
EFFECT OF E-TAXATION ON GOVERNMENT REVENUE GENERATION IN NIGER STATE

AISHA Omosomi Muhammad
Niger State Internal Revenue

ABDULLAHI B. Yusuf (PhD)
abdulby2@gmail.com
Department of Business Administration
Faculty of Management and Social Sciences
Ibrahim Badamasi Babangida University Lapai

SALIHU A.A (PhD)
Department of Business Administration
Faculty of Management and Social Sciences
Ibrahim Badamasi Babangida University Lapai

Abstract

Taxation is a major source of revenue through which governments reduce their expenditure and attained economic growth and development. The aim of the study is to examine the effect of e-taxation on revenue generation in Niger State. The sample size for this study comprised of one hundred and twenty (120) which comprises of 80 Tax payers, 30 Tax officials and 10 Tax experts. Face validity Test was conducted to ascertain the goodness or quality of the questionnaire instrument and all collected data were statistically analyzed using frequency distribution, percentages, and means respectively. The study revealed that, e-taxation has significant positive relationship with revenue generation efficiency in Niger State and e-taxation enhances compliance of taxpayers in Niger State. However, the study also revealed that, the lack of technological exposure prevalent in Niger State poses a threat to the acceptance of the e-tax system, lacks required ICT infrastructure for the successful implementation of the e-tax system, the tax information system is susceptible to the activities of computer hackers and fraudster and lack of awareness among the taxpayers as the identified challenges of e-taxation in Niger State. The study recommends that tax system must be secured to guarantee tax payer confidentiality and minimize fraud; e tax system should be consistently reviewed so as to confront numerous tax challenges among others.

Keywords: e-taxation, revenue generation, tax payers, government expenditure, cyber crime

Introduction

Electronic revenue collection in developing countries has gained increased prominence. Taxation has remained the major source of revenue through which governments reduce their expenses and attained economic growth through the provision of adequate and enticing infrastructures. The tax system is an opportunity for government to collect additional revenue needed in discharging its pressing obligations. A tax system offers itself as one of the most effective means of mobilizing

a nation's internal resources and it lends itself to creating an environment conducive to the promotion of economic growth. Tax is a compulsory levy imposed on a subject or upon his property by the government to provide security, social amenities and create conditions for the economic well-being of the society (Maisiba & Atambo, 2016).

In Nigeria, taxation has been existing before the amalgamation in 1914 of the North and South protectorate to form the territory now called Nigeria. However, its place has not been well reorganized as it were in other countries (Okoye & Ezejiolor, 2014). For example, while most countries both within and outside Africa categorize their revenues as tax-revenues and non-tax revenues, in Nigeria federally collected revenue is categorized under oil revenue and non-oil revenue. It is also discouraging to reveal that tax revenues have not contributed significantly toward the economic growth of Nigeria when compared with tax-to-GDP ratio of other African countries such as Cameroon, Senegal, Tunisia, and so on (Chijioke, Leonard, Bossco & Amaefule, 2018).

It has been observed that in most countries where tax revenues significantly constitute a major part of the economy's revenue, they have been using electronic tax system for years. Wasao (2014) describes electronic tax system as an online platform whereby the taxpayer is able to access through internet all the services offered by a financial authority such as the registration for a personal identification number, filing of returns and application for compliance certificate, a perfect example of such system is the electronic taxation system that was rolled out in 2013 by the Federal Inland Revenue service (FIRS).

According to Atika (2012), electronic tax system forms part of the revenue collection reforms by FIRS whose main motive is enhancing tax collections and tax efficiency and thus, tax revenues have been increasing rapidly due to the country's rapid economic development accelerated by the new systems. In this regard, the planning and formulation phase of an elaborate electronic system strategy was done in the FIRS Corporate plan of 2003 and was implemented in the fourth corporate plan of 2009. FIRS have a centralized Information Communication Technology (ICT) department that provides support services in terms of electronic systems to the entire organization all these to try and achieve its goals for achieving increased revenue collection and facilitating voluntary compliance by taxpayers (Atika, 2012).

According to the World Bank and PWC (2013), sixty-six countries had fully implemented electronic filing for payment of taxes as at 2010, twenty of them adopted the system in the past 7 years. World Bank and PWC (2015), Paying Taxes Survey in 2005 revealed that taxpayers can file tax returns electronically in about 45% of the countries that were surveyed. In 83% of the surveyed countries, taxpayers can complete at least one aspect of their tax compliance process electronically. In 2014, more than 24 countries instituted reforms that made it easier or less costly for firms to file returns and pay taxes and the most common feature of tax reforms globally was the introduction of, or enhancement of electronic filing system. Such changes were implemented in 18 countries including Costa Rica, Cyprus, Mozambique, Spain, Vietnam, Serbia, and Zambia, amongst others. Businesses in these countries now file returns electronically thus spending less time on compliance. The system also increased transparency and limited the opportunity for corruption

and bribery, (Ezomike, 2016).

