EFFECTS OF INFORMATION TECHNOLOGY ON THE EFFICIENCY OF TAX ADMINISTRATION IN NIGERIA
(A CASE STUDY OF ENUGU STATE BOARD OF INTERNAL REVENUE)

BY

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ACC/2009/532

DEPARTMENT OF ACCOUNTANCY
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ENUGU

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A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF ACCOUNTANCY FACULTY OF MANAGEMENT AND SOCIAL SCIENCE CARITAS UNIVERSITY AMORJI-NIKE ENUGU, ENUGU STATE

SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF BACHELOR OF SCIENCE (B.Sc) DEGREE IN ACCOUNTING

CERTIFICATION

This is to certify that the work titled the "The Effect of Information Technology on the Efficiency of Tax Administration in Nigeria" was carried out by Agusiy Brenda Ada with registration number, Acc/2009/532 under the supervision in the Department of Accountancy, Caritas University, Amorji-Nike, Enugu.

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APPROVAL PAGE

We have reviewed this work and are satisfied that it meets the partial fulfillment of the requirement for the award of Bachelor of award of Bachelor of Science (B.Sc) Degree in Accounting of Caritas University, Amorji-Nike, Enugu State.

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DEDICATION

I dedicate this work to God Almighty

ACKNOWLEDGEMENT

I wish to express my profound gratitude to God Almighty who has seen me through all these handles encountered in the course of writing this project.

I would also like to acknowledge the tireless efforts of my supervisor, Mr. Chinedu Enekwe, the guidance of my HOD, Dr. Frank Ovute, my lecturers, Mr. James Ugwu and Mr Desmond Ubani and Mr. Agu for their input.

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To my siblings, Chioma, Sandra and David, thanks for being there for me, my friends and roommates, Jennifer, Jennifer and Jennifer, Uche, Maryanne & others I cannot name, the memories will be kept alive in our hearts.

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ABSTRACT

This research study examines the Effect of Information Technology on the Efficiency of Tax Administration in Nigeria, a case Study of Enugu State Board of Internal Revenue. Its main objective is to find out whether the application of Information Technology increases efficiency on tax administration. For the purpose of this study, the researcher adopted the method of survey Research Design. Data used in this research were gotten from both primary and secondary sources including questionnaires and textbooks respectively. These data were analyzed and presented in tables. Three (3) hypotheses were formulated and tested using the Analysis of variance(ANOVA) method. The findings of this research tend to show that effective tax administration resulting from the application of Information Technology leads to an increase in tax base as more potential taxpayers are drawn into the tax net when there is a conducive environment. It is recommended in this work that enlightenment campaign be made available for the masses and also adequate training for the tax officials on the use of modern technology

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CHAPTER ONE

INTRODUCTION

1.1 Background Of The Study

Taxation is one of the oldest and major sources of government revenue. The history of taxation in Nigeria dates back to the pre-colonial era. During this period, there were different systems of taxation existing in the forms of compulsory services, contribution of goods, money, labour and the likes, among the various kingdoms and ethnic groups and tribes controlled by the Obas, Emirs etc., in order to sustain the Monarch and also for community development (ICAN,2010)

Taxation, as we know it today, was first introduced in Nigeria in 1904 by the late Lord Lugard, when community tax became operative in the Northern Nigeria. He later made changes which culminated in the Native Revenue Ordinance of 1917. An amending ordinance that extended the provisions of the 1917 ordinance to Southern Nigeria was passed in 1918. The first ordinance applied to Abeokuta in Western Nigeria and to Benin-city in Mid-Western and in 1928, it was extended to Eastern Nigeria.

Taxation in Nigeria, in a modern sense, however, only began in 1940. A more progressive income tax Ordinance No.29 of 1943 Cap92, under which Europeans all over the country and Africans resident in Lagos were assessed, came into operation on the 1st of April, 1943.

The Commissioner, appointed by the Governor-General by notice in the Gazette (now referred to as the Federal Republic of Nigeria Gazette), was responsible for the administration of the ordinance. By the 1st Schedule, Ordinance 39/58, it was the Federal Board of Inland Revenue that took the place of the Commissioner (Ola, 1974).

In recent times, tax administration in Nigeria is vested in various tax authorities depending on the type of tax under consideration. Broadly, there are three (3) tax authorities, namely;

i.   Federal Inland Revenue Service Board

ii.   State Internal Revenue Service Board

iii. The Local Government Authorities

However, the organs of the Nigerian Tax Administration are listed below;

i.   Federal Inland Revenue Service Board

ii.   State Internal Revenue Service Board

iii.   Joint Tax Board

iv   Local Government Revenue Committee

v.   Joint State Revenue Committee. (ICAN, 2010)

The enabling laws in respect of each type of tax will normally contain a provision as to the body charged with the administration of the tax. For this purpose, the various enabling tax laws are as follows;

i.   Company Income Tax Act, Cap C21, LFN 2004, as amended, which imposes tax on the incomes of companies other than corporation soles and companies engaged in petroleum operations Upstream operations)

ii.   Petroleum Profits Tax Act, Cap P13 LFN 2004, which imposes tax on the profits of companies, engaged in petroleum operations.

iii. Education Tax Act, Cap E4 LFN 2004, which imposes Education tax on the assessable profits of companies registered in Nigeria.

iv.   Personal Income Tax Act, Cap P8 LFN 2004, as amended, which imposes tax on incomes of individuals and corporation soles.

v. Value Added Tax Act, Cap V1 LFN 2004, as amended, which imposes tax on the supply of goods and services (except those specifically exempted or zero-rated), made by incorporated companies and other business organizations.

vi. Stamp Duties Act, Cap S8 LFN 2004, which charges duties on specified instruments listed in the Act.

vii. Capital Gains Tax Act, Cap C1 LFN 2004, which imposes tax on capital gains arising from the disposal of chargeable assets (ICAN, 2006)

According to Alhaji Kabir M. Mashi, a core success factor for any system is its position on administrative issues. Presently, the tax administration in Nigeria, Enugu state to be precise, has been riddled with various limiting factors such as;

I. Weak administrative facilities/ administrative lapses which could result in situations such as tax evasion and tax avoidance.

II. Corruption and mismanagement on the part of the tax officials.

III. The problem of funding the revenue collecting agencies which negatively impacts on efficiency and performance.

IV. Lack of adequate records from the informal sector of the economy.

V. Inability to identify all taxable persons. (Bird, 1988).

VI. Lack of effective mechanism in place to prosecute cases of tax evasion.

The rapid growth and development of Enugu State led to an enhanced increase in population as well as an increasing number of companies. Tax planning and tax management have increasingly become complex activities due to growth in business and the subsequent expansion in scope of operations and fiscal size. Given the amount of data that needs to be analyzed in order to assess and compute tax liabilities, it has become imperative that both tax institutions and companies deploy appropriate computer programmes in order to enhance tax planning and administration.

The advent of Information Technology in this era has played a major role in enhancing economic and business activities of both the private and public institutions. While it has opened up opportunities that have gone undiscovered or neglected, it has saved many organizations millions of perpetual fraud through its applications. The application of Information Technology has

become increasingly necessary in Nigeria's tax administration as the use of Information Technology makes for fast, easy and accurate computation, storage and presentation/ retrieval of data/ records.

Certain computer programmes have been created to facilitate the computation of cumbersome data. Programmes such as Microsoft Excel (Electronic Spread Sheet), Microsoft Access (Database) are one of the most common examples. Other database programmes and accounting packages which allow for easy calculation and computation of an individual or a company's tax liabilities include Peachtree Accounting, PeopleSoft System, SQL Database, QuickBooks, Management Information Processing System, Quikens etc.

Presently, the world has gradually become a global village and the nexus between Nigeria and the rest of the world is the use of Information Technology in, practically, every sector of the economy. Therefore, in order to improve on the efficiency of tax administration in Nigeria, it will be advisable to apply the use of Information Technology from the basics of tax collection to the final stage in Tax Administration.

1.2   Statement Of The Problem

For many years, tax administration in Nigeria has been plagued with problems, most of which can be attributed to the lack of or inadequate application of Information Technology in tax administration.

In Enugu State, the tax institutions have not fully embraced the use of Information Technology for record keeping. According to BECANS Business Environment Report 1(15) (2007), there is evidence of a manually compiled database of tax payers. Manual Compilation involves the use of files/ folders for data storage. When records are stored in this manner over a long period of time, retrieval of such records can prove to be very difficult. Records stored in this manner can be very unreliable as these records are easily prone to manipulations.

Another major problem can be found in the method of tax collection. The tax officials are often aggressive as they use unorthodox methods in tax collection especially at the local government level.

Furthermore, the identification of taxable persons has proven to be a herculean task using the manual systems.

The thorough application of Information Technology in tax administration in Nigeria would be a welcome change in the system as this will greatly enhance the efficiency in tax administration in Enugu state in particular and Nigeria in general.

1.3 Objective Of The Study

This research work is aimed at achieving certain objectives which are stated below:

i.   To determine if effective tax administration leads to an increase in tax base;

ii.   To ascertain whether inefficiency in tax administration creates room for tax evasion;

iii. To find out whether the application of information technology increases efficiency in tax administration;

iv.   To know whether poor remuneration of tax personnel affects the dispensation of taxation.

1.4 Research Questions

I.   Does effective tax administration lead to an increase in tax base?

II.   Does inefficiency in tax administration create an avenue for tax evasion?

III. Does the application of Information technology increase efficiency in tax administration?

IV. Does poor remuneration of tax personnel affect the effective tax administration?

1.5 Research Hypotheses

Based on the objectives, the following researches were formulated:

Hypothesis One

H_0- Effective tax administration does not lead to an increase in tax base.

H_1- Effective tax administration lead to an increase in tax base.

Hypothesis Two

H_0- Inefficiency in tax administration does not create and avenue for tax evasion.

H_1- Inefficiency in tax administration create and avenue for tax evasion.

Hypothesis Three

H_0- The application of information technology does not increase efficiency in tax administration.

H_1- The application of information technology increase efficiency in tax administration.

1.6 Significance Of The Study

it is hoped that this work will form a major catalyst to stimulate the initiation of a proper legislative process that will regulate tax administration in Nigeria, particularly in Enugu State.

Furthermore, effective implementation of information technology in tax administration will be of immense benefit to tax authorities. The use of information technology will invariably reduce work hours, enhance efficiency and reduce opportunities for corrupt practices in the system.

