

**Tax Evasion and Avoidance by Entrepreneurs and Tax authority's Behaviours:
Impediments to Kogi State's Economic Development**

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Abstract

The purpose of this study is to examine why revenue from taxes in Kogi State are inconsistent, thereby affecting negatively the revenue generated from taxes. The researcher investigated tax evasion and avoidance by entrepreneurs in Kogi State to see what implications they have on the Nigerian economy. The board of internal revenue in Kogi State has been constantly criticised for being corrupt, not transparent and giving low accountability. Questionnaire, interviews, and documents analysis were used. The interviews from across Kogi State were analysed from the interview transcript and data from the questionnaires were analysed using descriptive statistics. The findings show that the Board of Internal Revenue in Kogi state does not enlighten the citizens on what, how, why, and when to pay taxes; Tax officers do not properly account for taxes collected; there are no social amenities to show for the taxes paid by the people; findings also show that taxpayers pay tax for fear of the law enforcement agents and from being prosecuted. It was recommended that revenue officers should not be employed based on party, religious or ethnic affiliations to allow for proper accountability; qualified accountants should be employed to occupy strategic positions in the Board; tax authorities should embark on tax enlightenment campaigns to tell the people why they should pay tax; tax laws should be vigorously and promptly enforced; and government should not engage tax contractors and consultants in collecting taxes.

Keywords: Tax, Evasion; Avoidance; Entrepreneurs; Authority; Economic, Development

JEL Classification:

1. Introduction

Government must perform its obligations to its citizens. Government must ensure that there are peace, order, security and perform other economic, industrial and social functions to its citizens. To meet these obligations, government must raise revenues. The question is where does government get these revenues from to perform these functions? Revenue is any form of income (receipts from sales or money received by the government from the imposition of taxation) or cost or any income items that are either charged or credited to the profit and loss accounts for an accounting period (Oxford Accounting Dictionary, 2010; Oxford Economics

Dictionary, 2009). All revenues collected by the government are paid into the Federation Accounts. This account is a special distributable account where the Federal, State and Local governments derived their revenues from based on the terms and manners prescribed by the current law. Consolidated Revenue Fund Accounts [CRFA] (Federal Government Accounts) is an account where all revenues accruing to the Federal Government are paid into. The Consolidated Revenue Fund Account (CRFA) is an account established by the Constitution of the Federal Republic of Nigeria (1999) as amended. All revenues derivable from all sources by the Federal government are paid into this account. Revenues from Direct and Indirect Taxes, Licenses and Internal revenue, Mining Fees, Earning and Sales, Rent of government property, Interest and repayment (General and States), Reimbursements, Armed forces and other miscellaneous revenues are paid into CRFA.

Taxation is one of the revenues accruing to the government to carry out its obligations as noted above. Taxation is a levy by the government on individuals and corporate bodies (firms) to finance its expenditures and also a means of implementing its fiscal policies (Oxford Accounting Dictionary, 2010; Oxford Economics Dictionary, 2009). It is a means of transferring resources from the private sector (Entrepreneurs) to the public sector to enable government fulfills its obligations to its citizens. Government raises revenues to meet its expenditure obligations; to control the state's economic life; as a means of redistributing income (a means of controlling inequality within the society); to protect and promote home industry by imposing discriminatory tariffs; to regulate the social behaviour of its citizens; and most especially to control inflation. These are grouped into 4Rs tax system, namely: The first R – Revenue: taxes are levied to raise revenue to pay for social amenities like education, health, defence, electricity and so on; Second R – Re-distribution: tax revenue is raised to combat poverty, inequality, and to spread the benefits of development to all nooks and crannies of the country; The third R – Re-pricing (subsidies); it is used to fight harmful activities through change of behaviour. The fourth R – Representation; It means the demand for representation in return for tax payment from the state.

The taxes government collects is to make available the goods and services that cannot be divided among its citizens. For instance, maintenance of law and order, defence against external aggression, provision of infrastructure and regulation of trade and business are the primary duties of the government of a country. Government of the day complains of failure to meet its obligations as a result of tax evasion and avoidance; taxpayers say they do not see the evidence of tax they have been paying to trigger them off to pay further tax; and the tax authorities express unhappiness over the taxpayers' attitude of not paying their taxes promptly (Adebisi & Gbegi, 2013). There are therefore expectation gaps between the taxpayers and the tax authorities. This study identifies these expectation gaps and proffer solution to tax evasion and avoidance in Kogi State.