Nigeria operates what is generally known as a federal tax system. In this respect, the present structure of taxation as stipulated by the Constitution of the Federal Republic of Nigeria reflects the three-tier system of Government at the Federal, State and Local Government levels. Under the Constitution, each tier of Government has been granted powers and responsibility in respect of the imposition and collection of taxes. The 1999 Constitution of the Federal Republic of Nigeria places the responsibility for legislating on taxation on Income, Capital Gains and Stamp Duty on the Federal Government as stated in the Exclusive Legislative List. It however places collection of taxes on the concurrent legislative list, enabling the Federal Government to delegate administration or collection of taxes as it pertains to taxation or duty on (a) capital gains, incomes or profits of persons other than companies; and (b) documents or transactions by way of stamp duties, to the State Government (Muhammad, 2020).

At the same time, the constitution places the responsibility for legislating on the collection of taxes, fees and charges that can be collected by the Local Government on the State Governments. Other than that, specifically stated in the exclusive legislative list, activities that would ordinarily attract taxes, fees and charges (forms of levies) are placed squarely as part of the responsibilities of the Local Government Council – in the 4th schedule. The above provisions of the Constitution provide a clear indication that taxation is meant to be a collective responsibility of each tier of Government with every tier provided its own powers, areas of jurisdiction and roles (Adejare and Usman; 2017).

In a bid to improve the Nigeria tax system for effective tax administration, the Nigeria Interbank Settlement System (NIBSS) and System Specs Nigeria Limited partnered with the Federal Inland Revenue Services (FIRS) to provide electronic payment of taxes in Nigeria in 2015. Electronic taxation system was introduced to automate all core processes from tax registration, payment, assessment, monitoring exercise, tax audit and investigation, taxpayers file management and returns filing. Despite the improved technology integration in the Nigeria Tax system, it remains unclear how the implementation has affected government tax revenues. It is on this background that this study examines the effect of e-taxation on the government revenue generation in Niger State.

Statement of the Problem

The main function of taxation is to generate money for government expenditure. According to the Nigeria National Tax Policy (2012) taxes help the government in generating sufficient resources for government to provide basic public goods and services. Nigeria is yet to realise the full benefit of taxation as experienced in developed countries of the world. In fact, Ayua (2010) observed that the problem with Nigeria tax administration is grossly inefficient with respect to its procedures, machinery and approaches adopted in collection of taxes, alongside the corrupt practices of tax officials in implementing tax system. He further opined that the Nigeria tax system is grossly inadequate as it is characterized with tax evasion, avoidance and record falsifications which account for the consistent low tax yields.

Careful observation points to the oil boom which has been an enduring blessing to Nigeria which regrettably brought about a great shift of attention to oil money, which results to a total neglect of other sectors including agriculture in Nigeria. The adverse

effect of this boom and euphoria led to the neglect of other sectors from which revenue can be generated by the government to provide basic amenities for her citizens. One of the best ways the government can use to generate revenue during this period of dwindling of oil revenue is through tax. Unfortunately, this has been neglected by the government. Unless aggressive tax system is being introduced by the government to ensure the citizens pay their taxes as at when due, Nigeria will remain in this economic shackle for long.

Over the years, revenue derived from taxes has been very low and no physical development took place, thus the impact on the poor is not being felt. Inadequate tax personnel, fraudulent activities of tax collectors and lack of understanding of the importance to pay tax by tax payers are some of the problems that we are currently facing in ensuring effective tax revenue in the country (Muhammad, 2020). Therefore, this study will throw more light on the effect of e-taxation on government revenue in Niger State in terms of revenue collection efficiency and tax compliance.

Research Questions

Sequels to the statement of the problem, the following fundamental research questions are raised:

- i. What is the effect of electronic tax payment on revenue collection efficiency by tax authority in Niger State?
- ii. What is the effect of electronic tax system on tax compliance among taxpayers in Niger State?
- iii. What are the challenges of using electronic-tax system on revenue collection efficiency in Niger State?

Objectives of the Study

The general objective of this study is to examine the effect of e-taxation on Government Revenue in Niger State. Specifically, the study intended to;

- i. Examine the effect of electronic tax payment on revenue collection efficiency by tax authority in Niger State.
- ii. Assess the effect of electronic tax system on tax compliance among taxpayers in Niger State.
- iii. Identify the challenges of using electronic- tax system on revenue collection efficiency in Niger State.
- iv. Suggest possible solutions to the challenges faced in the adoption of E-tax payment system in Niger State.

Statement of the Hypotheses

To achieve the study objectives, the following null hypotheses are postulated:

H₀₁: electronic tax payment has no significant effect on revenue collection efficiency by tax authority in Niger State.

H₀₂: electronic tax system has no significant effect on tax compliance among taxpayers in Niger State.