Finally, it is believed that the information generated from this research will enhance the tax payers awareness on tax issues like tax incentives and penalties for tax related offences such as tax evasion.

1.7 Scope And Limitation Of The Study

As this research work is focused on the effect of information technology on the efficiency of tax administration in Nigeria, with particular reference to Enugu State, the scope of the study will be limited to the activities of Enugu State Board of Internal Revenue

In the course of carrying out this research work, certain limitations were encountered, they include the following:

I. Lack of access to certain materials needed for the research.

II. Lacks of co-operation from institutions as certain tax institutions were not forthcoming with their record

III. Certain libraries did not have contemporary materials for the researcher to work with.

1.8 Operational Definition of Terms

In order to avoid confusion surrounding the words, the following technical terms have precisely been defined, as they relate to the context of the research work.

Tax- An amount of money levied by a government on its citizens and used to run the government, country, a state, a county or a municipality/ local government.

Tax Evasion- This is an act whereby the taxpayer can achieve the minimization of tax through illegal means. It involves outright fraud and deceit.

Tax Avoidance- This arises in a situation where a taxpayer arranges his financial affairs in a form that will make him pay the least possible amount of tax without breaking the law.

Ordinance- A law or rule made by an authority such as a city government.

Stakeholders- Those persons/ entities that contribute to, and derive benefits from, the country's tax system. This includes every Nigerian citizen and resident, corporate entities, government at all levels and government agencies.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Concept Of Taxation

The government of Nigeria, like others in different parts of the world, has legislative powers to impose on its citizens any form of tax and at whatever rate it deems appropriate.

A perusal of the Nigerian Tax Laws shows that no attempt has been made to define the term "tax". However, the Oxford Advanced Learner's Dictionary defines tax as, "money that has to be paid to the government so that it can pay for public services."

Also Black Law Dictionary defines tax as; "monetary charged imposed by the government on persons, entities or property levied to yield public revenue."

Thomas Cooley in "*The Law of Taxation*" defines tax as; "enforced proportional contributions from persons and property, levied by the state, by the virtue of its sovereignty, for the support of government and for all public needs."

According to Winfry (1964), tax is regarded as a compulsory payment imposed on the public by an authority (federal, state or local government).

Nworji (2000) also defines tax as a compulsory levy by government (federal, state or local) on the profit, income, wealth or consumption (e.g. sales or VAT) of an individual or estate through trustee or executor and corporate organization (registered under the Companies Allied Matters Act of 1990).

Another author defines tax as; a compulsory levy imposed by the government through its agents on its subjects or his property to achieve some goals. It is paid "quid pro qui" i.e. without expecting something specific in return (Agbetunde, 2004).

Taxation is also a compulsory imposition of levy within a society on individuals, organizations, companies, goods and services (Igwe-Kalu, 1998).

In simple terms, taxation is a compulsory contribution levied by a sovereign power on the incomes, profits, goods, services or properties of individuals or corporate persons, trusts and settlements, which when collected, are used for carrying out government functions.

Tax has three basic features, namely;

a.   A compulsory levy,

b.   Imposed by government or local authority; Tax must be a payment to a public authority or a government. Where payment is made to an individual it becomes extortion.

c.   For public purpose; A tax must be for public purpose. This has to do with the intended purpose of the tax. If a contribution is made for the use of an individual, it is not a tax.

2.1.1 Elements Of A Tax

For effective and efficient imposition of tax, there are some unique elements in a tax that must be appreciated; these are tax base, tax rate and tax yield/ revenue.

Tax Base: This is the legal description of an object on which tax is imposed or charged. It can be the income of the taxpayer, gain from certain activities he engaged in, property or asset owned or some services received. The base of Income Tax is the income received by the taxpayer, while the base of Petroleum Profit Tax is the profit from petroleum operations.

Tax Rate: This is the proportion of the tax base that is payable as tax. It is usually fixed by the law imposing such tax but is sometimes reviewed. Presently, the rate of Company Income Tax is 30% of the profit, while the rate of Petroleum Profit Tax is 85% of the profits.

Tax Revenue/ Yield: This is the total amount of revenue generated from tax imposed. It is the product of the tax rate and the tax base. {TY= TB X TR} (Agbetunde, 2004)

2.2 Nigerian Tax System

The tax system is the process of taxation involving sets of rules, regulations and procedures with the organs of administration interacting with one another to generate fund for government (Agbetunde, 2004). Economists often argue that the tax system should be designed to avoid the taxation of intermediate goods (Ogbuefi, 2004). The reason is that it may lead to inefficiencies, in that different industries will face different relative prices, so that the marginal rate of transformation between inputs, or between an input and an output would be unequal across industries. Therefore, each tax system must be defined to fit into the particular circumstances peculiar to a country (Tomori, 2003).

The Nigerian Tax System involves the following tripartite activities;

a. Formulation of tax policy

b. Translating the tax policies into tax laws and

c. Tax administration. (Agbetunde, 2004).

2.2.1 Structure Of The Nigerian Tax System

The structure of the Nigerian Tax System, basically, deals with classification and types of taxes. Nigerian taxes can be classified in any of the following ways;

a. **Rates**

i.   Proportional Tax

ii. Progressive Tax

iii. Regressive Tax

b. **Incidence**

i.   Direct Tax

ii. Indirect Tax

Under (a) above, Nigerian taxes are classified into;

i.   Proportional Tax

This form of tax assesses a taxpayer to tax at a flat rate on his total assessable income. Therefore, the tax payable is proportional to the taxpayer's income.

For instance, at a flat rate of 20%, a taxpayer with total assessable income of N100,000 will pay tax of N20,000, while a taxpayer with income of N1,000,000 pays tax of N200,000 and so on.

ii. Progressive Tax

This form of tax is graduated as it applies higher rates of tax as income increases. For instance, the progressive tax concept can be explained using the current Personal Income Tax table as follows;

TAXABLE INCOME (N)	TAX RATE (%)
First 30,000	5
Next 30,000	10
Next 50,000	15
Next 50,000	20
Over 160,000	25

(Source: ICAN, 2009)

It is a tax whose objective is the redistribution of income from the well-to-do to the less privileged.

iii.   Regressive Tax

Under this type of tax, the tax payable decreases as the taxpayer's income increases. This type of tax is not commonly applied (ICAN, 2010).

The second form of classification is by incidence as follows;

i. Direct Tax

This form of tax is assessable directly on the taxpayer who is required to pay tax on his property, profit or income. The type of taxes that fall under this heading are;

a) Personal Income Tax; imposed on the income of all Nigerian citizens or residents who derive income in Nigeria or outside Nigeria.

b) Companies' income Tax; imposed on the profits of all corporate entities who are registered in Nigeria other than those engaged in petroleum operations.

c) Capital Gains Tax; imposed on capital gains derived from sale or disposal of chargeable assets.

d) Education tax; imposed on all corporate entities registered in Nigeria.

e) Petroleum Profit Tax; imposed on the profit of companies engaged in petroleum operations.

ii. Indirect Taxes

Indirect taxes are those taxes which are imposed on commodities before they reach the final consumer and are paid by those upon whom they ultimately fall, not as taxes but as part of the selling price of the commodity. Indirect taxes may affect the

cost of living as they constitute taxation on expenditure. The types of taxes that fall under this heading are;

a. Value Added Tax; imposed on the supply of goods and services (except those specifically exempted or zero-rated) made by incorporated companies and other business organizations.

b. Stamp Duties; imposed on instruments otherwise called WRITTEN DOCUMENTS.

c. Excise Duties; is levied on locally produced goods. It was established in 1998 but was partially re-introduced from 1st January, 1999. (ICAN, 2006)

d. Custom Duties; is payable by importers of specified goods.

2.2.2 Features of The Nigerian Tax System

There are fundamental features that taxes in the Nigerian Tax System must exhibit. Accordingly, any tax that substantially violates these fundamental features should not be part of the tax system of Nigeria (Mashi, 2012).

a) Simplicity, Certainty and Clarity

Taxpayers should understand and trust the tax system, and this can only be achieved if the Nigerian Tax Policy keeps all

taxes simple, creates certainty through considerable restrictions on the need for discretionary judgments' and produces clarity by educating the public on the application of relevant tax laws. It is, therefore, imperative that the Nigerian Tax System should be simple (easy to understand by all), certain (its laws and administration must be consistent) and clear (stakeholders must understand the basis of its imposition).

b) Low Compliance Cost;

To enable a high level of compliance, the economic costs of time required and the expense which a taxpayer may incur during the procedures for compliance shall be kept to the absolute minimum at all times. Furthermore, taxpayers should be regarded as clients with the right to be treated respectfully.

c) Low cost of Administration

A key feature of a good tax system is that the cost of administration must be relatively low when compared to the benefits derived from its imposition. There must, therefore, be a proper cost-benefit analysis before the imposition of any taxes and the entire machinery of Tax Administration in Nigeria should be efficient and cost effective.

d) Fairness

Nigeria's tax system should be fair and as such observe the objective of horizontal and vertical equity. Based on the foregoing, there must be overwhelming reasons for granting tax incentives, and concessions shall be, as much as possible, be general and apply to all taxpayers.

e) Flexibility

Taxes in Nigeria should be flexible enough to respond to changing circumstances. Prevailing circumstances should also be considered before the introduction of new taxes or the review of existing ones.

f) Economic Efficiency

The Nigerian Tax System shall, at all times, strive to minimize the negative impacts of taxes on economic efficiency by ensuring that the marginal tax rates do not distort marginal propensity to save and invest (Mashi, 2012).

2.2.3 Objectives of The Nigerian Tax System

The Nigerian Tax System is expected to contribute to the wellbeing of all Nigerians and taxes which are collected by the government should directly impact on the lives of the citizens. They can be accomplished through proper and judicious

utilization of the revenues collected by Government (Mashi, 2012). In line with the above, there are certain objectives which the tax system is expected to achieve. These objectives include;

I.   To facilitate Economic Growth and Development

The overriding objective of the Nigerian Tax System should be to achieve economic growth and development. As such, the system should allow for stimulation of the economy and not stifle growth, as it is only through sustained economic growth that the potential ability to offer improvements in the wellbeing of Nigerians will arise. The tax system should, therefore, not discourage investment and the propensity to save. Taxes should not be a burden, but should be applied proactively with other policy measures to stimulate economic growth and development.

