

Effect of E-Taxation on Voluntary Tax Compliance in Nigeria

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Abstract:

This study has examined the effect of electronic-taxation on tax compliance in Nigeria. The objectives of the study: examine the effect of e-taxation on voluntary tax compliance, evaluate the major challenges facing e-taxation for voluntary tax compliance; and Proffer policy strategy to overcome the challenges. The study adopted survey method where primary and secondary data were collected and regression analysis was conducted, the residents of FCT and Nasarawa State who proxy the population of tax payers in Nigeria form the respondents' base. A sample of approximately 400 respondents was drawn from the total population of 4,190, using Yamame (1964) from 2015 to 2023. Findings of this study revealed that electronic taxation has a positive effect on tax compliance in Nigeria. It was therefore, recommended that Federal Inland Revenue Service (FIRS) should introduce inventive packages to encourage voluntary tax compliance FIRS should undertake massive education campaign on e-taxation, to increase awareness of the new tax regime and the application of the package, to generate public interest in the system and its friendly applicability and FIRS should impose stiffer penalties, including asset forfeiture and denial of licenses or permits, imposed on tax defaulters, to deter tax evasion, avoidance or payment delayed.

Keywords: E-taxation, Tax Compliance, Voluntary Tax Compliance.

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1. INTRODUCTION

Over the years Nigeria has been operating a mono economy being dependent on oil revenue for its developmental efforts. Such dependence can no longer be sustainable due to recent crash in crude oil prices. Government at all levels are therefore shifting attention to internally generated revenues to aid public expenditures. Government has embarked on various reforms and innovations focused on the need to step up collection of internally generated revenue with major attention on taxation. Maisiba and Atambo, (2016) defined tax as a compulsory levy imposed by government on its citizens and their business in order to fulfil the core functions of providing security, social amenities and improving the general well-being of the citizens. Electronic-taxation is one of the strategies recently introduced by government to improve collection of tax revenue by making the process convenient and easy for taxpayers and the tax authorities.

The role played by taxation as the major source of government revenue has drawn the attention of government to how tax is being administered. Tax administration refers to the machinery put in place by the government to manage, conduct and execute various tax laws to ensure maximum collection of the relevant taxes. It includes filing of returns, assessment of taxes, collection of taxes, enforcement, litigation, interpretation and accounting and rendering reports on various types of taxes. Over the years, tax administration in Nigeria has been done manually. However, in 2015, electronic - taxation (e - taxation) was introduced by Federal Inland Revenue Service (FIRS). Okoye and (Ezejiofor, 2014) sees e-taxation as a system of administering tax online through electronic devices. E-tax system is a global phenomenon and various governments of the world have adopted the system to aid tax collection machinery. E-taxation involves filling tax returns electronically and concluding assessment electronically, as well as payment of tax online through the individual or business bank accounts (FIRS, 2015).

The manual system of tax administration in Nigeria is bedeviled with several problems, some of which include long processing time of tax returns and assessment, high cost of tax administration, fraudulent activities of tax collectors, excessive paperwork, physical distance between the taxpayer and the tax authority as well as other challenges in tax administration in the country.

According to the Presidential Committee on National Tax Policy (2008), the cardinal objective of the Nigerian tax system is to contribute to the well-being of all Nigerians directly through improved policy formulation and indirectly through appropriate utilization of tax revenue generated for the benefit of the people. Over the years Nigeria's tax system has not been able to attain the objectives it set out to achieve as a result of setbacks and challenges it faced, some of which include lack of stewardship amongst tax payers, multiplicity of taxes, complex tax payment system and tax offsetting, lack of technological application, tax evasion, corruption, government instability which instigates noncompliance with relevant tax laws, poor information base and record keeping, etc.

The impact of technology can be felt in spheres including education, entertainment, communication, commerce and all revenue and tax administration. The use of ICT to aid tax administration is the initiative that gave rise to the now popular E-tax system.