Significance of the Study

The study is likely to reveal the strengths or weaknesses associated with implementation of new technology and its benefits not only to the revenue generated by the government but also to taxpayers thereby, enriching knowledge to other state government institutions planning to embark on similar modernization programs. This finding of the study will also contribute to understanding the effective usage of the e-taxation through self-employed taxpayers that leads to increase in tax compliance and revenue generation in Nigeria. Furthermore, the recommendations made will be of great help to NSIRS and the small taxpayers in carrying out a cost-benefit analysis on the use of technology in efficient tax administration and to aid in future policy formulation. Finally, it will also be of use to the student, researchers, policy makers, existing and prospective taxpayer as well as any interested party from other fields of study who wish to understand the practical aspect of taxation. It will assist students in their knowledge build-up and appreciation of the practical E-tax situation of the government and serve as reference material for further study.

Literature Review

In this section, relevant existing literature on e-taxation and revenue generation are reviewed. Specifically, the chapter dwells on the concept of taxation, e-taxation, origin of e-taxation, benefits and challenges of e-taxation.

Concept of e-taxation

e-taxation is the process of assessing, collecting and administering the taxation process through an electronic media. In the words of Che-Azmi & Kamarulzaman (2014), e-taxation is one of the ways through which governments around the world utilize information and communication technologies to improve the delivery of public services and the dissemination of public administration information to the public. Wasao (2014) describes electronic tax system as an online platform whereby the taxpayer can access through internet all the services offered by a financial authority such as the registration for a personal identification number, filing of returns and application for compliance certificate, a perfect example of such system is the Electronic taxation system that was rolled out by FIRS in Nigeria.

Electronic tax system was introduced by Nigeria Tax Authority to increase financial collection, administration, render services to the tax payers all the time from anywhere, reduce costs of compliance and improve tax compliance. It is rapidly replacing paper-based tax reporting systems. Promising many advantages over the traditional method of hard copy tax filing, these systems promise faster process, lower costs and increased efficiency. FIRS have a centralized Information Communication Technology (ICT) department that provides support services in terms of electronic systems to the entire organization all these to try and achieve its goals for achieving increased revenue collection and facilitating voluntary compliance by taxpayers.

According to FIRS (2015), the FIRS introduced ITAS in 2013 to improve tax administration in Nigeria and transform the tax compliance process away from the current manual system which is tedious and bureaucratic. Wasao (2014) observed that the aim of the ITAS is to automate all core processes around registration, payment, assessment, debt and credit management, audit and investigation, case management, and returns filing.

Benefits of e-taxation

The evolution of the Information and Communication Technology (ICT) in the globe, the e-tax payment system was introduced. This is because, prior to ICF's intervention, information sharing, and filling of tax returns was done manually causing delays in revenue collection and loss of data. Today, the Federal Inland Revenue Service (FIRS) has brought significant benefits to the business community and the Nigerian economy through its recently developed e-tax system (FIRS, 2015). Based on these taxpayers can file their tax returns online, within one day and with just three procedures. Quick and easy payment of taxes is expected to promote compliance and lead to better revenue collection. According to FIRS, (2015), e-taxation requires taxpayers to pay their taxes online from their individual or corporate bank accounts. 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 requires the TIN, unique document number generated on the e-filing platform and the necessary internet banking authentication. The system can generate electronic acknowledgement confirming that payment has been made successfully which can be presented to the FIRS. Taxpayers who have not migrated to the ITAS platform can also use this system to make their tax remittances (FIRS, 2015). Similarly, Okoye & Ezejiofor (2014) identified e-taxation as a system of tax administration carried out online. They noted that because e-taxation is electronic tax filing system, then, electronic tax payment can be made directly through bank account and using ATM via debit card or credit card. Okoye & Ezejiofor (2014) noted that online tax system has gained huge attention worldwide via the development of information technology, which affects the tax administration system. With the emergence of information technologies (IT), it is possible for the tax administrators to improve tax administration system by creating awareness about their tax structure that most of the taxpayers have limited knowledge about.

According to Alake and Olatunji (2016) prior to the implementation of e-taxation, FIRS mostly could not determine the amount collected; neither could it ascertain when money was collected. The banks are always at liberty to declare whatever they like, using manual manifest that could only be ascertained by the banks. As a result, transaction reconciliation between FIRS and the collecting banks often degenerate into controversy and open quarrels. The use of computer for tax administration has removed this ugly incident. Account transfer tax payment and rebate will reduce citizen's need to visit financial institution, speed payment of taxes and simplifying the rebate process: tax data will be transmitted via the internet to tax office. This enhanced remittance procedures, saving their time and man power, and acceleration payment of tax into national treasury. Payment of tax rebates via account transfer will save tax offices the cost and mailing rebate notices and checks.

With the development of direct electronic solution, FIRS has found a killer system that helps her stamp out irregularities in the administration of taxation in the country. Pay direct is a PC based electronic payment solution designed to secure commercial transaction between an organization and its dealers/ distributors. It is an effective way of providing e-payment solutions. This pay-direct supports payment from cash cheques, debit and credit cards, also opens up a window of opportunity by serving a wide range of non-cash transaction request and other value-added services thereby providing a low-cost entry point into the electronic payment network (Muhammad,

2020).