II.   To provide the Government with stable resources for the provision of public goods and services.

For Nigeria to pursue an active development agenda and carry out the basic functions of government, its tax system should generate sufficient resources for government to provide basic public goods and services (e.g. education, healthcare, security, infrastructure etc.). It is, therefore, a primary objective of taxation to provide the government with resources that it shall invest in

judicious expenditure that will ultimately improve the wellbeing of all Nigerians.

III.   To address Inequalities in Income Distribution

Nigeria's tax system should take cognizance of our peculiar economic circumstances and seek to narrow the gap between highest and lowest income groups. Those with the highest income should pay the highest percentage of tax and tax revenue should be utilized to provide Nigerians with affordable social amenities, basic infrastructure and other utilities.

IV.   To provide Economic Stabilization

Nigeria should use its tax system to minimize the negative impacts of volatile booms and recessions in the economy and also to help complete the efforts of the monetary policy in order to achieve economic stability.

To Pursue Fairness and Equity

Nigeria's tax system must be fair and shall institutionalize horizontal and vertical equity. HORIZONTAL EQUITY ensures equal treatment of equal individuals. The Nigerian tax system should, therefore, seek to avoid discrimination against economically similar entities VERTICAL EQUITY, on the other hand, addresses the issue of fairness among different income

categories. In this regard, the Nigeria tax system shall recognize the ability-to-to pay principle, in that individuals should be taxed according to their ability to bear the tax burden. Individuals and entities that earn high incomes should pay a corresponding high percentage of tax. The overall tax system shall therefore be fair, so that simile cases are treated similarly.

- To correct market failures or imperfections

One of the objectives of the Nigerian tax system is the ability to correct market failures in cases where it is the most efficient device to employ. In this regard, taxes may be reviewed upwards or downwards, as may be necessary, to achieve government intentions. Market failures which the Nigerian tax system may address are those that are as a result of externalities and those arising from natural monopolies (Mashi, 2012).

2.3 National Tax Policy

Policy is a statement of ideas and intentions of government guiding her thinking and actions towards the realization of goals set. Tax policy is the line of action adopted with fiscal objectives intended by government in respect of taxation. Whatever government intends, as a fiscal objective, to interfere and correct any inefficiency noted in the market, or encourage certain areas

in the society. Government will get this down formally as a tax policy (Agbetunde, 2004).

The National Tax Policy is a document which is essentially about taxation and other ancillary matters connected with taxation. The National Tax Policy seeks to provide a set of guidelines, and modus operandi that would regulate Nigerian's Tax system and provide a basis for tax legislations and tax administration in Nigeria. (Mashi, 2012).

The National Tax Policy is an initiative of the Federal Government of Nigeria which is being driven by the Federal ministry of finance on the basis of the report from a STUDY GROUP in July 2003. The STUDY GROUP was inaugurated on 6th August, 2002 to examine the tax system and make appropriate recommendations towards entrenching a better tax policy and an improved tax administration in the country.

Tax policy formulation is done by the macro-economist. They are usually spelt out in government annual budgets, development plans and other records of government plans. (Agbetunde, 2004).

In January, 2004, a private-sector-driven WORKING GROUP was constituted to review the recommendation of the STUDY

GROUP. Both Groups (the study and working) addressed macro and micro issues such as tax policy, taxation and federalism, tax incentives and tax administration generally their recommendations were further reviewed and commuted upon by various stakeholders.

The reasons for reforms and the decision to develop a national tax could, therefore, be tread back to the structure of the existing tax system and some of its inherent problems.

Some of the tax policies adopted by Nigerian Government since early 1990s are;

- encouraging tax payers' participation in tax assessment process via introduction of self- assessment scheme

- Reduction of individual tax burden via pursuance of low tax regime so as to encourage savings and investments.

- Movement of attention from income tax to consumption tax so as to reduce tax evasion.

- movement from traditional coercive method to voluntary compliance method of tax collection.

- using legal process and efficient tax administration to curb tax evasion and tax avoidance (Agbetunde, 2004).

2.4 Tax Laws

This is the legal instrument of fiscal policy derived from adopted tax policy. Once a tax policy is adopted by the government and expressed formally on paper, it will be translated into law to make it effective. This tax law is crafted by the lawyers reflecting the tax policy. After the drafting, it will be enacted or decreed case the case may be). This enactment will legalize government action in implementing her objective. Tax laws are interpreted and clarified in the court by lawyers and judges.

Tax law is a very complex issues because the terms used may have different meanings and interpretations, more so, tax, itself, is dynamic. Based on this, extra caution is required in drafting tax to avoid confusion, inconsistency and contraction.

It should be noted that those laws made under democratic settings are called Acts while those made under military areas are called DECREE (OR EDICTS of state level)

Basically, the tax laws backing the tax system in Nigeria today are;

Personal Income Tax Act of 2004: This act is a redraft of the income Tax management Act (IIMA) Cap 173 LFN 1990 and Income Tax (Armed forces and other persons) special Provisions) Act, 1961. This Act identifies taxable persons, establishes their assessable income and proceeds to tax such income. The Act also establishes the residence of the taxpayer and the source or origin of his/her income Two forms of taxes fall under this Act; Pay-As-You-Earn (PAYE) from employment and taxes from trade or business.

- Companies Income Tax Act Cap (21 LFN 2004: This is a federal law operated by the federal Inland Revenue Services. It deals with the taxation of all limited liability Companies in Nigeria, with the exception of those engaged in petroleum operation which are assessed under the petroleum profit Tax Act P13 LFN 2004. The Act imposes a tax at a particular rate (currently 30%) upon the profit of any company accruing in, derived from, brought into or received in Nigeria in respect of trade or business etc.

Industrial Development (Income Tax Relief) Act Cap P17 LFN 2004: This Act which is otherwise known as the pioneer

legislation provides incentives for investment in certain types of industries. These industries include those, that are

i)   Not being presently operated in Nigeria,

ii)   That though in existence, have prospects for further development in Nigeria and

iii)   Considered as expedient in the public interest, to encourage their establishment and development.

The industries are classified as pioneer Industries by the ministry of Industries, and their products as pioneer products.

- Petroleum Profits Tax Act CAP P13 LFN 2004) PPT); The taxation of Petroleum Operations started in Nigeria in 1959, with the enactment of the Petroleum profits Tax Act. In view of the importance of Petroleum operations as a major source of revenue for the government (over 80% of the nations annual foreign exchange earnings), the ownership and the control of all natural petroleum products (crude oil & gas) wherever student in Nigeria, is vested in the federal Government.

Petroleum operations under this Act, involves Petroleum Exploration, Development, Production and the sale of Crude Oil and Gas. Activities of Petroleum Companies taxed under their Act, are regarded as being engaged in the Upsteam operation

sector of the oil and gas Industry. Conversely, companies engaged in petroleum refining, petroleum marketing and Gas utilization project, are classified as being engaged in the Down stream operation sector of the oil and gas industry. This letter class is taxed under the companies income Tax Act cap C21 LFN 2004).

- **Valued Added Tax Act Cap V1 LFN 2004:** This tax was first introduced as value Added Tax Decree 102 of 1993. It is a consumption tax which impacts on the final consumer a taxpayer only suffers this tax, if certain classes of good or services are paid for VAT is collected by the Federal Inland Revenue Services, and the current rate is 5% of the value of taxable goods and services.

- Capital Gains Tax Act CAP C1 LFN 2004: The management of the capital Gains Tax Act with respect to corporate bodies, individual resident in the federal capital territory and non-resident individuals (individuals outside Nigeria), has been placed under the administration of the federal Inland Revenue services. This is with regards to returns, assessment, appeals, collection, recovery and repayments, offences and penalties as well as legislation.

The management of the Act will respect to individual (except Non-Residents) is placed under the administration of the State Internal Revenue Services.

- **Education Tax Act CAP E4 LFN 2004**: This tax applies to all companies registered in Nigeria, it impose a tax at the rate of 2% on the assessable profits of all incorporated bodies. The objective is to generate separate funds for the sustenance of the country's tertiary institutions. The tax is administered by the FIRS, which transfers all the collections to the Education Tax Fund Revenue services of Trustees, who in turn manage the fund,

Note: Under the Petroleum profits Tax Act CAP P13 LFN 2004, Education Tax is charged before arriving at the Assessable profit, thus: 2/102 x Profits before the Education Tax Charge.

- **Stamp Duties Act CAP S8 LFN 2004:** Stamp Duties are duties based on Instruments otherwise called WRITTEN DOCUMENTS. It is important to stamp instruments otherwise, such instrument will not, except in criminal proceedings, be admitted in evidence, or be available for any purpose whatsoever in a chain for title or right.

The stamping rates vary from instrument to instrument and the duties are collectable by both Federal Inland Revenue

Services and states Internal Revenue service. Where one of the parties is a corporate body, the tax is payable to the Federal Inland Revenue Services while others pay to state Internal Revenue Services.

- Custom and Excise Duties Management Act CAP C45 LFN 2004: A major source of revenue for the Federal Government is custom Duty, which is payable, by importers of specified goods. The tax is charged solely by the federal government and collected through the Nigerian customs services. Excise duty is levied on a variety of locally produced goods. It was abolished in 1998 but was partially re-introduced from 1st January, 1999. It is also collected through the Nigerian customs service. The rates vary depending on the nature/classification of the goods or products. (ICAN, 2009).

2.5 Tax Administration

Tax Administration is the third and most important activity of taxation process. It is the actual or real practice of taxation. In as much as tax is a compulsory levy, it has to be enforced by a legal statue. In fact, not tax in imposed without any enforcing law. It is the implementation of what these laws demand that results in tax administration (Agbetune, 2004).

Tax administration involves interpretation and application of tax laws into practice. This is the function of tax officials and tax consultants who assist taxpayers in computing their taxes. The agents of government responsible for tax administration are called Tax Authorities. These tax authorities all have operational arms saddled with the day to-day operation of tax administration.

Tax administration basically involves the following activities:

i.   making of returns or information gathering

ii.   Assessment

iii.   Objection and Appeals

iv.   Collection and Recovery of taxes

2.5.1   Objectives of Tax Administration

There   are certain objectives that tax administration in Nigeria ought to achieve and this objectives include;

- Establishment of fiscal objectives to pursue

- Designing most appropriate tax policy to achieve established objective

- Implementation of established policy, efficiently, economically and effectively,

- Monitoring and evaluation of implemented policy

- Ensure efficiency in actual administration

- Collection and accounting for tax revenue

- production of tax reports from time to time.