The inspiration of researching this topic comes from the high publicity given to the struggles of payment of salaries and the provision of social amenities by the government. Nigerian daily newspapers often carry various captions such as: “Non-payment of salaries: Kogi Assembly summons Head of Service, Accountant-General” (Akinfehinwa, 2017); “Nigeria: Kogi Workers Groan Over Non-Payment of Salaries” (Itodo, 2019); “Non-Payment of Salaries of Judiciary Staff In Kogi State: The True State Of Affairs” (Fanwo, 2019); ‘Primary school teachers decry non-payment of salary in Kogi’ (Akinfehinwa, 2019); “Kogi: Deputy to sue governor over non-payment of salaries, entitlements” (Adeyemi, 2019). The research becomes necessary as the professionals (Lawyers, Accountants, Doctors, Architects, Surveyors, Consultants, etc.), contractors, politicians, mechanics, traders, welders, vulcanizers, farmers, carpenters, tailors, butchers, hair dressers, bricklayers, drycleaners, dyers, artisans and all residents in Kogi State get their patronage from the civil servants after they have been paid their salaries.

This research intends to find out the factors that can impact on tax compliance by entrepreneurs in Kogi State, to examine the effectiveness of tax authorities in Kogi State and ascertain if the provision of social amenities by the government reduces tax evasion and avoidance. This study will be of immense importance to the Kogi State government and Nigeria as a whole in that the government will from this study know its strengths and weaknesses in the provision of social amenities and what its citizens are saying about its governance. This will help the government to adjust for the development of Kogi state and Nigeria in general. Tax authorities will also know their pitfalls in assessment and collection of taxes and adjust. The taxpayers will understand their civic responsibilities and try to neither evade nor avoid tax payment. This study contributes to knowledge by the use of neopatrimonialism that answers research questions which has never been used in the history of Kogi State as regards tax evasion and avoidance. The research was conducted to unveil the factors responsible for tax evasion and avoidance in Kogi State, Nigeria. Although different types of taxes exist, the researcher is limited to the investigation of tax evasion and avoidance in respect of personal income tax among entrepreneurs (self employed persons) like Doctors, Lawyers, Accountants, Farmers, Traders, Contractors. The reason for the limitation in scope is to allow for effective data collection, design and availability of scarce resources both time, money and material to the researcher. Note also that the power to assess the profit of companies is vested in the Federal Board of Inland Revenue Service (FBIRS) and not State Board of Internal Revenue Service (SBIRS).

2. Literature Review

Concepts

There can be no civilisation without government. There can be no government without adequate revenue. Government raises revenue to carry out its obligations to its citizens. In the past, kings and emperors raised revenues for their personal use. Government, instead of kings and emperors, now began to raise revenue through taxes to defray the cost of maintaining law and order, and defence against external aggression. Tax is the amount of money that a person or group of persons compulsorily pays to the government in accordance with one’s income, property, goods and services that is used to pay for public services and perform other social responsibility (Yunusa, 2015). Kogi State Internal Revenue (Amendment) Act 2011 defines Tax as “a compulsory contribution paid to government by

its citizens to support the law and order, security and social amenities such as schools, electricity, portable water, roads and hospitals for the benefit of the citizens”.

Adam Smith in his book “The Wealth of Nations” (1776) states that in levying taxes, people in the same circumstance should pay the same tax (the principle of equality); people should pay tax at the time that is convenient to them (convenience principle); the cost of collecting tax should not be more than the revenue yield (economy principle); and the money to be paid, time of payment, and manner of payment should be made clear, plain and certain to the tax payer (the principle of certainty).

Taxation is divided into: *First*, Direct Taxes are levied on the incomes of individuals and profits of firms – Personal Income Tax (e.g. salaries, wages, income from rents and interest from investments); Company Income Tax (e.g. profits of incorporated business); Capital Gains Tax (e.g. tax on gains in disposing an assets of individuals or companies); and Petroleum Profit Tax. *Second*, Indirect Taxes are levied on expenditures on goods and services such as taxes levied on imported goods and services (Import duties); levies on exported goods and services (Export duties); tax imposed on expenditure of selected goods and services (Value Added Tax [VAT]); tax on goods produced in the country (Excise duties); and other miscellaneous duties like Pool tax, entertainment and Casino taxes.

Again, tax can be: *progressive* (the rate of tax increases as income increases); *proportional* (tax is being paid according to the proportion of one’s income- in this case a constant rate of tax is applied to the increasing rate of tax base); and *regressive* (tax rate decreases with increase in tax base – this means the more you have the less you contribute).