However, there are many factors which can lead to tax evasion via the internet. We have examined the internet impact on existing taxation frame works on the assumption that any transaction conducted over the internet would be to some degree either self-reported or within the investigative and enforcement powers or revenue authority. The web server could be located anywhere irrespective of the fact that transaction has been taken place, the remote web server location provides easy room for the concealment of the identity of the parties by tempering the data base of the web site where it has been uploaded. Deletion of the data base is possible within fraction of the moment, which can provide enough opportunity for tax payer to tamper with the record of the transaction in remote server and evade imposition of taxation (Ekhatior, 2015).

Challenges of e-taxation in Nigeria

Abdulrazaq (2015) observed that in Nigeria, the electronic tax system is confronted with several challenges, which include a low computer literacy level and the high cost of setting up an e-taxation system. Also, its effectiveness is highly dependent on the availability of an efficient internet service. Now, several places in Nigeria still do not enjoy an effective internet service, especially in rural areas. It is estimated that, between 2015 and 2018, the number of internet users in Nigeria rose from 63.2 million⁴³ to about 103.6 million.⁴⁴ Although there is a steady rise in the number of people with access to the internet and improved internet connectivity, a lot still needs to be done as the percentage of people without access to the internet in Nigeria is approximately 50% of its population, considering that its estimated population is put at about 198 million in 2018.⁴⁵ (Richards & Ekhatior, 2019). This is further compounded by the unreliable electricity power supply in Nigeria.

Another challenge of electronic taxation in Nigeria is that only the FIRS, which is the tax authority at the federal level, has fully automated its processes. According to Richards & Ekhatior, (2019) Many tax authorities at the state level are still using manual tax processes, except for a few states which has introduced e-filing, e-tax payments and e-tax clearance certificate systems. This situation inhibits effective collaboration between tax authorities at the federal and state levels to prevent double taxation. There is a need for state revenue authorities to automate their processes to provide the necessary synergy with the FIRS. The benefit of this is that it will contribute positively to the rating of Nigeria on the ease of doing business index as investors will find it easy to fulfill their tax obligations to the federal and state governments through convenient and transparent electronic tax payment platforms. It will also assist tax authorities to easily share information on a taxpayer and build up a comprehensive tax history of a taxpayer.

Electronic tax fraud (cyber tax crime) is a major challenge to the development and sustainability of electronic tax systems. The greatest threat to electronic taxation in Nigeria is the activities of cyber criminals, who try to compromise the integrity of the tax revenue service portals (Alade, 2018). A tax crime is any act in the process of paying taxes, or omission to do an act necessary to fulfill the tax obligation of an individual or organization, which is considered a public wrong by relevant tax laws. In many African countries, tax laws classify certain actions and inactions as tax crimes or tax offences, and they are punishable by imprisonment and/or the payment of fines or penalties. With the use of the internet and information technology in tax

administration, the nature of tax crimes has changed. It has gone beyond the sphere of tax offences; it is now more like cybercrime in nature.

The increased activities on the internet have also led to an unprecedented increase in cybercrime activities. Criminals find it more attractive because of its speed, anonymity and convenience. The economic and social impact of cybercrime is unquantifiable, and it is difficult to accurately assess its cost implications. However, as at 2014, a report on the economic impact of cybercrime by McAfee (2000) estimated that the likely annual cost to the global economy was more than \$400 billion. It has also been observed by Richards and Ekhatior (2019) cybercrime extracts between 15% and 20% of the value created by the internet. A share of revenue that is significantly larger than any other transnational criminal activity".

In Nigeria the situation is no different. It has been noted by FIR (2015) with the number of internet users hitting over 91.6 million in Nigeria, the number of cyber fraud cases traced to Nigerians have also increased drastically. About N127 billion was the estimated loss to cybercrime in Nigeria in 2015 and Nigeria now ranks third in global internet crimes behind United Kingdom and United States of America.

This development suggests that the electronic tax administration system is susceptible to cyber-attacks as it is not immune to the activities of cyber criminals. It is therefore necessary for there to be effective anti-cybercrime laws and institutions to fight against cybercrime if electronic tax systems are to be sustained in any tax system.

Cyber tax crimes or electronic tax frauds are any criminal infraction in the process of registration for tax purposes, tax assessment, filing of returns and payment of taxes using electronic computer systems or the internet. In Nigeria, cyber tax crimes will include making false statements and income declaration while e-filing tax returns or making e-payments. It will also include any act capable of obstructing the effective operations of the electronic tax systems and networks. With the digitalization of government activities and the preference for deploying technology in tax assessment, filing of tax returns and payment of taxes globally, taxation has become exposed to the activities of cyber criminals who try to compromise websites and manipulate data in the sites of tax authorities, by exploiting the loopholes in the cyber security system. Also, there is an increase in fraudulent tax refund claims⁵⁵ and the filing of false tax returns and data leaks, both from private and public sources, owing to the activities of hackers and rogue employees. It is estimated that, globally, over 700 million personal data records were compromised in 2015.