2.5.2   Models of Tax Administration

The standard model developed for modern tax analysis is perfectly competitive and, in the absence of distortionary tax structures would yield and efficient equilibrium (Newbery, 1987). These distortionary tax structures are prevalent in Nigera (Ogbuefi, 1983).

British Model

This model assumes tax payers are incompetent as to tax process, hence, tax authorities do not rely on the information supplied by the taxpayers. Each returns supplied by the taxpayer is audited and independent verification is done in the data supplied. Thus, it is very expensive to run as collection cost is usually high.

American Model

This models is referred to as "voluntary compliance system" is assumes competence of taxpayer. It believes what the taxpayer supplied but penalizes them heavily for any wrong or false declaration. It rarely investigates returns (only 5% is audited) this

model is considered by many writers to be more efficient as practiced in United States of America (USA).

Reasons adduced are:

- Efficient date processing system thus aiding detection of tax fraud

- Tax offence are heavily penalized

- Efficient organization for tax collection (Into division with assigned schedule).

It is worth noting that Nigeria inherited the British models since 1960 and has since then been consistently operating this up to 1990 when self-Assessment scheme similar to the one operated in USA was introduced (Agbetunde, 2004).

Unfortunately, all the points mentioned above that aided efficiency of the system in USA are either lacking or not adequately employed in Enugu, Nigeria (BECANS 2007). As such, 100% of the returns supplied by taxpayers shall continue to be audited until the conditions are presented.

Moreso, there is lack of confidence on the past of taxpayer in Nigeria as to the utilization of tax proceeds. So voluntary compliance is difficult. (Agbetunde, 2004).

2.5.3 Tax Administration in Nigeria

Nigeria tax administration has been following the pattern and form of the British Tax Administration. Nigeria is divided into three distinct but interacting tiers, viz: Federal, state and Local levels. The federal level performs a sort of co-ordination and supervisory roles.

At each of these tiers are specific tax authorities charged with the responsibility of tax administration. These tax authorities are organs of tax administration established by federal law of the land to administer tax on behalf of government.

Under Nigeria Constitution (1979), the power to legislate and impose taxes on incomes, profits capital gains and stamp duties (for individuals and companies) is vested in the Federal Government. Hence, Federal Government is given the exclusive power to enact law imposing tax on individuals and companies in Nigeria.

However the collection of the tax imposed is in the concurrent list as the three (3) tiers of government share the power to collect the various taxes (Agbetunde, 2004).

2.5.4   Organs of Tax Administration in Nigeria

Federal Inland Revenue Service Board

The administration of taxation on the profit of incorporated companies is vested in the Federal Inland Revenue Service (FIRS) whose management board is known as the federal Inland Revenue Service Board (FIRSB) (Sections 1-3 FIRS Establishment Act)

Composition of the FIRSB

The federal inland Revenue service Board comprises,

a.   Executive Chairman – Who shall be a person within the service to be appointed by the president.

b.   Six members with relevant qualifications and expertise, to be appointed by the president to represent each of the six geopolitical zones

c.   A representative of the Attorney-General of the Federation

d.   The governor of the Central Bank of Nigeria or his representative.

e.   A representative of the minister of finance not below the rank of a director

f.	The chairman of the Revenue Mobilization Allocation and Fiscal Commission or his representative who shall be any of the commissioners representing the 36 states of the federation.

g.	The Group Managing Director of the N.N.P.C. or his representative who shall not be below the rank of a Group Executive Director of the Corporation or its equivalent.

h.	The comptroller General of the Nigeria Customs Services or his representative not below the rank of Deputy Comptroller General.

i.	Registrar-General of the corporate Affairs Commission or his representation, not below the rank of a director

j.	The Chief Executive Officer of the National Planning Commission or his representative not below the rank of a director

the members of the board, other than the executive chairman, shall be part-time members.

Powers and Functions of FIRSB

The Board shall:

a.	Provide the general policy guidelines relating to the functions of the service

b.	Manage and superintend the policies of the service, on matters relating to the administration of the revenue assessment,

collection and accounting system under this Act or any enactment or law.

c.   Review and approve the strategic plans of the Service

d.   Employ and determine, the terms and conditions of service including, disciplinary measures of the employees of the service.

e.   Stipulate remuneration, allowances, benefits and pensions of staff and employees in consultation with the National Salaries, Income and Wages Commission.

f.   Do such other things, which in its opinion, are necessary to ensure the efficient performance of the functions of the service under the Act.

Duties of the Secretary to the FIRSB

There shall be a secretary to the Board who shall be appointed by the Board within the FIRS whose duties are to;

a.   Issues notice of meetings of the Board

c.   carry out such duties as the Executive Chairman or the Board may, from time to time, direct.

In order to assist the FIRS in the performance of its duties, provision is made for the setting up of a committee of the Board, to be known as "The Technical Committee".

Technical Committee Composition

The technical Committee shall consist of;

a.   The Executive chairman of FIRS as chairman of the committee;

b.   All Directors and Heads of departments of the FIRs

c.   The legal Adviser to FIRS

d.   Secretary to FIRSB

the Technical Committee may co-opt from the service, such staff as it may deem necessary, for necessary, for the effective performance of its functions under the Act.

Function of the Technical Committee

a.   To consider all tax matters that require professional and technical expertise and make recommendation to the Boar.

d.   To advise the Board on any aspect of the functions and powers of the FIRS.

c.   To attend to such matters as may from time to time be referred to it by the Board

Joint Tax Board

Section 86 of the personal Income Tax Act, Cap P8, LFN 2004 (PITA), establishes the joint Tax Board (JTB)

Composition

The Joint Tax Board Comprises

a.   The chairman of the Federal Inland Revenue Service Board, who doubts as the chairman of the Joint Tax Board.

b.   One member from each state, being a person experienced in income matters (tax), nominated either by name or office, from time to time, by the commissioner charged with responsibility for matters relating to income tax of the state in question.

c.   The secretary, who is not a member of the Board, and is appointed by the Federal civil service commission.

d.   The legal Adviser of the FIRS acts as the legal Adviser to the Joint Tax Board.

Quorum

Seven members or their representatives, shall constitute a quorum.

Functions of Joint Tax Board

The Board shall

a.   exercise the power or duties conferred on it by the PITA and other Acts.

b.   advise the federal Government, on request, in respect of double taxation arrangement with any other country.

c. advise the federal government, on request, in respect of rates of capital allowances and other taxation matters, having effect throughout Nigeria in respect of any proposed amendment to PITA.

d. Promote uniformity, both in the application of PITA and in the incidence of tax on individuals throughout Nigeria.

e. Impose its decisions, on matters of procedure and interpretation of PITA, on any state, for purposes of conforming with agreed procedures or interpretations.

State Internal Revenue Service Board (SIRB)

Section 87 of PITA establishes the state internal Revenue Service Board whose operational arm is known as the state Internal Revenue Service (SIRS).

Composition

The Internal Revenue Service Board for each State and FCT, Abuja comprises

a. the executive head of the State Internal Revenue Service is chairman.

b. the directors and Head of Departments within the state internal revenue services.

c. A director from the state ministry of finance.

d.   the legal Adviser to the State Internal Revenue Service,

e.   three other persons nominated by the commissioner for finance on their personal merit.

f.   the secretary of the state Internal Revenue Service, who shall be an ex-official member.

Quorum

Any five members of the state Internal Revenue service board, of whom one shall be the chairman or a Director, shall constitute a quorum.

Functions of the State Internal Revenue Service Board

The state Internal Revenue Service Board shall be responsible for:

a.   Ensuring the effectiveness and optimum collection of all taxes and penalties due to the government under the relevant laws

b.   Doing all such things as may be demand necessary and expectant, for the assessment and collection of the tax and shall account for all sums so collected, in a manner to be prescribed by the commissioner.

c.   Making recommendations, where appropriate, to the JTB tax policy, tax reforms, tax legislation, tax treaties and exemptions as may be required, from time to time.

d.   Generally controlling, the management of the service (state) on matters of policy, subject to the provisions of the law setting up the state internal Revenue service

e.   Appointing, promoting, transferring and imposing discipline on employees of the state Internal Revenue Services.

In order to assist the state Internal Revenue Board in the performance of its duties, PITA also, established a committee of the Board, know as "The technical committee".

Technical Committee

Composition

Section 89 establishes the Technical Committee of the State Board which comprises.

a.   the chairman of the state Board as chairman,

b.   The director within the state service

c.   The legal Advisers to the State Services

d.   The secretary of the state services

Functions

The technical committee shall:

a.   have powers to co-opt additional staff from within the state service, in the discharge of its duties

b.   Consider all matters that that require professional and technical expertise and make recommendation to the state Board

c.   Attend to such other matters as may, from time to time, be referred to it by the Board.

Local Government Revenue Committee

Section 90 establishes local government Revenue committee (LGRC), for each local government area of a state. It should be noted that many local government in Nigeria, which vests the local government administration in the house of Assembly (state), as against this federal law. This is one of the constitutional issues that should be addressed, especially vendor a federal system of government.

Composition

The Revenue committee (LGRC) shall comprise;

a.   The supervisor for finance as chairman

b.   Three local Government councilors as members

c.   Two other persons experienced in revenue matters to be nominated by the chairman of the local government on their personal merits.

Functions

The Revenue committee (LGRC) shall be responsible for the assessment and collection of all taxes, fines and rates, under its jurisdiction and shall account for all amounts so collected, in a manner to be prescribed by the chairman of the local government.

The revenue committee shall be autonomous of the local Government Treasury Department and shall be responsible for the day-to-day administration of the Department, which forms its operational arm.

Joint State Revenue Committee (JSRC)

Section 92 of PITA establishes the Joint State Revenue committee for each state of the federation

Composition

It comprises:

a). The chairman of the State Internal Revenue Service as the Chairman.

b. The chairman of each of the local government Revenue committee.

c. A representative of the Bureau in local government Affairs not below the rank of a Director

d.   A representative of the Revenue mobilization Allocation and Fiscal commission, as an observer.

e.   The state sector commander of the federal Road Safety Commission, as an observer.

f.   The legal Adviser of the State Internal Revenue Services

g.   The secretary of the committee who shall be a staff of the **State Internal Revenue Services.**

Functions

The functions of the Joint State Revenue committee shall be to;

a.   Implement the decisions of the joint tax Board

b.   Advise the joint Tax Board and the State and Local Government on revenue matters.

c.   Harmonies tax administration in the state

d.   highlighting members of the public generally on state and local government revenue matters.

d.   Carry out such other functions as may be assigned to it by the joint tax board.