The Federal Inland Revenue Board and State Boards of Internal Revenue and Local Government Revenue Committees are saddled with the responsibility of administering taxes at the federal, state and local levels respectively. Government through revenue Boards has made efforts at restructuring the tax system in a coordinated manner. One of this is the implementation of an electronic tax system called the Integrated tax Administration System which if implemented properly would facilitate voluntary compliance. With the reform, Government aims at expanding the tax nest.

The system as practiced by other countries such as Malaysia, Slovenia, Germany and America, et cetera has helped to reduce time to comply with the 3 main taxes (profit, labour and consumption) as well as provided reliable and accurate tax statistics (Charles, 1997). The Joint Tax Board, the Federal Inland Revenue Service and some State Internal Revenue Services like Nasarawa, Taraba, etc. are in the process of implementing electronic tax systems. While the initiative is commendable it is important to note that there are expected challenges facing the adoption of this system that could put a strain on the already flawed tax system.

E-tax when administered properly can be the solution to the flaws in the tax system in operation in Nigeria. As a new innovation, there is a dearth of empirical studies on the efficacy of e-taxation and the core problems challenging efficient implementation of the system.

This study which covered the period 2015 to 2023 is therefore undertaken to provide a bridge across the gap.

The following research questions were posed, to guide the study:

- a. What is the effect of e-taxation on voluntary tax compliance?
- b. what are the major factors militating against voluntary tax compliance in Nigeria;
- c. What is the policy strategy for overcoming the obstacles, in order to achieve voluntary tax compliance?

The objectives of this study include to:

- a) examine the effect of e-taxation on voluntary tax compliance;
- b) analyze the major challenges facing e-taxation for voluntary tax compliance; and
- c) Proffer policy antidotes to overcome the challenges.

Research proposition

- i. The major research proposition is that e-taxation is highly and positively correlated.

2. CONCEPTUAL REVIEW

2.1 Electronic taxation

Following the adoption of e-system of taxation, returns or payments are made online from the tax payer's corporate bank account. This application which was developed in conjunction with the Nigeria Inter-Bank settlement system (NIBBS) is hosted on the respective commercial bank's internet-banking platform. The process can be done in various ways including: Through the Automated Teller Machine/debit/credit card: Here the taxpayer simply logs into the website of the relevant tax authority with his Tax Identification Number and then completes the form choosing ATM/credit card as a means of payment based on the selected tax levy. After entering pin and authorizing payment, a printable e-receipt is then made available to the tax payer. Directly through bank accounts: Here the tax payer pays in the relevant collecting bank by cash or cheque and then enters the transaction password or teller number online logging on with his TIN. After confirmation, a printable e-receipt is made available to him. National electronic fund transfer: Here the tax payer instructs his bank to make payments into the relevant collecting bank which when done provides the taxpayer the relevant transaction codes for the payment. He then enters the code online and is furnished with an e-receipt as proof of payment.

Electronic taxation is relatively new in Nigeria and it is still evolving. The introduction of electronic taxation was heralded by the reports of the visiting teams of the International Monetary Fund (IMF) Fiscal Affairs Division in 2004, 2005 and 2006 respectively which recommended the implementation of an Integrated Tax Administration System (ITAS). In December 2010, the Federal Inland Revenue Service (FIRS) was granted approval by the Federal Executive Council to procure, install and implement ITAS. ITAS is aimed at re-engineering and automating FIRS tax administration processes as well as procurement, installation and deployment of the Standard Integrated Government Tax Administration Solution (SIGTAS) and hardware infrastructure.

In 2015, the FIRS partnered with the Nigerian Interbank Settlement System (NIBBS) to provide for the electronic payment of taxes in Nigeria. This is an automation of all tax processes from tax registration, assessment and filing of returns to payment of taxes. The objective was to adopt an electronic system to make it easier to pay taxes online in major cities across Nigeria. In June 2017, the FIRS restructured the electronic tax system to operate nationwide by introducing six new electronic tax services (e-services). The available e-services are:

2.1.1 E-registration

This is used for the registration of new taxpayers with FIRS for the various taxes. With this service, taxpayers do not need to visit any tax office to register for tax purposes. What is required is to visit FIRS website and register.