The US Internal Revenue Service Consumer Alert (2016)) confirms that tax scams are increasing, and that tax-related phishing emails and malware have surged 400% in one tax season. The emails are designed to deceive taxpayers into thinking they are official communications from tax authorities or bodies linked to them. In 2015 alone, over 2,748 phishing emails and malware were reported to the IRS.⁵⁸ Generally, in the US, cyber tax crimes will include tax refund fraud, corporate account takeover (the hacking of the website of a corporate body), personal identity theft and sensitive data theft , Similarly, the Indian Income Tax Department recently warned that cyber criminals are now targeting people filing income tax returns online by sending malicious bulk emails to trick them to provide their net banking credentials. These emails are camouflaged in a manner that one feels that it has come from an authentic e-mail.

In India, electronic tax offences include sending a request to change passwords of a taxpayer without authority, quoting a false address or email while creating a tax ID online, hacking passwords with false digital signatures, quoting a bogus online bank entry in the self-assessment paid tax column, failure to remit tax deposits deducted from employees but making deductions from employees with fake online entries, or filing false income tax returns to claim false deductions for tax saving: these will occur where false claims are made to enable a taxpayer enjoy relief, such as allowable deductions.

From the contemporaneous illustrations above, it is certain that the introduction of electronic taxation in Nigeria has given rise to a new set of tax offences which are cyber tax crimes. This new set of tax crimes, which are the attendant consequences of the introduction of computer systems and technology in tax administration, are beyond the contemplation of the existing tax laws. Thus, there is a need to look elsewhere for legislative instruments that can complement the tax laws in the protection and sustaining of the electronic tax system. This is where cybercrime laws become relevant in the administration of electronic taxation in Nigeria.

Theoretical Framework

Taxation is a significant tool and a regular medicine to raise government revenue (Torgler; 2019). There are several theories on public finance and economics on taxation. This current study is underpinned by two major theories; ability principle theory and benefit theory as developed by Lindahl (1960; 1992). Though in Smith (1776) cited in Wikipedia (2020), payment of tax should have relationship with individual ability; (i) proportionate to income (ii) certain rather than arbitrary (iii) payable and convenient to tax payers (iv) cheap to administer and collect.

Under the benefit theory, tax levels are automatically determined because tax payers pay proportionately for government benefit they receive. Lindahl tries to solve three societal problems; show extent of state tax collection, allocation of total expenditure among various goods and services and allocation of tax burden. The benefit theory is premise on the assumption that there is basically an exchange relationship between the tax payer and the government. The government provide essential goods and services to the citizenry and the populace contribute to the cost of these supplies in proportion to the benefit they received (Bhartia; 2009 cited in Adejare and Usman, 2017).

Methodology

This section explains the methodology employed by the researcher in the study. It dwells specifically on research design, population, sample and sampling technique, methods of data collection, procedures for data analysis and model specification.

This study adopts a survey research design in examining the effect of e-taxation on government revenue generation in Niger State. A total of one hundred and twenty(120) population of tax experts, officials and tax payers in the Niger State, will make up the target population of the study. (as obtained from Niger state Ministry of Finance). Purposive sampling technique was used to select 80 respondents from tax payers, 30 from Staff of Niger State Internal Revenue, and 10 from audit firms. The choice of this sampling technique by researcher is driven by the fact that it ensures that at each point of selection; there is an equal and independent opportunity for each member of the population to be included in the sample.

Table 3.1: Sample distribution

SN	Organization	Population
1.	Tax payers	80
2.	Tax officials	30
3.	Tax experts	10
	Total	120

Source: Researcher's Computation (2020)

Methods of Data Collection

The study employed primary sources of data. Questionnaires were used in the data collection. The questionnaire is structured in two sections namely; section A (Bio data) and B (Research Data). Face validity Test and Cronbach's Alpha Reliability Test was conducted to ascertain the goodness or quality of the questionnaire instrument. This was achieved with the aid of statistical package for social sciences (SPSS).

Reliability and Validity

Face validity and reliability test was carried out to ensure the validity and reliability of the instrument. The reliability was insured by testing the instruments for the reliability of values (Alpha values) as recommended by Cronbach, (1946). Cronbach recommends analysis for Alpha values for each variable under study. According to Sekaran (2008) Alpha values for each variable under study should not be less than 0.6 for the statements in the instruments to be deemed reliable. Consequently, all the statements under each variable were subjected to this test and were proven to be above 0.6. The validity of the data collection instruments was done with the help of Questionnaires.

Table 3.2 Scale Reliability of Variables

Variables	Cronbach's Alpha
Revenue Collection	0.91
Tax compliance	0.87
Challenges of using e-tax	0.83
Ways of overcoming the challenges	0.92

Source: Researcher's Computation (2020)

Procedures for Data Analysis

The data collected from the respondents through questionnaire will be presented in the tables and figures and analyzed. The study employs two statistical tools to analyze the data, descriptive statistic and inferential statistic, at descriptive level, simple percentage count will be used to analyze

the Bio-data of the respondents, mean and standard deviation used to answer the research question 3 and 4, while at the inferential level, Regression will be used to test the hypotheses. it will be tested at 0.05 level of significance, which could be used to make decision on whether to retain or reject the null hypotheses formulated for the study.

