic growth. The United States primarily offers corporate income tax relief, personal income tax relief, and increased social welfare and subsidies. In order to lower the cost of living for its citizens, boost corporate earnings/cash flow, and stabilize employment; Japan largely offers relief for income tax, consumption tax, and company tax. China, on the other hand, offers relief on VAT, corporate income tax, and social security levies. It is somewhat applicable to other nations based on the empirical study of how various tax and fee reduction policies affect the employment and economy of China, the US, and Japan. As such, each nation may design or tailor tax and fee reduction policies based on its unique national circumstances in order to promote steady employment and economic growth in the aftermath of COVID-19 or other future significant calamities.

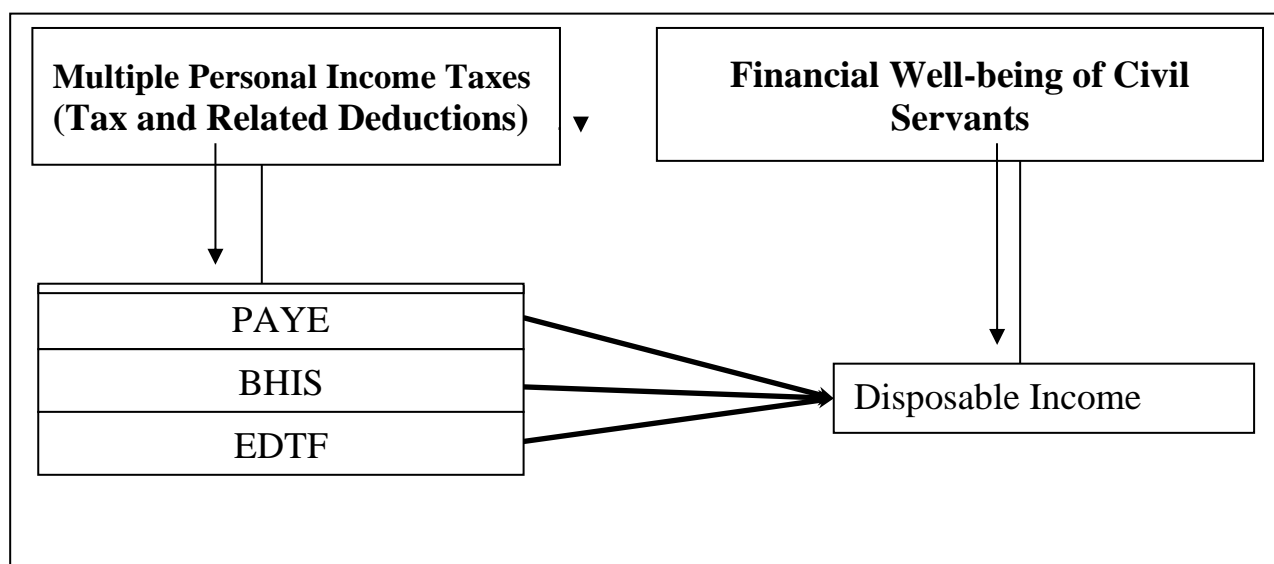
In the nutshell, the novelty of this work can be observed from the empirical literature, and filling this gap is what gives credence to the justification of this research. Hence, the hypotheses to be tested are stated in null forms so as to realize the objective of this study:

*H0<sub>1</sub>: There is no significant effect of pay as you earn (PAYE) tax on the financial well-being of employees in tertiary institutions of Bayelsa State in Nigeria.*

*H0<sub>2</sub>: There is no significant effect of education development trust fund tax on financial well-being of employees in tertiary institutions of Bayelsa State in Nigeria.*

*H0<sub>3</sub>: There is no significant effect of Bayelsa Health Insurance Scheme deductions on financial well-being of employees in tertiary institutions of Bayelsa State in Nigeria.*

Hence, the conceptual framework of the study is discussed thus:



**Source:** *Researcher's compilation (2024)*

**Figure 2.1:** Conceptual Framework of the Study





The figure 2.1 describes two major constructs which include the predictor factors, and the criterion factor. Hence, the primary predictor variables are: pay as you earn (PAYE), Bayelsa State Health Insurance Scheme (BHIS) and education trust funds (EDTF) as proxy for Multiple Personal Income Taxes and the criterion variable is disposable income as proxy for financial wellbeing of civil servants in Bayelsa State.

## DATA AND METHODOLOGY

The ex-post facto research approach was utilized in this study. The data were gathered from the consolidated salary structure of teaching and non-teaching staff of the state-funded University of Africa and Niger Delta University in the year 2024. The institutions were chosen using a survey sample approach based on the data available at the time of the study. The institutions were also picked based on how relevant the sector was to the administration of Bayelsa State and the Nigerian economy as a whole. Therefore, an unstructured data regression approach was adopted (Gujarati & Sangeetha, 2008) and descriptive and inferential statistics were used to examine the study hypotheses. The chosen variables are: Pay as you earn (PAYE), Bayelsa Health Insurance Scheme (BHIS), Education Trust Funds (EDTF) and Disposable Income (DI) as proxy for employee financial wellbeing.