2.1.2 E-stamp duty

This facility is for payment of stamp duties on qualifying documents. The innovation is designed to increase the ease of doing business in Nigeria. In the past, physical stamping was required to perform transactions that require stamping. With e-stamping, stamping can be done anywhere and at any time online. One area in which this innovation seems to be very useful is when a new company is being incorporated at the Corporate Affairs Commission (CAC). From the CAC registration site, one can migrate to the FIRS e-service site and pay for your stamp duties.

2.1.3 E-tax payment

The facility is suitable for payment of all Federal Government taxes and levies through any of the following platforms; Nigeria Inter-Bank Settlement (NIBSS), Remita and Interswitch. This brings payment of taxes to your doorstep so that you can pay your taxes in the comfort of your home.

2.1.4 E-receipt

It is an enabler for receiving and verifying e-receipts generated for taxes paid through the new e-tax payment. With this you receive instant notification acknowledging your payment of tax.

2.1.5 E-filing

This enables taxpayers to file their tax returns through the FIRS ITAS online. This is one of the most innovative aspects of the e-tax services. It is a mandatory requirement of the law to file tax returns. This platform obviates the need to visit any tax office to file tax returns as you can upload relevant documents and file your tax returns electronically.

2.1.6 Electronic tax clearance certificates (e-TCC)

This platform enables taxpayers to apply for, receive and verify the authenticity of their e-TCC. Obtaining tax clearance certificates under the manual tax administration process is cumbersome. With e-TCC, a certificate is automatically sent to the email addresses of tax payers and its authenticity can be confirmed on the e-service website. The e-service initiatives combine innovation and technology in tax administration to make FIRS services convenient, easy and available everywhere and all times.

2.1.7 Tax compliance

Verboon and Dijk (2017) viewed tax compliance as the willingness of individuals to comply with relevant tax authorities by paying their taxes as at when due. Tax compliance can be defined as the ability of a tax liable body to submit accurate, complete and satisfactory returns in conformity with tax laws and regulations of the state to the authority for the purpose of tax assessment (Badara, 2012). Tax compliance is the degree to which a taxpayer complies or fails to comply with the tax rules of his country.

Appah and Ebiringa (2022) noted that tax compliance can be defined by considering three distinct types of compliance such as payment compliance, which means timely payment of all obligations, filing compliance, which means the timely filing of any required return, and reporting compliance (the accurate reporting of income and of tax liability). The Organization for Economic Cooperation and Development (2019) divided compliance into administrative compliance and technical compliance. Administrative compliance refers to complying with administrative rules of lodging and paying. This compliance can also be called reporting compliance or regulatory compliance. The technical compliance refers to complying with technical requirements of tax laws. Tax compliance can be achieved through the application of public relations, tax education, tax consultation and guidance and examination.

2.2 EMPIRICAL REVIEW

Ayodeji (2024) study is a critical examination of the e-taxation, improvement in tax compliance and revenue collection of economic development in Nigeria: an examination covering the period 2008 to 2023. This study examined e-taxation and enhanced tax compliance in Nigeria. It investigated the impact of e-taxation on tax evasion in Nigeria, as well as the extent to which e-taxation has contributed to the reduction of tax avoidance in Nigeria. The study used secondary data from Federal Inland Revenue Services (FIRS) and the National Bureau of Statistics (NBS). The study found that e-taxation had a considerable positive impact on tax evasion in Nigeria. The study found that the mean value of tax revenue increased after the implementation of e-taxation when compared to the mean value before the adoption of the e-taxation system. It also indicated that e-taxation has greatly helped in curbing the issue of tax evasion in Nigeria. The data analysis revealed a greater mean value for tax revenue following the implementation of e-taxation as compared to the mean value before the e-taxation system. The report provided numerous important recommendations, including the necessity for FIRS to develop an electronic tax payment system mobile App that will raise awareness and simplify the country's e-tax system. This study concluded that the e-taxation system in Nigeria achieves higher tax compliance than the manual approach.