To identify the challenges of e-taxation, items were measured using a nominal scale – the 5 – point Likert type rating scale. The Likert scale ranges from 1 to 5, where '1' stands for strongly “disagreed”, '2' for “disagreed”, '3' for “undecided”, 4 for “agreed” and 5 for “strongly agreed”. These numbers (or weights) were multiplied with the frequency of responses and their mean values obtained. Consequently, any mean or average value that falls between 1.00 to 2.49 was considered to be “disagreed”, an average value that between 2.50 to 5.00 was considered to be “Agreed”.

Model Specification

As earlier indicated, in the hypotheses, effect of e-tax on revenue collection efficiency and the effect of e-tax on tax compliance will be tested using Regression with the aid of statistical package for social sciences (SPSS). A Regression or a bivariate regression analysis is a statistical technique that uses information about the relationship between an independent or predictor variable and a dependent or criterion variable, and combined it with the algebraic for a straight line to make prediction (Hair, Bush & Ortinau, 2000).

Thus, Linear Regression Models are given below:

$$\begin{aligned} RCEF_i &= \alpha_0 + \beta ETAX_i + \mu_i \text{-----} 1 \\ TCOM_i &= \alpha_0 + \beta ETAX_i + \mu_i \text{-----} 2 \end{aligned}$$

Where:

ETAX = e-tax

RCEF = Revenue Collection Efficiency

TCOM = Tax Compliance

α = Intercept or Constant

β = Slope of the Regression Line

i = denotes cross sectional dimension

μ_i = individual specific disturbance effect (error term), do not vary over time

Decision Rule

To estimate the regression analysis model, SPSS will be used. The procedure involved specifying the dependent and the independent variables. In this case, e-tax is the independent variable while revenue collection efficiency and tax

compliance are the dependent variables. When SPSS is run and from the output, the values of the constant (β_0) coefficient of regression (β_1) will be obtained.

Data Analysis

The data collected are analyzed, interpreted and discussed. Expectedly, the analysis provided answers to the research question raised earlier in section 1.4.

4.2 Questionnaire Distribution and Retrieval

Table 4.2: Distribution and Retrieval of Copies of Questionnaire

Sample segment	Sample size	Copies of Questionnaire Distributed	Copies of Questionnaire Retrieved	Copies of Questionnaire not retrieved	Percentage of Questionnaire retrieved
Taxpayers	80	80	76	4	95%
Tax officials	30	30	24	6	80%
Tax experts	10	10	10	0	100%
Total	120	120	110	10	91.6%

Source: Survey Data (2020)

Table 4.2 shows the breakdown of the copies of questionnaire distributed and retrieved from respondents. In all, a total of 120 questionnaires were distributed to respondents out of which 110 (or 91.6%) copies were returned and 10 (or 8.4) were not returned. The entire 110 copies were thoroughly examined and found usable. **The study hypotheses were analyzed at 5% level of significance.**

Hypotheses Testing

As earlier indicated, in the hypotheses, effect of e-tax on revenue collection efficiency and the effect of e-tax on tax compliance will be tested using Regression at 0.05% level of significance.

4.4 Electronic Tax and Revenue Collection Efficiency

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.875 ^a	.766	.732	.48236

a. Predictors: (Constant), e-taxation

ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	229.214	1	229.214	1453.735	.000 ^a
	Residual	42.403	198	.088		
	Total	271.617	199			

a. Predictors: (Constant), e-taxation

b. Dependent Variable: Revenue Collection Efficiency

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.946	.243		8.008	.000
	e-taxation	1.002	.342	.833	2.929	.000

a. Dependent Variable: Revenue Collection Efficiency

The regression line $RCEF = 1.946 + 1.002ETAX$ indicates that the revenue collection in Niger State will increase by 1.002 units for every 1 unit increase in e-taxation. The significant value or P-value of 0.000 is less than the t-value of 0.05. The study, therefore, rejects Null Hypothesis that the effect of electronic tax system in Niger state is significant. This is corroborated by the correlation coefficient (r) of 0.875 that shows a strong relationship and the coefficient of determination (R^2) of 0.766 which indicates that about 77% of variation in the revenue collection efficiency in Niger state can be explained by e-taxation or the ability of the regression line to predict the revenue collection efficiency is about 77%. In the absence of e-taxation, the revenue collection efficiency will stand at 1.946 as indicated by constant (α).