### Specifications of the Econometric Model

This study adopts the functional model of Afande and Mbugua (2015; Jawad (2013)); as the model establishes the link between multiple personal taxes and financial wellbeing of Bayelsa State employees. The model is specified below:

$$FWB = F(\text{PAYE, ETF, BHIS}) \dots\dots\dots 3.1$$

The model expresses the relationship between the explained variable and the predicting variable. The above functional model is transformed into the following explicit econometric model as:

$$FWB = \beta_0 + \beta_1\text{PAYE} + \beta_2 \text{ETF} + \beta_3\text{BHIS} + \beta_3 + \mu \dots\dots\dots 3.2$$

#### Where:

FWB = Disposable Income (Dependent Variable)

PAYE = Pay As You Earn (Independent Variable)

ETF = Education Trust Fund Tax (Independent Variable)

BHIS = Bayelsa State Health Insurance Scheme (Independent Variable)

$\mu$  = Error Term

f - Functional notation

A priori expectation signs of parameters are that all the predicting variables (explanatory) have a negative association with financial well-being except BHIS deduction.



## PRESENTATION OF DATA AND ANALYSIS

The results obtained from the Jarque-Bera, descriptive statistics, included the mean, median, minimum, maximum, kurtosis standard deviation, and probability, of the data. Consequently, the following is how the result is displayed:

**Table 1: Summarized Descriptive Statistics**

	<b>DI</b>	<b>PAYE</b>	<b>BHIS</b>	<b>EDTF</b>
Mean	179455.4	33429.72	5232.654	2040.541
Median	143858.0	20310.73	3945.720	1000.000
Maximum	896962.2	181556.9	22183.16	10000.00
Minimum	30061.27	789.5700	698.6600	500.0000
Std. Dev.	157132.1	39426.63	4594.673	2536.890
Skewness	2.799924	2.183801	1.918092	2.545729
Kurtosis	13.07792	8.004036	7.168732	8.352976
Jarque-Bera	204.9225	68.01267	49.47922	84.13998
Probability	0.000000	0.000000	0.000000	0.000000
Sum	6639849.	1236900.	193608.2	75500.00
Sum Sq. Dev.	8.89E+11	5.60E+10	7.60E+08	2.32E+08
Observations	37	37	37	37

The summarized descriptive statistics in table 1 shows the behavior of the variables selected for the estimation. Hence, the chosen variables such as disposable income (DI), Pay as you earn (PAYE), Bayelsa State Health Insurance Scheme (BHIS), and education trust funds (EDTF) are analyzed. The PAYE has a mean value of ₦33,429.72 and has the maximum ₦896,962.20 while the least paid staff is ₦30061.27. This implies that the companies under review have moderate disposable income levels. The Jarque-Bera normality test reveals that the variables are evenly spread, since their probability values are less than 0.05 level of significance.

**Table 2: Correlation Test Result**

	<b>DI</b>	<b>PAYE</b>	<b>BHIS</b>	<b>EDTF</b>
<b>DI</b>	1	0.30223	0.97136	0.84300
<b>PAYE</b>	0.30223	1	0.41262	0.43610
<b>BHIS</b>	0.97136	0.41262	1	0.88240
<b>EDTF</b>	0.84300	0.43610	0.88240	1

The relationship test is a step before the application of the regression analysis. The essence is to bring out the relational significance of the variables that are to be introduced in the model. The test results on table 4.3 shows that the independent variables have a strong relationship with the dependent variable, except for PAYE that shows a slight weak relationship with disposable income at 30%; whereas, BHIS and EDTF have 97%, and 84%, respectively.

**Table 3: Regression Analysis result**

Dependent Variable: DI				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	11734.24	9482.665	1.237441	0.2247
PAYE	-0.464510	0.163148	-2.847168	0.0075
BHIS	35.64647	2.677623	13.31273	0.0000
EDTF	-1.605461	4.908872	-0.327053	0.7457
ECM(-1)	0.339444	0.170922	1.985963	0.0559
R-squared	0.955410	Mean dependent var	179455.4	
Adjusted R-squared	0.951357	S.D. dependent var	157132.1	
F-statistic	235.6942	Durbin-Watson stat	1.498276	
Prob(F-statistic)	0.000000			

**Source:** *Computed Result Using (EViews 10)*

Table 4 shows the impact of multiple personal income taxes and financial well-being of civil servants in tertiary institutions of Bayelsa State. The regression result revealed that the value of R-square was 0.9554 and adjusted R-square of 0.9514. This indicates that the selected variables in terms of disposable income (DI), Pay as you earn (PAYE), Bayelsa State Health Insurance Scheme (BHIS), and education trust funds (EDTF) can explain about 95 percent of the systematic change in Bayelsa State employees' disposable income. The F-statistic of 235.694 and the probability value of 0.0000; imply that our overall model is significant at 5% level. Hence, the null hypothesis is rejected. This means that the multiple personal income taxes in terms of Pay as you earn (PAYE), Bayelsa State Health Insurance Scheme (BHIS), and education trust funds (EDTF) are jointly significant in determining employees' objective financial wellbeing in Bayelsa State.