Alake and Olatunji (2012) examined the impact of electronic taxation on tax evasion and avoidance in Nigerian banks. The objective of the study was to investigate the impact of electronic taxation on tax evasion and avoidance in Nigeria. Well-structured questionnaires were administered to the targeted respondents and were analyzed using

descriptive statistics. The result of the analysis showed that adoption of electronic taxation in tax administration in Nigeria significantly reduces the incidence of tax evasion and avoidance in Nigeria.

Olurankinse and Oladeji (2018) analyzed self-assessment, electronic taxation payment systems and revenue generation in Nigeria. The study population comprised of 30 companies quoted in Nigeria Stock Exchange. Pearson's product moment correlation coefficient statistical tool and regression analysis were used to test the hypothesis by the application of SPSS Version 20.0. Results of the analysis indicated a positive and significant relationship between self-assessment and e-taxation payments systems and revenue generation in Nigeria.

Ajape, Afara and Uthman (2017) empirically investigated the influence of E-tax system on tax administration and tax revenue generation in Lagos State Internal Revenue Service. The objective of the study was to determine the influence of an electronic system of taxation on tax administration efficiency and tax revenue generation in Lagos State. Survey research design was adopted using a structured five-point Likert-scaled questionnaire to obtain data. Data were analyzed using descriptive statistics, while hypotheses were tested using the multivariate analysis of variance (MANOVA) with the aid of SPSS. Major findings of the study revealed that respondents do not differ; that e-tax system has enhanced revenue generation potentials of Lagos State. The study recommended that relevant tax authority should formulate and implement policies that would promote the sustainability of positive effects of the e-tax system and to train tax official on how to harness the benefits of administering taxes electronically.

Nwamgbebu, et al., (2019) studied electronic tax system as a panacea for tax revenue leakages in Nigeria. The broad objective of the study is to assess the problems of the traditional tax system in Nigeria and establish electronic taxation as a solution to these problems.

The study adopted content analysis in analyzing text books, journals, newspapers and other essential materials that were used to obtain the needed information for the study. Extensive review of the literature showed that electronic tax system solves the problem of low tax collection, unavailability of tax statistics and poor record keeping, complex of payment and high cost of tax compliance. The implication of these findings is that an adoption of electronic tax system is an intelligent means of achieving a system of tax administration that allows for the collection and accountability of required taxes at a minimum cost. The study concluded that there are some challenges with the manual system of administering taxes and that modern technology could simplify these challenges and alienate them in the form e-tax. The study therefore recommended that government should support with everything on their disposal the establishment of e-tax administration so as to start ripping the benefit of high rate of compliance among taxpayers at all levels of government in Nigeria.

2.3 THEORETICAL FRAMEWORK

Several theories were considered. However, Technology Acceptance Model (TAM) was adopted. The theory is of the view that an individual's intention towards using a system is jointly determined by perceived usefulness (PU) and perceived ease of use (PEOU). The perceived usefulness refers to the user's belief that using a specific application system will improve his or her job performance. Perceived ease of use was defined by Davies as "the degree to which a person believes that using a particular system would be free from effort" (Davis, 1989). It refers to the degree to which the user expects the target system to be free of effort. It was argued that the theory although is a very useful model, it has to be integrated into a broader one which would include variables related to both human and social factors.