Tax authority, according to a guide to payment of Tax issued by the Kogi State Internal Revenue Service, is a person or body of persons saddled with the responsibility of administering taxes, under a law of a territory. The recognised Tax Authorities in Nigeria are as follows: Federal Inland Revenue Service (at the federal level), State Internal Revenue Service (at the state level), and Local Government Revenue Committee (at the local government level)

Kogi State Tax administration

Kogi State is a confluence state where rivers Benue and Niger meet. It was former Kabba Province of Northern Nigeria. It was created in 1991 by General Ibrahim Badamasi Babangida along with other nine states. Kogi State was carved out of Benue and Kwara states. Kogi State is a State in the central region of Nigeria. Lokoja, the state capital, was the first administrative headquarter of Nigeria. Kogi State has 21 local government areas and hosts Ajaokuta Steel Company Limited. After the creation of Kogi State, the need to generate revenue to meet her administrative needs arose.

There is a body known as the Board of Internal Revenue Service (BIRS) headed by a chairman (Kogi State of Nigeria Gazette, 2017). The chairman is the Chief Executive and accounting officer of the Internal Revenue Service and he is responsible for the execution of the tax policies of the government and the day to day administration of the Internal Revenue Service. The Board reports to the Governor of the state. The Board has an operational arm called Kogi State Internal Revenue Service (KSIRS). Kogi State of Nigeria Gazette (2017) states that the Internal Revenue Service consists of the following departments: Administration and Finance; Collection and Accounts; Road Taxes; Audit and Compliance;

Personal Income Tax; Other Revenue; Monitoring and Enforcement; Legal; PAYE, Direct Assessment; Business Development; and Planning, Research and Statistics.

Kogi State Internal Revenue Service (KSIRS) has power to administer any law on taxation in respect of which the State House of Assembly or the National Assembly may confer power on it. The KSIRS may, with the approval of the Governor, by instrument appoint any Ministry, Department and Agency (MDA) to collect revenue pursuant to its powers under subsection 2 of section 42 (Kogi State of Nigeria Gazette, 2017).

Tax Authority

Tax Authority, according to KSIRS (nd), means the person or body of persons responsible under a law of a territory, with the responsibility of administering taxes. The following are the recognised Tax Authorities in Nigeria: Federal Inland Revenue Service (at federal level), State Internal Revenue Service (at state level) and Local Government Revenue Committee (at local government level).

Tax Evasion and Avoidance

Tax evasion involves minimising one's tax liabilities illegally. It means not disclosing one's incomes or making false declaration of one's incomes to tax authorities. It involves suppressing information or submitting to tax authorities' false information or refusing to supply information. It is a deliberate act not to pay tax. Tax evader is liable to severe punishment (Oxford Accounting Dictionary, 2005; Oxford Economics Dictionary, 2009; Kaplan, 2009).

On the other hand, Tax avoidance is planning of tax so that one will minimize one's tax liabilities legally with full disclosure to the tax authorities. It involves arranging one's tax affairs in accordance with the requirements of the tax laws in order to pay little tax without breaking the law. It is tax schemes that involve using the loopholes in tax legislation to minimize tax liabilities (Oxford Accounting Dictionary, 2005; Oxford Economics Dictionary, 2009; Kaplan, 2009).

Entrepreneur

An entrepreneur is a person who combines other factors of production (Land, Labour and Capital) to produce goods and services. He bears the risks and takes major decisions in order to obtain maximum profit (Ade, 2005). Entrepreneur bears risk, combines factors of production, exploit every perceived opportunity in order to evoke demand, create wealth and employment. An entrepreneur is an innovator, risk taker, adventurer and must have these characteristics in order to survive in his/her entrepreneurial pursuit: self-motivated, good communicator, visionary, mental stability, creativity and ability, good human relations, and possession of specialized knowledge and understanding (see NOUN course guide ENT209, 2017).

A guide to payment of Tax issued by the Kogi State Internal Revenue Service gives the following as the example of entrepreneurs and they are chargeable to tax under direct assessment: Professionals (Lawyers, Accountants, Doctors, Architects, Surveyors, Consultants, etc.), contractors, politicians, mechanics, traders, welders, vulcanizers, farmers, farmers, carpenters, tailors, butchers, hair dressers, bricklayers, dyers, artisans and all residents in Kogi State who have any source of income.

Entrepreneurship enables people to be job creators rather than job seekers thereby reducing the burden on the government and large organisations for salaried employment. It helps graduates, school leavers, retired/retrrenched workers, and former politicians to upgrade their welfare and then contributing to sustainable economic development (Fatunla, 1997).

Sustainable Economic Development

Development is empowering people to make choices, making people to participate in decisions that affect them, and to serve as the agent of change (Ighodalo, 2012). It is physical and state of mind in which the society has obtained a means of better life (Todaro & Smith, 2004, in Itodo, 2005). Better life includes the following: Access to food, shelters, health and security; increasing income with the provision of employments, better education, greater attention to cultural values, and increase in individual and national self-esteem; and freedom of individual and nation from servitude. Where there is corruption, disaster, or war, development cannot thrive. According to Ighodalo (2012), development ensures to proper extraction of natural resources without being allowed to deteriorate.