**4.5 Electronic Tax and Tax Compliance
Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.787 ^a	.619	.583	.27286

a. Predictors: (Constant), e-taxation

ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	207.376	1	207.376	1196.867	.000 ^a
	Residual	40.373	198	.084		
	Total	247.749	199			

a. Predictors: (Constant), e-taxation

b. Dependent Variable: Tax compliance

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.998	.184		5.424	.000
	Tax compliance	.856	.264	.821	3.242	.000

a. Dependent Variable: Tax compliance

The regression line $TCOM = 0.998 + 0.856ETAX$ indicates that the tax compliance among tax payers in Niger State will increase by 0.856 units for every 1 unit increase in e-taxation. The significant value or P-value of 0.000 is less than the t-value of 0.05. The study, therefore, rejects Null Hypothesis that the effect of e-

taxation on the tax compliance among taxpayers is significant. This is corroborate by the correlation coefficient (r) of 0.787 that shows a strong relationship and the coefficient of determination (R^2) of 0.619 which indicates that about 62% of variation in the tax compliance among taxpayers can be explained by e-taxation or the ability of the regression line to predict the tax compliance among taxpayers in Niger State is about 62%. In the absent of e-taxation, the tax compliance among taxpayers in Niger State will stand at 0.998 as indicated by constant (α).

4.6 Challenges of Using Electronic- Tax System

Table: 4.6 Challenges of Using Electronic- Tax System

Statement Items	Mean	Decision
There has been a strong resistance to change by taxpayers especially among those who engage in tax avoidance and evasion	4.82	1.373
The lack of technological exposure prevalent in Niger State poses as a threat to the acceptance of the E-tax system	4.81	1.365
Niger state lacks required ICT infrastructure for the successful implementation of the E-tax system	4.98	1.349
The tax information system is susceptible to the activities of computer hackers and fraudsters.	4.19	1.377
Most tax payers in Niger State remain blissfully unaware of the E-tax system in the state even though they are computer literate enough to take part in it.	34.16	1.333

An attempt to identify the challenges of using e-tax system, table 4.5 shows the respondents' perception that there has been a strong resistance to change by taxpayers especially among those who engage in tax avoidance and evasion with a mean value of 4.82, The lack of technological exposure prevalent in Niger State poses as a threat to the acceptance of the E-tax system with mean value of 4.82, Niger state lacks required ICT infrastructure for the successful implementation of the E-tax system with a mean value of 4.98, the tax information system is susceptible to the activities of computer hackers and fraudsters with a mean value of 4.19 and Most tax payers in Niger State remain blissfully unaware of the E-tax system in the state even though they are computer literate enough to take part in it with a mean value of 34.16. This implies that the respondents all agreed with the identified challenges of e-tax.

Discussion of Findings

Its evident from the result and analysis that, e-taxation has significant positive relationship with revenue generation efficiency in Niger State. This shows that if e-taxation system is effectively adopted in Niger State, it will improve the collection efficiency and the cost of collection will decline. This finding is in agreement with the findings of Lai (2008), Barati and Bakhshayesh (2015) and Mutongwa (2015) that; the application of e-taxation systems improves revenue collection efficiency of government.

The study revealed that e-taxation can resolve the issue of tax evasion and enhance compliance of taxpayers in Niger State. The electronic taxation will significantly

reduce tax evasion and avoidance in Nigeria. The implication is that the earlier the tax administrators adopt electronic taxation, the better for tax administration in Niger State. The finding tallies with the findings of Alake and Olatunji (2016) and Onuiri (2015) that embracing e-taxation system can increase tax compliance and discourage tax evasion. This finding is also in agreement with the Technology acceptance model, 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 users believe that using a specific application system will improve his or her job performance while the perceived ease of use refers to the degree to which the user expects the target system to be free of effort.

The study also revealed that; The lack of technological exposure prevalent in Niger State poses as a threat to the acceptance of the E-tax system, lacks required ICT infrastructure for the successful implementation of the E-tax system, the tax information system is susceptible to the activities of computer hackers and fraudster and lack of awareness among the taxpayers as the identified challenges of e-taxation in Niger State.

Conclusions and Recommendations

This study examines the effect of e-taxation on revenue generation in Niger State. The study adopts survey research design in examining. The study revealed that, e-taxation has significant positive relationship with revenue generation efficiency in Niger State and e-taxation enhances compliance of taxpayers in Niger State. However, the study also revealed that, the lack of technological exposure prevalent in Niger State poses as a threat to the acceptance of the E-tax system, lacks required ICT infrastructure for the successful implementation of the E-tax system, the tax information system is susceptible to the activities of computer hackers and fraudster and lack of awareness among the taxpayers as the identified challenges of e-taxation in Niger State.

However, the hypothesis tested also showed that there are perceived challenges with the adoption of a good e-tax system and although Nigeria has already adopted the system, these challenges threaten to discredit and discourage this new initiative. In conclusion, having established the importance of E-tax to the Nigerian tax system, this research has also pointed out that strategic steps and efforts must be undertaken by the FIRS in popularizing and simplifying the use of E-tax throughout the country so as to achieve maximum results as regarding revenue collected through taxes.

In the light of the above results and discussions, the study recommends that:

- Government should support with everything on their disposal the establishment of e-tax administration to start reaping the benefit of high rate of compliance among taxpayers.
- The system must be secured to guarantee taxpayer confidentiality and minimize fraud especially with respect to online payment.