In relation to E-tax, TAM gives the bases for adopting the system as its perceived usefulness on the part of both tax payers and tax officials. The primary objective of the e-tax system is to solve the challenges facing the tax system which makes government tax officers the fore runners in the acceptance of the e-tax technology mostly because it has a direct positive effect on their job performance in terms of efficiency, timeliness, accuracy and reliability. As for the tax payers, the perceived usefulness of e-tax will then be the general ease of paying taxes in terms of simplicity, convenience, accuracy, and trust in the tax system which will then instigate compliance and hence solving one of the major problems of taxation in the country. The perceived ease of use is however a hindrance to both tax payers and tax officials who may sometimes feel they do not have what it takes to actually use the technology without much effort. This is mainly due to lack of technological exposure which poses as a major threat to the ongoing use of e-tax in Nigeria.

3. METHODOLOGY

This study relates to tax payers' perception on the variables which include improvement of the tax system in Nigeria, namely improved tax administration and the concomitant ease of tax payment all of which result in voluntary tax compliance. Accordingly, a survey method is employed.

The residents of FCT and Nasarawa State who proxy the population of tax payers in Nigeria form the respondents' base. A sample of approximately 400 respondents was drawn from the total population of 4,190, using Yamame (1964) approach as every Nigerian worker is a tax payer. Being survey oriented, primary data were employed, collected with the aid of a questionnaire. Interviews were also held with a cross section of the respondents and the top cadre of the staff of FIRS, to align primary data characteristics. This study covered the period 2015 to 2023.

Data were analyzed using the simple percentage tool, to elicit the degree of agreement through disagreement responses. The preponderance or frequency of the responses provide the basis for opinions, as is also reflected in the size of the percentage distribution of responses.

3.1 Analysis and results

Analysis shows that 207 respondents representing 54.04% of the responses strongly agreed that E-taxation charged a penalty on default or late tax payment; 176 respondents representing 45.95% agreed that E-taxation charged defaulters or tax payers that paid taxes late.

137 respondents representing 35.77% strongly agreed that E-taxation facilitated seamless tax verification in Nigeria; 92 respondents representing 24.02% agreed that E-taxation makes tax verification seamless, 21 respondents representing 5.48% were undecided; while; 91 respondents representing 23.75% disagreed that E-taxation made tax verification seamless in Nigeria. However, only 42 respondents representing 10.96% strongly disagreed E-taxation made tax verification seamless in Nigeria.

On electronic tax clearance facilitation, 22 respondents representing 57.70% strongly agreed that E-taxation facilitated easy electronic tax clearance in Nigeria; while 162 respondents representing 42.29% agreed that E-taxation provided easy electronic tax clearance in Nigeria.

Also, 169 respondents representing 44.12% strongly agreed that tax related complaints were addressed electronically, 102 respondents representing 26.63% agreed that tax related complaints were addressed electronically, 15 respondents representing 3.91% were undecided on whether tax related complaints were addressed electronically in Nigeria or not. Furthermore, 55 respondents representing 14.36% disagreed that tax related complaints were addressed electronically in Nigeria; while only 42 respondents representing 10.96% strongly disagreed that tax related complaints were addressed electronically in Nigeria.

With regard to tax filing, 199 respondents representing 51.95% strongly agreed the E-taxation facilitated E-filing of tax records in Nigeria; while 184 respondents representing 48.04% agreed that E-taxation facilitated E-filing of tax records in Nigeria. On e-tax registration facility, 201 respondents representing 52.48% strongly agreed that E-taxation allowed E-registration by tax payers in Nigeria, while 182 respondents representing 47.51% agreed that E-taxation allowed E-registration by tax payers in Nigeria.

With respect to stamp duty payments, 177 respondents representing 46.21% strongly agreed that E-taxation enabled easy E-stamp duty payment in Nigeria; 121 respondents representing 31.59% agreed that E-taxation enabled easy E-stamp duty in Nigeria; 7 respondents representing 1.82% were however undecided. In all, 51 respondents representing 13.31% disagreed that E-taxation allow easy E-stamp duty payment in Nigeria; while 27 respondents representing 7.04% strongly disagreed that E-taxation allowed E-stamp duty payment.