2.5.5   Procedures of Tax Administration

This is a series of processes followed in tax administration before tax revenue is received by government the processes are information collection (Returns) assessments, objection and

Appeals and collection, recovery and repayment procedures. (Agbetunde, 2004).

Returns

Returns is a statement of income and expenditure of a tax payer mode in respect of his income source to the tax authority. It is a sort of information gather procedure it can be made by the tax payer himself or his agent in respect of tax.

Assessment

Assessment is the process of determining the amount of tax payable by a tax payer for a year of assessment (Agbetunde, 2004). It is the act of determining the exact amount subject to taxation under a given status. (Kuye, 2003). In the words of Ijedire (1998), assessment involves the process of and procedures for determining the taxable value of property on which the tax burden is calculated in accordance with the enabling law.

Method of Assessment

Tax assessment is carried out by all the three tiers of government under the following statutory bodies: federal Board of Inland Revenue, state Board of internal Revenue, and local Government Revenue committee.

Tax assessment could be carried out using the following method

a. Best of Judgment method:

this could be carried out where it is discovered that the taxpayer is in the habit of not giving adequate information as regards the true position of sources of income or where there is an obvious case of tax evasion

b. Tax assessment based on previous years income; under this agreement, income assessment may be based on lost year's income with a slight income margin over the proceeding year. The applicable tax rate is then applied as appropriate to determine tax liability.

c. Assessment based on Standardized Income: here, the relevant tax authority employed a standard income in the tax assessment process to counter the tendency of the taxpayers to evade tax by way of under-deterring their incomes.

d. The actual year basis of assessment method:

this method is based on the current or the actual year income. This method is synonymous with petroleum profit tax and companies income tax (Kuye, 2003).

Objection and Appeal

Objection

If a taxpayer disputes an assessment made on his income, he may apply to the relevant tax authority within 30 days from the service of notice of assessment for his income to be reviewed and revised. The objection notice must contain the ground of objection (Agbatunde, 2004)

Appeal

Any tax payer being aggrieved by assessment made on his income after objection to tax authority may appeal in writing within 30 days from date of service of notice of refused to amend. Such notice of appeal should be given to the secretary to the appeal commissioners and the Board.

Collection, Recovery and Repayment

Tax charged by an assessment not objected to or appealed against must be paid within two months from the date of service of assessment notice.

Self Assessed Tax: Any taxpayer filing self assessment returns to the tax authority must pay such tax within two months from the date of filling such self-assignment in one lump sum. However,

such taxpayer is entitled to installment payment (not more than six times if approved by the relevant tax authority.

Place of Payment and Currency of Payment

Payment of taxes should be made at the place indicated in the assessment notice and be made to the Board in the currency in which the income giving rise to tax is derived and paid to the taxpayer.

Recovery of Tax

The Board can sue for and recover, in a court of competent jurisdiction, the full amount of chargeable tax and the cost of action from a person charged as a debt to the Board or to the government section 96(1) PITA allows tax authority, in order to enforce tax payment, to detrain taxpayer of his goods or other chattel bonds or other sanities, land premises or places. On satisfaction of some conditions can seal such detrained property to recover the tax due after days of detrain (Agbetunde, 2004).

2.6 Problems of Tax Administration in Nigeria

In the context of the Nigeria Tax policy, the salient issues in tax administration include the following;

In the content of the Nigerian Tax policy, the salient issues in tax administration include the following;

Intelligence and Information Gathering

As a first step in the tax administration process, tax authorities requires adequate and correct information to carry out their duties of assessment and collection of taxs ideally, such information should be provided voluntarily by taxpayers. However, this s not always the case and in a large number of instances, tax authorities have to source for and obtain information other than voluntarily from the tax payer. In addition even in instance, where taxpayers voluntarily provide information, such information, may either not be complete or accurate (MASHI, 2012).

Registration of Taxable Persons

In order to have an effective tax system in which all taxpayers are covered, every taxable person must be registered for tax purposes. Registration is a fundamental step in the tax administration process but this is not done efficiently as manual process are still in use (BECANS, 2007).

Payment Processing and Collection

This is the culmination of the core tax functions carried out by tax officials and usually signifies the successful conclusion of a filing and return circle. The process of collection is made rigorous

by some tax agents who collect forecly and also the accuracy of the amount being paid as tax is doubtful.

Record Keeping

Record keeping is another core and integral function in tax administration. It is a sustainable system for the retention and retrieval of information gathered by tax authorities. As important as this process is, it is poorly executed because manual record keeping systems are still in sue

Enforcement of Tax Laws (in issues of evasion and avoidance)

It is acknowledged that in every system there are bound to be leakages. In this regard, two of the major means by which leakages occur in the tax system are tax evasion and avoidance.

2.7 Information Technology

The evolution of Information Technology

Information technology has been around or a long time. Basically, as long as people have been around, information technology has been around because there were always was of communicating through technology available at that point in time. There are 4 main ages that divide up the history of information technology. Only the latest age (electronic) and some of the electromechanical age really affects us today.

These (4) four stages are, the premechanical stage, mechanical state, electro mechanical state and electronic state. Only the age (electronic) really affects us today.

Information Technology can be defined as the technology involving the development, maintenance and use of computer systems, software, and networks for the processing and distribution of date. It is concerned with the use of electronic technology in managing and processing information, especially in large organization.

Information Technology (IT) deals with the use of electronic computers and computer software to convert, store, protect, process, transmit and retrieve information.

As with other industrial processes, commercial it has moved in all respects from a custom craft-based industry, where the product was tailored to fit the customers, to multi-use components taken off the customers, to multi-use components taken off the shelf to find the best fit in any situation. Mass production of these products had greatly reduced costs and IT is available to even the smallest company, a one man band or a school kid.

2.7.1   Application of IT in Tax Administrations

1.   In the process of intelligence and information gathering, in order to get complete and accurate information, the proper use of information technology will help in the realization of this goals. In other words the use of data gathered through the use of computerized collection system provides more accurate result.

2.   In order to have an effective tax system in which all taxpayers are covered, every taxable person has to be registered. An efficient way of registration is in the issue of the unique tax identification Number (U-TIN) by the federal Inland Revenue Service. This will provide easy and complete access to taxpayer information nationwide, which can be achieved by the efficient use of information technology.

3.   To enhance the filing and returns processing, structures that will enhance and simplify compliance should be developed such as the creation of a reliable taxpayer data base, electronic compliance system, automation and standardization of the filing and returns process.

4.   In order to ensure an effective payment and collection system, tax authorities shall embrace the use of electronic payment (e-payment) system in all transactions to drive

automatic and improved remittance and collection. The use of e-payment system safeguards the integrity of the tax payment and collection system.

5.   In a bid to achieve an efficient tax administration, manual record keeping systems should be de-emphasized in favour of electronic systems. It is expected that where processes such as registration of tax payers, filing and processing of returns and payment are already automated record keeping system.

In summary, the tax authorities should ensure uniform deployment of technology in the aid of all aspect of tax administration. This would aid effective and efficient tax administration in Nigeria, Enugu State in particular. Automated process would minimize or eliminate leakages in system, safeguard the integrity of the system, lead to greater specialization and reduce the cost and time required in the tax administration process. (MASHI, 2012).

2.7.2   Benefits of IT in Tax Administration

Given the peculiar nature of tax administration especially in developing economies such as ours (Enugu State) where date accuracies may be a hindrance to effective tax administration,

the following benefits occur from the effective application of information technology in tax administration.

1.   Speed and improved efficiency on the part of tax administration

2.   Accuracy of tax computation since all forms of manual computations will be eliminated.

3.   Reliability of date used, since the bulk of the information used in tax computations are generated using information technology or automated process

4.   Consistency in the information generated

5.   Improved productivity.

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CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1   Research Design

Research design simply means on explanation of the method adopted in carrying out the research.

Anikpo (1986) defines research design as a plan or structure of any aspect of the research procedure.

For the purpose of this study, the researcher adopted the method of survey research design. Survey research design refers to a process of eliciting data or information from a large population through the use of questionnaire and interview.

3.2   Sources of Data

In the course of gathering data, two sources were consulted to obtain information. These are primary and secondary sources.

3.2.1   Primary Source

Provides first hand information from the authorities themselves. The personnel interviews and questionnaires administer are aimed at achieving this.

Personnel Interviews: These were conducted on a one-on-one and orally. Questions were asked and the respondents being interviewed answered the questions as best as they could.

Questionnaire: This was divided into (2) two section, section A and B. section A contains the bio-statistics while section B consist of the questions formulated to answer the research question.

3.2.2   Secondary Source:

Provide second-hand information which were collected by other authorities in the tax system which is relevant to the research work. These pieces of information include. Information gotten from the library, various textbooks, newspapers articles etc.

3.3 Research Instruments

The researcher used questionnaire for the purpose of obtaining the desired result. Multiple choice and opened question were used in the questionnaire. They were use to assist the respondents in expressing their which in turn helped this study to obtain the needed information

3.4 Reliability/Validity of Research Instrument

This is designed to measure the degree to which the research instrument produce consistent result or the consistency between independent measurements of the same research phenomenon. This is achieved through the Retest test method. Generally, this implies that despite variances in time, the some set of elements

must yield fairly the same result. Therefore, the instrument is valid and reliable because its measurements are accurate.

3.5 Population of the Study

The population of the study covers the total workforce of Enugu State Board of Internal Revenue numbering up to one hundred and thirty-for (134) workers spread across the following departments in the table below:

Table 3.5.1

Departments	Number of Staff
a) Policy & management	20
b) Assessment	30
c) Collection	48
d) Legal	10
e) other taxes	26
Total	134

Source: Field Survey (2013)

3.6 Sampling Technique and Sample Size

Due to the fact that there is no way the researcher would have reached the entire population, the researcher made use of simple Random Sampling Technique to obtain information gathered.

Hence, the researcher adopted Yaro Yamane formula to determine the sample size. Thus, the sample size was derived using the formula stated below;

$$n = \frac{N}{1 + N(e)^2}$$

Where n = appropriate sample size

N = population size

e = co-efficient or confidence margin or error unit

e = 5% pr 0.05

thus the sample size is calculated as

$$n = \frac{134}{1 + 134(.05)^2}$$

$$n = \frac{134}{1 + 134(.05)}$$

$$n = \frac{134}{1 + 0.335}$$

$$n = \frac{134}{1.335}$$

N = 100.375

N = 100

Therefore, the sample size is (100) one hundred and researcher issued the same questionnaire to the staff of the departments for responses in the study.