In terms of the individual variables, it is observed that all the variables were significant at 5 percent level, except the EDTF variable. The result further indicates that the coefficients of the multi-tax system in terms of Bayelsa State Health Insurance Scheme (BHIS), has a positive significant effect on civil servants' objective financial wellbeing, while Pay as you earn (PAYE) variable has a negative significant impact on employees' objective financial wellbeing at 5 percent level of significance using the t-statistics. Whereas, education trust funds (EDTF) variable has a negative non-significant effect on tertiary institutions workers financial wellbeing in Bayelsa State. The a-priori expectations about the signs of the parameters were met in all the variables except EDTF variables.



## Test of Hypotheses

H<sub>01</sub>: There is no significant effect of PAYE tax on financial well-being of employees in tertiary institutions of Bayelsa State in Nigeria.

The t-statistics has a negative value of (-2.847) with the probability value less than 0.05 level of significance, indicating that the null hypothesis should be rejected. We therefore, conclude that there is a negative significant relationship between PAYE and employees' financial wellbeing in tertiary institutions of Bayelsa State.

H<sub>02</sub>: There is no substantial effect of Bayelsa Health Insurance Scheme deductions on financial well-being of employees in tertiary institutions of Bayelsa State in Nigeria.

The t-statistics has a positive value of (13.313) with the probability value less than 0.05 level of significance, which implies that the null hypothesis should be rejected. We therefore conclude that there is a significant positive relationship between BHIS and employees' financial wellbeing in Bayelsa State.

H<sub>03</sub>: There is no significant effect of education development trust fund tax on financial well-being of employees in tertiary institutions of Bayelsa State.

The t-statistics has a negative value of (-0.327) with the probability value greater than 0.05 level of significance, indicating that the null hypothesis should be accepted. We therefore, conclude that there is a negative non-significant relationship between EDTF and employees' financial wellbeing in tertiary institutions of Bayelsa State.

## DISCUSSION OF FINDINGS

From the above outcome, it is obvious that the overall selected independent variables have significant effect on tertiary institutions workers' financial wellbeing in Bayelsa State. However, at the individual level, Bayelsa Health Insurance Scheme (BHIS) levy has a positive significant effect on the dependent variable at 5% level of significance. This means that an increase in BHIS will lead to a corresponding significant increase in workers' financial wellbeing in Bayelsa State.

Secondly, Pay As You Earn (PAYE) has a negative significant effect on the dependent variable at 5 percent level. This suggests that an increase PAYE will lead to a corresponding significant decrease in workers' financial wellbeing in Bayelsa State. Thirdly, Education Trust Funds (EDTF) has a negative non-significant effect on the criterion variable at 5 percent level. This suggests that an increase in EDTF will result in a negative non-significant decrease in workers' financial wellbeing in Bayelsa State. Therefore, looking at the regression result in table 4.5 holistically; we can conclude that there is an overall significant impact of multiple personal income taxes on the financial well-being of employees in tertiary institutions of Bayelsa State.



## CONCLUSION AND POLICY IMPLICATION

The need for tax authority to reflect and consider the incidental impact of taxes on employees in the structuring of personal income tax policy has become pertinent in modern time, more especially in this era of economic crunch. As it juxtaposes the perception that the architecture of multiple tax regimes on one hand is more of a design to muzzle employees than to provide social welfare or the good citizen obligation on the part of workers. In that the planned and unplanned consequences of the tax regime must be taken into cognizance. The study also underscores the relevance of competitive and equitable tax policy structure so as to sustain adequate pay for public servants.

Therefore, this work looked at the impact of multiple personal income taxes on tertiary institutions workers' financial wellbeing in Bayelsa State and concluded that there is a positive significant relationship between multiple personal income taxes and workers' financial wellbeing in Bayelsa State. However, at the entity level, Bayelsa Health Insurance Scheme (BHIS) deductions/levy has positive significant effect on workers' financial wellbeing; whilst, Pay as You Earn (PAYE) has negative significant impact on workers' financial wellbeing. Whereas Education Trust Funds (EDTF) has negative non-significant impact on employees' financial well being in Bayelsa State at 5 percent level of significance.

The tax policymakers and administrators should take account of the aftermath before designing and implementing tax policies so as to prevent unfair deductions from the take-home pay of public servants.

The public sector workers of the state should fully utilize the BHIS services as well as other tax exempted items since they are perquisites services that ameliorate the impact of tax deductions on employee salary.

The government, tax administrators and managers should encourage non-monetary rewards and address the problem of providing social goods especially as it concerns the improvement of the educational standard.

### Contributions to Knowledge

The study made the following contributions to knowledge:

1. The study employed current data to provide relevant evidence to support the impact of multiple personal income taxes on tertiary institutions workers' financial wellbeing in Bayelsa State.
2. The study established that BHIS has a positive significant effect on civil servants' financial wellbeing in Bayelsa State.
3. The study revealed that PAYE, BHIS and EDTF have significant effects on workers' financial wellbeing in Bayelsa State.



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