Concerning tax receipts generation, 239 respondents representing 62.40% agreed that E-taxation allowed easy E-receipt generation by tax payers in Nigeria; while 144 respondents representing 37.59% agreed.

A total of 114 respondents representing 29.76% strongly agreed that E-taxation system is user-friendly to tax payers in Nigeria; 93 respondents representing 24.28% agreed; 32 respondents representing 8.35% were however undecided if E-taxation system was user friendly to tax payers in Nigeria or not. Up to 100 respondents representing 26.10% disagreed that E-taxation system was user-friendly to tax payers in Nigeria; while 44 respondents representing 11.48% disagreed.

It was revealed that 141 respondents representing 36.81% agreed that E-taxation had reduced the processing time of tax returns in Nigeria; 112 respondents representing 29.24% agreed; 7 respondents representing 1.82% were however undecided on E-taxation has reduced the processing time of tax returns in Nigeria; while 24 respondents representing 24.28% disagreed. However, only 30 respondents representing 7.83% strongly disagreed that E-taxation has reduced the processing time of tax returns in Nigeria.

With respect of awareness, 74 respondents representing 19.32% strongly agreed that Nigerians were aware of the existence of E-taxation system in Nigeria. 81 respondents representing 21.14% agreed that Nigerians were aware of the existence E-taxation system in Nigeria; 113 respondents representing 29.50% disagreed that Nigerians are aware of the existence E-taxation system in Nigeria while 115 respondents representing 30.02% strongly disagreed that Nigerians were aware of the existence E-taxation system in Nigeria.

The major findings deriving from the analysis include the following:

- a. E-Taxation promoted and facilitated voluntary Tax compliance;
- b. The system facilitated ease of tax verification;
- c. Easy and prompt tax clearance processing and issuance were encouraged;
- d. Tax-related complaints were easily and promptly resolved;
- e. ease of stamp duty payment was achieved;
- f. easy generation of tax receipts;
- g. the e-platform was user-friendly;
- h. the system considerably reduced tax filing, processing and tax returns time frame; and

- i. there was a very limited level of awareness of e-taxation system by residents and potential tax payers in FCT and Nigeria at large.

4. DISCUSSION, CONCLUSION AND RECOMMENDATIONS

Findings revealed that the advent of e-taxation has engendered a new regime that has facilitated voluntary tax compliance by tax liable residents of Nigeria. This is because the new paradigm has facilitated ease of registration. Filing, payment, generation of tax and receipts and tax clearance. Until the adoption of the new system, tax administration Nigeria was so herculean that the fear of completing the transaction cycle was a major source of discouragement to payers. When challenges were encountered and complaints were lodged at FIRWS offices, it took an average of three months to resolve the relatively simple issue, as found from interview feedback.

The new system is also very user-friendly and little IT literacy is required in the application. This improvement was reported in Alake and Olatunji (2012)'s study which reported a drastically reduced tendency of tax evasion by banks in Nigeria.

Nwamgbebu et al (2019) similarly reported in a study that the sum total of the new ease of tax payment motivated payers who became more eager to settle tax liabilities, since payers were assured of early transaction completion with minimal difficulties. When issues arose, they were resolved more promptly. Ajape et al (2017)'s study corroborates the extensive effect of voluntary tax compliance, ease of payment and user friendliness of the technology on tax revenue generation and the implications for fiscal capacity enhancement.

A major subsisting drawback however remains the low level of awareness among residents on the new tax technology and the inherent advantages, due to this deficit, many residents have not been sufficiently mobilized to embrace the technology. For enhanced voluntary compliance. This limitation was envisaged and explained by Diffusion of Information Theory by Rogers (1943).

E-Taxation has the obvious tendency to facilitate improvement in tax administration and compliance in Nigeria, in view of the inherent reliefs it brings to FIRS and residents. The potentials are high, particularly with respect to enlarging the tax nest, increased tax revenue generation and enhanced fiscal capacity of government, all of which have positive effect on development. Unfortunately, low level of awareness has remained a militating factor in the implementation of the new policy. Policy measures to overcome the defects are offered in the subsequent section.