The researcher used Bowley's proportional formular to indicate the number of personnel chosen for the sample size from each department. The formular is given below

$$nh = \frac{nxNh}{N}$$

Where:

nh= Number of questionnaire allocated to each department

n = total sample size

Nh = Number of employees in each section of population

N = Population size

Policy and Management

$$nh\frac{100x20}{134} = 15$$

Assessment

$$nh\frac{100x30}{134} = 22$$

Collection

$$nh\frac{100x48}{134} = 36$$

Legal

$$nh\frac{100x26}{134} = 8$$

Other Taxes

$$nh\frac{100x26}{134} = 19$$

Total   100

Departments	Number of Staff	No of sample
a) Policy & management	20	15
b) Assessment	30	22
c) Collection	48	36
d) Legal	10	8
e) other taxes	26	19
Total	134	100

Source: Field Survey (2013)

3.7 Administration of Research Instruments

Questionnaires were designed and administered to the department of Enugu State Board of Internal Revenue. The questionnaire were administered through self and hand delivery to the selected respondents of each department. The researcher made sure that each section gets the complete number of questionnaire in each section that were systematically selected and of which questionnaires was delivered and returned to the researcher.

3.8 Method of Data Analysis

The data collected will be analyzed based on the simple percentage method. This will be done by comparing the total percentage with individual percentage of each reply results of these analyses will be presented in a tabular form. The formula used in the simple percentage method is stated below:

$$\frac{F}{N} x \frac{100}{1}$$

Where F = frequency of responses

N = Total Number of Responses

The ANOVA (Analysis of variance) statistical method was used in testing the hypotheses.

Test Statistic (ANOVA) F= Distribution

$$F = \frac{TMS - TRSS / (r-1)}{EMS / (N-r)}$$

Where: EMS = Error Means Square = $\frac{TSS}{(N-r)}$

TSS = Total Sum of Square = $\sum x^2 - \frac{(\sum x)^2}{N}$

TRSS = Error Sum of Square = TSS – TRSS

TRMS = Treatment of Mean Square = $\frac{TRSS}{r-1}$

R = Number of rows of distribution

N = Number of sample Observation

DF = Degree of freedom = (r-1) (N-r)

Level of significance to test (X) = 5%

Note:

Let SA = X_1, A = X_2 D= X_3. SD = X_3, UD = X_5

Where SA = strongly Agree

A = Agree

D = Disagree

SD = Strongly Disagree

UD = Undecided

3.9 Decision Criterion for Validation of Hypotheses

The decision criterion employed by the researcher for the validation of the hypotheses is to accept the alternative hypothesis and reject the null hypothesis if the value of F calculated is grater than F tabulated.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Data Presentation

The Presentation of data collected means the way of presenting and arranging the different techniques to enable obtained through various data collecting techniques to enable the researcher perform analysis and exact new meanings from it. The data collected will be presented in a simple table. The date analysis was based on the answers to the key questions received from the various departments. The key questions in the questionnaire will be analyzed by the use of simple percentage.

These responses gotten from the questionnaire are presented in a tabular from, analyzed in percentage and expressed on the 5 point rating scales (Leakert scale).

The analysis of variance (ANOVA) was used in testing the hypotheses and the interpretation of the outcome of these data.

4.1.1   Question 1

The sex of the respondents.

Table 4.1.1

Showing the responses of the respondents on their sex.

Table 4	Frequency	Percentage%
Male	58	58%
Female	42	442%
Total	100	100

Source: Field Survey (2013)

The table above shows that the majority of the staff are male at 58% while 42% of the staff are female.

4.1.2   Question two (2)

The age-range of the respondents

Table 4.1.2

Showing the frequency of the responses of the respondents regarding their age range.

Table 4	Frequency	Percentage%
21-30	30	30%
31-40	35	35%
41-50	20	20%
5o and above	15	15%
Total	100	100

Source: Field Survey (2013)

The table above shows that the percentage of staff within the age of 21-30 years are 30% within 31-40year are 35% within 41-50 years are 20% and the members of staff above the age of 50 are 15%, being the least amongst the staff. The majority of the staff are those within the range of 31 -40 years.

4.1.3 Question Three (3)

The marital status of the respondents.

Table 4.1.3

Showing the frequency of the responses of the respondents regarding their marital status

Marital Status	Frequency	Percentage%
Single	35	35%
Married	55	55%
Divorced	2	2%
Widowed	8	8%
Total	100	100

Source: Field Survey (2013)

The table above shows that the percentage of the staff are single are 35%, married ones are 55%, the divorced staff are 2% and the 8% of the staff are widowed. This is to say that the majority of the staff are married

4.1.4 Question Four (4)

The length of service of each respondent

Table 4.1.4

Showing the frequency of the response of the respondents regarding their length of services

Length of service	Frequency	Percentage%
Below 5 years	30	30%
5-10 years	35	35%
Above 10 years	20	20%
Total	100	100

Source: Field Survey (2013)

The table shows that the percentage of staff that have served below 5 years is 28%, those that have served between 5-10 years are 35% and the percentage that have served above 10 years is 42% which is the majority of the staff

4.1.5   Question Five (5)

The qualification of each respondent

Table 4.1.5

Showing the frequency of the response of the responded regarding their qualifications.

Qualification	Frequency	Percentage%
Below 'O' level	5	5%
SSCE	8	8%
OND/NCE	13	13%
HND/B.Sc	54	54%
MSc and others	20	20%
Total	100	100

Source: Field Survey (2013)

the table above shows that 5% of the staffs qualification is below 'O' level, 8% of the staff have SSCE as their qualification, 13% of the staff have OND/NCE, 54% of the staff have HND/BSc. And 20% of the staff have MSc. And above the majority of the staff have HND/Bsc

4.1.6   Question six (6)

The department of the respondents

Table 4.1.6

Showing the frequency of the responses of the respondents regarding their departments.

Department	Frequency	Percentage%
Policy & management	15	15%
Assessment	22	22%
Collection	36	36%
Legal	8	8%
Other taxes	19	19%
Total	100	100

The table shows that 15% of the staff are in policy and management department, 22% of are in Assessment department, 36% are in collection department, 8% are in legal department and 19% are in other taxes with the majority of the staff being in the collection department.

4.1.7   Question Seven (7)

The administrative bodies of taxation are not adequately equipped

Table 4.1.7

Showing the responses for "the administrative bodies are not adequately equipped

Table 4.1.7 (A)

Respondents	SA	A	D	SD	UD	Total
Policy & management	4	6	2	1	2	15
Assessment	8	11	2	1	-	22
Collection	10	20	4	2	-	36
Legal	3	4	1	-	-	8
Other taxes	7	10	1	1	-	19
Frequency	32	51	10	5	2	100

Source: Field survey (2003)

Table 4.1.7 (B)

Respondents	Frequency	Percentage%
SA	32	32%
A	51	51%
D	10	10%
SD	5	5%
UD	2	2%
Total	100	100

Source: Extract table 4.1.7 (A) Field Survey (2013)

4.1.8 Question Eight (8)

Tax officials are poorly remunerated

Table 4.1.8

Showing the responses for tax officials are poorly remunerated"

Table 4.1.8

Respondents	SA	A	D	SD	UD	Total
Policy & management	4	8	2	1	-	15
Assessment	15	5	2	1	-	22
Collection	11	20	4	-	1	36
Legal	3	4	1	-	-	8
Other taxes	5	12	-	2	-	19
Frequency	38	49	9	4	1	100

Source: Field Survey (2013)

Table 4.1.8 (B)

Respondents	Frequency	Percentage%
SA	38	38%
A	49	49%
D	9	9%
SD	4	4%
UD	1	1%
Total	100	100

Source: Extract Table.1.8 (A) Source: Field Survey (2013)

The table 4.1.8 shows that 38% of the respondents strongly agree, 49% of the respondent, being the majority, agree, 9% of the respondents Disagree, 4% of the respondents strongly disagree and 1% are undecided.

4.1.9   Question Nine (9)

Potential taxpayers have been effectively drawn into the tax net

Table 4.1.9

Showing the responses for "potential taxpayers have been effectively drawn into the tax net'

Table 4.1.9 (A)

Respondents	SA	A	D	SD	UD	Total
Policy & management	7	8	-	-	-	15
Assessment	11	9	1	1	-	22
Collection	12	20	1	2	1	36
Legal	3	3	2	-	-	8
Other taxes	7	10	-	1	1	19
Frequency	40	49	4	4	2	100

Source: Field Survey (2013)

Table 4.1.9 (B)

Respondents	Frequency	Percentage%
SA	40	40%
A	50	50%
D	9	4%
SD	4	4%
UD	2	2%
Total	100	100

Source: Extract Table.1.9 (A) Source: Field Survey (2013)

Table above shows that 40% of the respondents strongly agree, 50% of the respondents agree, 4% of the respondents disagree, 4% of the respondents strongly disagree and 2% are undecided, with the majority at 50% of who agree.

4.1.10

Showing the responses for frequent changes in tax laws facilitate evasion"

Table 4.1.10 (A)

Respondents	SA	A	D	SD	UD	Total
Policy & management	8	4	1	2	-	15
Assessment	7	8	3	1	3	22
Collection	12	18	1	-	5	36
Legal	5	3	-	-	-	8
Other taxes	7	8	2	1	1	19
Frequency	39	49	7	4	9	100

Source: Field Survey (2013)

Table 4.1.10 (B)

Respondents	Frequency	Percentage%
SA	39	39%
A	41	41%
D	7	7%
SD	4	4%
UD	9	9%
Total	100	100

Source: Extract Table.1.10 (A) Source: Field Survey (2013)

The table above shows that 4% of the respondents strongly, disagree, 7% of the respondents disagree, 9% of the respondent are undecided, 39% of the respondent strongly agree and 41% of the respondent, being the majority, agree.

4.1.11   Question Eleven (11)

Information technology is commonly applied in the day-to-day activities of the board.

Table 4.1.11

Showing the responses for information technology is commonly applied in the daily activities of the board"

Table 4.1.11 (A)

Respondents	SA	A	D	SD	UD	Total
Policy & management	5	7	1	1	1	15
Assessment	8	10	2	1	1	22
Collection	12	23	-	-	1	36
Legal	5	3	1	-	-	8
Other taxes	9	2	1	1	-	19
Frequency	39	50	5	3	3	100

Source: Field Survey (2013)

Table 4.11 (B)

Respondents	Frequency	Percentage%
SA	39	39%
A	50	50%
D	5	5%
SD	3	3%
UD	3	3%
Total	100	100

Source: Extract table 4.1.11 (A) Field Survey 2013

The table above shows the majority agree at 50%, 39 of strongly agree, 5% of the staff disagree, 3% strongly disagree and 3% are undecided.