- There should be a committee by the federal government under the watch of the FIRS and Joint Tax Board to ensure the effective implementation of the e-tax administration system at all levels of government
- Proper monitoring and control of the system must be put in place such as collection of relevant information about users in order to evaluate usage and address challenges faced and also provision of data validation mechanism as is the case with smart systems.
- Tax incentives should be granted to E-tax users in order to encourage taxpayers in adopting the system as well as ensure compliance.
- The E-tax system should be constantly reviewed so as to address emerging problems and to evolve with the changing economic landscape and increased complexity of today's business

Limitations and Suggestions for Further Studies

The findings of any study cannot be perfected but the researcher works towards high degree of precision. One of the main hindrance to the study lies with the scope and methodology of the study, because the findings of this particular study cannot be generalized. Sequel to the issue of confidentiality, taxpayers were unwilling to respond to the questionnaire appropriately. Another drawback to the study is the use of cross-sectional data as the method did not provide satisfactory findings which make causality cumbersome which is unlikely if longitudinal system is to be adopted. Further research should be carried out using higher sample size to determine if different result can be obtained. This study concentrated only on Niger State Board of Internal Revenue, other Government Agencies or Departments, can be studied to compare the differences or similarities in findings.

References

- Abdulrazaq, M.T. (1993). Principles and practice of Nigerian tax planning and management. Ilorin: Batay Publications Limited.
- Adejare, A.T. and Usman, O.A. (2017). Empirical analysis of the effect of taxation on investment in Nigeria. *International Journal of Commerce, IT and Social Sciences*. 4(8), 1 – 11.
- Alade, B. J. (2018) E-taxation adoption and revenue generation in Nigeria. *Research Journal of Finance and Accounting*. 9(24).
- Alake S.F.&Olatunji V. A. (2016) Impact of electronic taxation on tax evasion and avoidance. (A Case Study of Nigerian Banks). *International Journal of Current Research in Multidisciplinary (IJCRM)*, 2(2), 19-26.
- Atika, J. (2012). Electronic tax system forms part of the revenue collection
- Ayua, I. A. (2010) The Nigerian tax law. Ibadan: Spectrum Law Publishing.

- Barati, A. &Bakhshayesh, S. (2015). Electronic tax system and the challenges facing kermansah province tax payers in Iran, *Indian Journal of Fundamental and Applied Life Sciences*, 5(S1): 480-497.
- Che-Azmi, A. A. &Kamarulzaman, Y. (2014). Adoption of tax E-filing: A conceptual paper. *African Journal of Business Management*, 10(1): 599-603.
- Chijioke, N. O., Leonard, I. A., Bossco, E. O., &Amaefule, H. C. (2018). Impact of E-Taxation on Nigeria's revenue and economic growth: A Pre – Post analysis, *International Journal of Finance and Accounting*, 7(2), 19-26.
- Ekhaton, E.O & Newman U. R. (2019) Electronic taxation in Nigeria: challenges and prospects. *International Company and Commercial Law Review*.
- Ezomike, C. (2016). Creating an efficient tax system in Nigeria- A case for implementation of the Integrated Tax Administration System. KPMG Africa blog. Website: <http://www.blog.kpmgafrica.com/creating-an-efficient-tax-system-in-nigeria-a-case-for-implementation-of-the-integrated> .
- Federal Inland Revenue Service (2015). Tax Revenue Statistics: Annual summary of collection from year 2000. FIRS, Website: <http://www.firs.gov.ng/Tax-Management/Pages/Tax-Revenue-Statistics.aspx> Retrieved on. 3-11-2017.
- Federal Inland Revenue Service (FIRS) (2015, February). FIRS introduce electronic filing of tax returns and online payment of taxes. Retrieved on December 21, 2017, from: http://pwc-nigeria.typepad.com/files/pwctax-alert_firs-introduces-electronic-tax-filing-2.pdf
- Lai, M.L. (2008). Effect of e-filing on revenue generation in Malaysia. *Journal of Accounting Research*, 46(5): 1085-1142.
- Lindahl, E.R. (1960). Theories of taxation. Economics concept.com. Retrieved: <https://en.wikipedia.org/wiki.22/05/20>.
- Muhammad, A.O. (2020). The effect of taxation on government revenue collection in a public sector. unpublished MBA project submitted to the Department of Business, Administration, Ibrahim Badamasi Babangida University, Lapai.
- Okoye, P. V. C. &Ezejiolor, R. (2014). The Impact of E-taxation on revenue generation in Enugu, Nigeria. *International Journal of Advanced Research*, 2(2), 449-458.
- Reforms by FIRS whose main motive is enhancing tax collections. *Research Journal of Business Management and Accounting*, 2(1), 1-10.
- Torgler, B. (2019). Tax Morale: Theory and Empirical analysis of tax compliance. Unpublished postgraduate thesis, University of Zurich.
- Wasao, D. (2014). The effect of online tax system on tax compliance among small taxpayers. MSc, Research Project University of Nairobi.

Wikipedia (2020). Theories of taxation. Retrieved on <http://en.wikipedia.org/w/index.php?04/04/20>.

World Bank and PWC (2015). Paying taxes report. World Bank Group. Website: <https://www.pwc.com/gx/en> retrieved on 3-11-2017.