Samuel and Tyokoso (2014), carried out research titled Taxation and Revenue Generation: An Empirical Investigation of Selected States in Nigeria. The testing of hypotheses was done using regression analysis via SPSS version 17.0. The research discovered among others that taxation has a significant contribution on revenue

generation, taxation has a significant contribution on Gross Domestic Product (GDP) and tax evasion and tax avoidance have a significant effect on revenue generation in Nigeria. The research recommends among others that well equipped database on tax payers should be established by the Federal, State and Local Governments with the aim of identifying all possible sources of income of tax payers for tax purpose, the tax collection processes must be free from corruption and embezzlement and stringent penalties should be meted by the federal, state and local governments to people who evade and avoid tax payments in order to discourage tax evasion and tax avoidance.

Akintoye and Tashie (2013) carried out research on the effect of tax compliance on economic growth and development in Nigeria, West Africa. Primary data was collected through the administering of questionnaires to self-employed in each senatorial district in Oyo and Lagos States. Frequencies and percentages were used to measure the demographic variables of the respondents, and also the factors that affect the willingness to pay tax, while the Chi-square technique was used to measure the difference between willingness to pay tax of citizens in Lagos and Oyo States. It was discovered that many Nigerians are complying with tax payment and that the willingness of citizens to pay tax in Lagos State is significantly higher than that of Oyo State. From the list of factors that were tested for, Trustworthiness of government, Provision of Infrastructural Amenities, Tax Accountability by Government, Level of government delivery, Income, Morale Ethics, Tax Knowledge, Tax Rate, and The System of Tax Payment were found to influence the willingness to pay tax. The conclusion is that compliance through the willingness of citizens to pay tax is very important and cannot be ignored. It is suggested that government should pay attention to the factors that influence the willingness of citizens to pay tax and improve on them, thereby improving peoples' willingness to pay tax, government revenue and economic growth and development of the nation generally.

Adebisi and Gbegi (2013) examined the effect of tax avoidance and tax evasion on personal income tax administration in Nigeria. Tax evasion and tax avoidance, a problem which seems to have defied solution, had been deviled the tax system right from colonial times. While some had blamed the situation on tax authorities for not living up to expectation with regards to tax administration, others attribute it to the unpatriotic attitude of tax payers. It was in this light of contending position that the researcher carryout a survey in Nigeria with particular reference to Federal Inland Revenue Service Abuja. The sample size was derived statistically using Taro Yamani formula. The sample size consists of three hundred and five (305) employees of Federal Inland Revenue Service Abuja. The study utilizes primary and secondary data. Tables and percentages were used for the analysis. The Analysis of Variance (ANOVA) was used to test the hypotheses. The research findings disclose that enlightenment and adequate utilization of tax revenue on public goods will discourage tax avoidance and tax evasion, high tax rates encourage tax avoidance and tax evasion, personal income tax generation has not being impressive and personal income tax rates are too high. The researcher therefore concluded that there is a direct and positive relationship between tax avoidance, tax evasion, tax rates and personal

income tax administration in Nigeria. Hence recommended that tax officials should be constantly trained and retrained on the job, a deliberate and more aggressive public enlightenment campaign should be embarked upon by government and the reduction in tax rates for the poor.

4.1 Recommendations

Arising from the findings, the following policy measures, to improve e-taxation system in Nigeria, are proposed:

- a. FIRS should provide special incentive packages such as “tax payment draw-back” and tax rate reduction for early payments (before stipulated deadlines), to encourage voluntary compliance timely.
- b. FIRS should impose stiffer penalties, including asset forfeiture and denial of licenses or permits, imposed on tax defaulters, to deter tax evasion, avoidance or payment delayed.
- c. FIRS should undertake massive education campaign on e-taxation, to increase awareness of the new tax regime and the application of the package, to generate public interest in the system and its friendly applicability.

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