4.1.12   Question (12) Twelve

The application of information technology improves the efficiency of tax administration

Table 4.1.12

Showing the responses for the application of Information Technology improves the efficiency of tax administration"

Table 4.1.12 (A)

Respondents	SA	A	D	SD	UD	Total
Policy & management	6	8	1	-	-	15
Assessment	8	10	3	1	-	22
Collection	20	10	4	1	1	36
Legal	3	3	1	1	-	8
Other taxes	8	7	2	1	1	19
Frequency	45	38	11	4	2	100

Source: Field Survey (2013)

Table 4.1.12 (B)

Respondents	Frequency	Percentage%
SA	45	45%
A	38	38%
D	11	11%
SD	4	4%
UD	2	2%
Total	100	100

Source: Extract table 4.1.12 (A) Field Survey 2013

The table above shows that 45% of the staff, being the majority strongly agree, 38% of them agree, 11% of them disagree, 4% of the respondents strongly disagree and 2% are undecided.

4.1.13 Question Thirteen (13)

Effective tax administration leads to an increase in tax base.

Table 4.1.13

Showing the responses for "affective tax administration leads to an increase in tax base.

Table 4.1.13 (A)

Respondents	SA	A	D	SD	UD	Total
Policy & management	4	9	1	1	-	15
Assessment	9	12	-	-	1	22
Collection	18	10	5	2	1	36
Legal	5	2	-	1	-	8
Other taxes	8	10	1	-	-	19
Frequency	44	43	7	4	2	100

Source: Field Survey (2013

Table 4.1.13 (B)

Respondents	Frequency	Percentage%
SA	44	42%
A	43	43%
D	7	7%
SD	4	4%
UD	2	2%
Total	100	100

Source: Extract table 4.1.13 (A) Field Survey 2013

The table above shows that 44% of the staff strongly agree, being the majority, 43% of the respondents agree, 7% of them disagree, 4% of the staff strongly disagree and 2% are undecided.

4.1.14

Inefficiency in tax administration creates an avenue for tax evasion

Table 4.14

Showing the responses for "inefficiency in tax administrator creates an avenue for tax aversion"

Respondents	SA	A	D	SD	UD	Total
Policy & management	8	6	1	-	-	15
Assessment	12	8	2	-	-	22
Collection	20	12	2	1	1	36
Legal	4	3	1	-	-	8
Other taxes	7	9	2	1	-	19
Frequency	51	38	8	2	1	100

Source: Field Survey (2013

Table 4.14 (B)

Respondents	Frequency	Percentage%
SA	51	51%
A	38	38%
D	8	8%
SD	2	2%
UD	1	1%
Total	100	100

Source: Extract table 4.1.14 (A) Field Survey 2013

The above table shows that the majority which is 51% strongly agree, 38% of the respondents agree, 8% of them disagree, 2% of the respondents strongly disagree and 1% is undecided.

4.2 Test of Hypotheses

For the purpose of this study, three (3) hypotheses had been formulated in chapter one. Therefore, in order to test these hypotheses, the figures /data derived from the analysis tables 4.1.12. 4.1.13 and 4.1.14 would be computed and tested using the one –way ANOVA (Analysis of variance) model.

Table 4.2

ANOVA Table (Extract)

Source of Variation	SS	DF	MS	F-value
Between Treatment	TRSS	(r-1)	$\dfrac{TRSS}{DF}$	TMS
Within Treatment	ESS	(N-r)	$\dfrac{ESS}{DF}$	EMS
Total	TSS			

4.2.1   Test of Hypotheses One

Ho; Effective tax administration does not lead to an increase in tax base.

H1; Effective tax administration leads to an increase in tax base.

To test hypothesis one, it will be based on the response to question (13) thirteen.

Table 4.2.1 (A)

Contingency Table (Responses & Scoring)

Respondent	X_1	X_2	X_3	X_4	X_5	Total
Policy & management	4x5=20	9x4=36	1x3=3	1x2=2	-	61
Assessment	9x5=45	12x4=48	-	-	1x1=1	94
Collection	18x5=90	12x4=40	5x3=15	2x2=4	1x1=1	150
Legal	5x5=25	2x4=8	-	1x2-2	-	35
Others taxes	8x5=40	10x4=10	1x3=40	-	-	83
$\sum x$	220	172	21	8	2	423
$\sum \overline{X}$	44	34.4	4.2	1.6	0.4	
$\sum x^2$	12750	6864	243	243	2	19883
$\sum x^2$	510	429	27	6	2	974

Source: Extract table Field Survey (2013).

$$\overline{x} \quad = \quad \frac{423}{25} = 16.92$$

25 = Number of Rows x Number of Columns = N

TSS = Total Sum of square = $\sum x^2 - \frac{\left(\sum x\right)^2}{N}$

Where n = 19883 $- \frac{\left(423\right)^2}{25} = 25$

= 19883 – 7157.16 = 12725.84

TRSS = Treatment of Sum of square

TRSS = $r\sum (\bar{x}_i - \bar{x})^2$ where r = 5

= [(44-16.92)² + (34.4-16.92)² + (4.2-16.92)² +(1.6-16.92)² +

(0.4-16.92)²]

= 5 (733.3264 +305.5504+161.7984+234.7024+272.9104)

= 5(1708.288) = 8541.44

Error Sum of Square (ESS) = TSS – TRSS
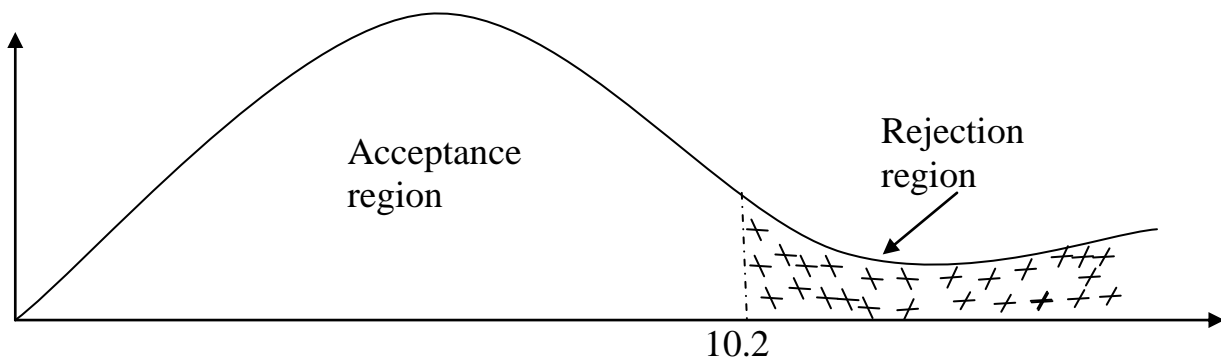
= 12725 – 8541.44

= 4184.4

Table 4.2.1 (B)

Source of Variation	SS	DF	MS	F-value $\frac{ms}{\bar{x}}$
Between Treatment	8541.44	4	2135.36	2135.36
Within Treatment	4184.4	30	209.222	209.222
Total	12725.84			10.2¹

Source: Extract table 4.2.1 (A)

∴ F = $\dfrac{TMS - TRSS/(r-1)}{EMS/(N-r)}$

F calculate = 10.21

Foo (V₁, V₂) = Fo.05 (4,20) = 2.87

Decision

Since F cal is greater than E tabulated, that is 10.21> 2.87, it therefore holds that the null hypothesis (H_O) is rejected and the alternative (H_1) is accepted therefore concluding that effective tax administration leads to an increase in tax base.

4.2.2   Hypothesis Two

H_O ; inefficiency in tax administration does not create an avenue for tax evasion

H_1; inefficiency in tax administration creates an avenue for tax evasion.

The hypothesis stated will be tested using the responses to question (14) fourteen in the questionnaires distributed.

Table 4.2.2 (A)

Responses and Scoring

Respondent	X_1 (SA)	X_2 (A)	X_3 (D)	X_4 (SD)	X_5 (UD)	Total
Policy & management	8x2=40	6x3=24	1x3=3	-	-	
Assessment	12x5=60	8x4=32	2x3=6	-	-	64
Collection	2x5=100	12x4=48	2x3=6	1x2=2	1x1=1	98
Legal	4x5=20	3x4-12	1x3=3	-	-	157
Others taxes	7x5=35	9x4=36	2x3=6	1x2=2	-	35
$\sum x$	255	152	24	4	1	436
$\overline{X}$	51	30.4	4.8	0.8	0.2	
$\sum x^2$	16825	5344	126	8	1	22304

Source: Extract table Field Survey (2013).

$$\bar{x} = \frac{\sum x}{n} \text{ were } n = 25$$

$$= \frac{436}{25} = 17.44$$

$$\text{TSS} = \sum x^2 - \frac{\left(\sum x\right)^2}{n}$$

$$= 22304 - \frac{\left(436\right)^2}{25}$$

$$= 22304 - 7\,603 \cdot 84$$

$$= 14\,700.16$$

$$\text{TRSS} = r \sum \left(\bar{x}_j - \bar{x}\right)^2 \text{ where } r = 5$$

$$\left(51 - 17.44\right)^2 + \left(30.4 - 17.44\right)^2 + \left(4.8 - 17.44\right)^2 + \left(0.8 - 17.44\right)^2 + \left(0.2 - 17.44\right)^2$$

$$= 5\,(1\,126.2736 + 167.9616 + 159.7696 + 276.8896 + 297.2176)$$

$$= (2\,038.112)$$

TRSS = 10 140.56

ESS = TSS – TRSS

= 14 700.16 - 10 140.56

= 4 559.6

Table 4.2.2 (B)

ANOVA TABLE

Source of Variation	DF	SS	MS	F-Ratio
Treatment	4	10 140.56	2535.14	2535.14
Error	20	4559.6	227.98	227.98
Total	24	14 700.16		11.12

F cal = 11.12

$$\text{Foo } (V_1, V_2) = \text{Fo.05 } (4^1, 20) = 2.87$$
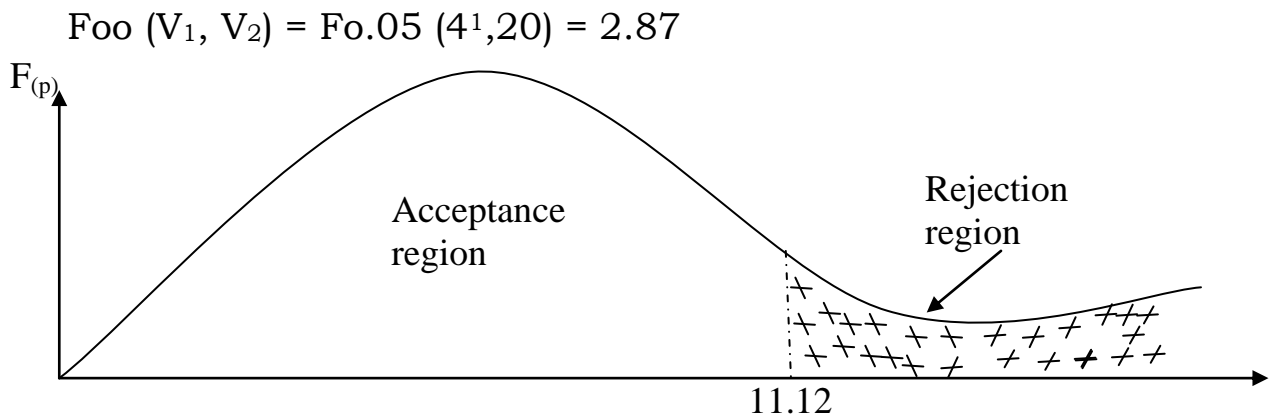
Decision:

Since the t cal is greater than f tabulated, that is 11.12> 2.87, it is therefore held that the null hypothesis is rejected and the alternative hypothesis (H_1) is accepted. Therefore, we conclude that inefficiency in tax administration creates an avenue for tax evasion.

4.2.3   Hypothesis Three

H_o; the application of information Technology does not increase efficiency in tax administration

H_1; the application of information Technology increase efficiency in tax administration

The hypotheses stated above will be tested using the responses to question (12) in the questionnaire distributed

Table 4.2.3 (A)

Responses and Scoring

Respondent	X_1 (SA)	X_2 (A)	X_3 (D)	X_4 (SD)	X_5 (UD)	Total
Policy & management	6x5=30	8x4=32	1x3=3	-	-	65
Assessment	8x5=40	10x4=40	3x3=9	1x2=2	-	91
Collection	2x5=100	10x4=40	4x3=12	1x2=2	1x1=1	155
Legal	3x5=15	3x4=15	1x3=3	1x2=2	-	35
Others taxes	8x5=40	7x4=28	2x3=6	1x2=2	1x1=1	77
$\sum x$	255	152	33	8	2	420
$\overline{X}$	45	30.4	6.6	1.6	0.4	
$\sum x^2$	14325	5152	279	16	2	19774

Source: Extract table Field Survey (2013).

$$\overline{x} = \frac{\sum x}{n} \text{ where n = 25}$$

$$\overline{x} = \frac{420}{25} = 16.8$$

$$TSS = \sum x^2 - \frac{\left(\sum x\right)^2}{n}$$

$$= 19774 - \frac{\left(\sum x\right)^2}{n}$$

$$= 19774 - \frac{\left(420\right)^2}{25}$$

$$= 19774 - \frac{176400}{25}$$

$$= 19774 - 7056$$

$$TSS = 12718$$

$$\left(45 - 16.8\right)^2 + \left(30.4 - 16.8\right)^2 + \left(6.6 - 16.8\right)^2 + \left(6.6 - 24\right)^2 + \left(0.4 - 16.8\right)^2$$

= 5 (795.24 + 184.96+104.04+231.04+268.96)

= 5 (1 585.24)

TRSS = 7 921.2

ESS = TSS – TRSS

 = 12718 -7921.2

ESS = 4 796.8

Table 4.2.3 (B)

ANOVA TABLE

Source of Variation	DF	SS	MS	F-Ratio
Treatment	4	7921.2	1980.3	1980.3
Error	20	4776.8	239.84	239.84
Total	24	12 718		8.26

F cal = 8.26

Foo (V_1, V_2) = f (0.05 (4,20) = 2.87
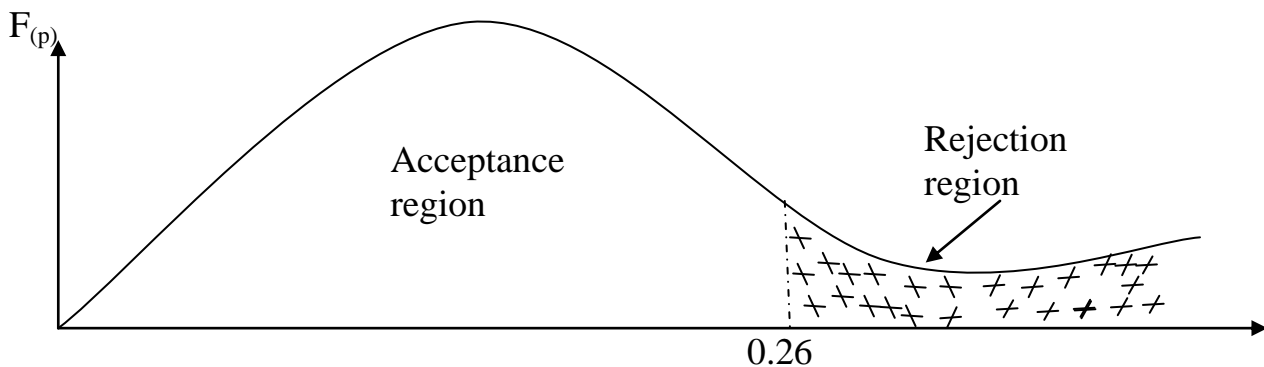
Decision:

Since the f calculated is greater than the t tabulated, that is 8.26>2.87, it therefore holds that the null hypothesis (H_o) is rejected and the alternative (H_1) is accepted. We therefore

conclude that the application of information technology is increases efficiency in tax administration.

CHAPTER FIVE

Summary of the Findings, Conclusion and Recommendations

This is the final stage of the research work where all the contents are summarized, the findings are collected and recommendations are made to ameliorate the present state of tax structures in Nigeria. The conclusion drawn here is a function of the research findings and the analysis conducted

5.1 Summary of Findings

In the course of the research conducted, certain points were deduced from the responses. These points include;

a.   Effective tax administration leads to an increase in tax base as more potential taxpayers are drawn into the tax net when there is a conducive environment or situation for a taxpayer.

b.   Tax evasion can be reduced to the barest minimum if the administrative bodies are fully and promptly equipped with contemporary materials and equipment to carry out their duties and if they are duly authorized to penalize defaulters severely

c.   The application of information Technology is of the major key to facilitating the effectiveness and the efficiency of tax administration in any given society or Enugu state as a case study.

d.   When tax officials are adequately motivated due to better remuneration, only then can they exercise their duties with utmost diligence and perseverance.

5.2 Conclusion

Tax administration in Nigeria has been plagued with series of problems over the years. Problems such as poor remuneration of staff, that is tax officials can lead to inefficiency in tax duties being carried out. Other salient issues include manual compilation systems and discrepancies in tax law formulation.

These and other problems have resulted in reducing taxpayers compliance thereby creating an avenue for tax evasion.

The adoption of information technology has therefore been proven to alleviate the effect of inefficiency of tax administration in Nigeria.

5.3 Recommendation

It is worthy of note to recommend tat anal out inculcation of information technology in the daily activities of tax administration be adopted as this will radically transform out tax management system, giving the tax administration in Nigeria a complete overhaul. An efficient and effective tax administration with the use of modern technologies will not only guarantee an

increase in revenue base for the government but also position the country properly to take full advantages offered by the minimal development.

Furthermore, the acceptance and full application of information technology in tax administration cannot be over-emphasized as the federal board of Inland Revenue (FBIR) has not over looked the importance and relevance of information Technology. According to the Ag. Executive Chairman of FBIR, Alhaji Kabir M. Mashi, the board has found a way to identify all taxable persons and monitor their compliance by issuing a number to all taxpayers known as unique tax identification Number (U-TIN) this is done in a manner so that no two persons can have the same number.

Therefore, for effective tax administration using information technology, the following actions are recommended;

a. There should be periodic enlightenment campaign for the masses

b. Adequate training of tax officials on the use of the modern technologies and equipping them with those modern systems to keep abreast of the Global travel.

c.   Adequate record keeping of the taxpayers information using modern technology

d.   Application of stiff penalties on tax evaders to serve as examples and ward off any attempt by the prospective tax evaders.

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APPENDIX I

Department of Accountancy,

Caritas University,

Amorji –Nike, Emene,

Enugu State

23rd July, 2003

Dear Sir/Madam

REQUEST FOR THE COMPLECTION OF QUESTIONNAIRE

I am a final year students of Caritas University, carrying out a research on the overview of "The effect of information Technology on the Efficiency of Tax Administration in Nigeria", a case study of Enugu State Board of Internal Revenue".

This study is purely for academic purpose. Therefore your response or opinion will be treated in strict confidence.

Thanks for your anticipated co-operation

Yours faithfully

Agusiy Brenda A.

APPENDIX II

Please tick (√) as appropriate in the box for your response.

Section A: (Bio-Statistics)

1. Sex. Male   (   )   Female (   )

2. Age: 21-30yrs (   )   31-40 (   ), 41-50yrs (   )

3. Marital Status: Single (   ), Married (   )   Divorced(   )

    widowed (   )

4. Length of service: Below 5 yrs (   ), 5-10yrs (   )

    above 10 yrs (   )

5. Qualification: Below 'O'level (   ) SSCE (   ), OND/NCE (   )

    Legal (   ) others taxes (   )

Section B:

SA – Strongly Agree

A – Agree

D – Disagree

SD – Strongly Disagree

UD – Undecided

		SA	A	D	SD	UD
7	The administrative bodies of taxation of taxation are not adequately equipped					
8	Tax officials are poorly remunerated					
9	Potential taxpayers have been effectively drawn into the tax net					
10	Frequent changes in tax laws					

	facilitate evasion					
11	Information Technology is commonly used by the board					
12	Information Technology improves the efficiency of tax administration					
13	Effective tax administration lead to an increase in tax base					
14	Inefficiency in tax administration creates an avenue for tax evasion					