Economic development is an improvement in the quality and quantity of goods and services delivered to an ordinary man (Todaro & Smith, 2004 in Itodo, 2005). It is described by Todaro and Smith (2004) as a means of generating and sustaining an annual increase of a country's Gross National Product (GNP). Economic development is an economic transformation of a country or a region that leads to the improvement of the well-being and economic capabilities of its residents (Oxford Economics Dictionary, 2009).

Economic development is linked to some theories explaining why some countries are developed while others are not developed. These are: Sociological theory – this states that a country can become under-developed when its citizens evade and avoid taxes payment, do not invent/create, do not work hard, absent themselves from work, and lethargic attitude; Colonial background theory – this explains that a nation becomes under-developed because they were exploited and continued to be exploited by their former colonial masters; Climatic development theory – this school of thought believes that a country with temperate climate can easily develop but a country with too hot or too cold hardly develop easily; and Puritanical ethic theory – this emphasizes that a country that is self disciplined, abstains, work and saves will develop (see Ande, 2005).

Ande (2005) also put forward the following characteristics of under-developed countries: low level of savings, low level of investment, lack of adequate capital, lack of skill manpower, lack of industrialization, lack of infrastructural facilities, low level of technology, high level of illiteracy, leadership problems, dependence on imports, dependence on agriculture, dependence on foreign nations, population explosion, inadequate development plan, lack of organised markets, financial misappropriation/embezzlement, corruption, and political instability. All these make economic development of a country to be unsustainable.

Empirical Review

From the review of literature it was revealed that there are few studies carried out on tax evasion and avoidance on some states in Nigeria. Fagbemi, Uadiale, and Noah (2010) investigated The Ethics of Tax Evasion: Perceptual Evidence from Nigeria. Statistical test was undertaken to analyse the data. The results showed that tax evasion is an unethical

practice. The result also showed that the level of tax evasion will increase if government is corrupt, unfair treatment of taxpayers, and with unfavourable tax system. It was recommended that government should ensure it is fair, accountable and transparent in the administration of tax system. Adebisi and Gbegi (2013) looked into effect of tax avoidance and tax evasion on personal income tax administration in Nigeria. Analysis Of Variance (ANOVA) was used in analysing the data collected. The results showed that enlightenment campaigns and reduction in tax rates will discourage tax evasion and avoidance. They recommended that tax officials should be trained and re-trained, government should embark upon deliberate enlightenment campaigns and reduce tax rate. Ibadin and Eiya (2013) studied Tax Evasion and Avoidance Behaviour of the Self-Employed Nigerians comprising six states of the Nigerian six geo-political zones of Anambra, Benue, Borno, Edo, Kaduna and Lagos states. They administered 600 questionnaires using descriptive statistics of ANOVA and Ordinary Least Square (OLS) method of regression to analyse their data. The results showed that tax evasion is sometimes ethical and that significant relationship exists between the ethical view, mode of tax administration and cultural practices of the self employed. They recommended that government and tax authorities should always review tax rates to reflect present economic conditions, and tax laws should be less technical for easy interpretation.

Oladipupo and Obazee (2016) examined tax knowledge, penalties and tax compliance in small and medium scale enterprises in Nigeria. Data were analysed using Ordinary Least Square regression analysis method. The findings showed that the knowledge of tax by taxpayers has positive significant impact on tax compliance but penalties have insignificant positive impact on tax compliance. Since tax knowledge produces higher level of compliance, it was recommended that government and tax authorities should do everything possible to increase people knowledge about tax payment. They recommended further that tax education should be included in the school curricula. Two researchers who carried out a study on the effects of tax evasion on government revenue generation in Oyo State, Nigeria were Folayan and Adeniyi (2018). They analysed the data collected by using descriptive and inferential statistical tools with the aid of Statistical Package for Social Science (SPSS), window 23. The findings of the research showed that the estimated revenue is far more than the actual revenue collected. It was also discovered that perceived corruption on the part of tax authority will lead to tax evasion. They recommended that government should embark on public enlightenment campaign, reduce tax rate, and utilize the revenue from taxation on social amenities to discourage tax evasion and avoidance. Ellawule (2018) investigated the effect of tax evasion on the economic development of Yobe state, Nigeria. The researcher used Statistical Package for Social Sciences (SPSS) version 20 to analyse the data collected. It was recommended that Yobe State government should utilize the revenue from taxes collected from the taxpayers to reduce insurgency in the state.

On the whole, the above studies do not have strong theoretical base. Moreover, many of these researchers dwell on tax evasion and avoidance without pinning down a particular type of tax system that is prone to evasion and avoidance. Some of the studies worked on personal income tax in respect of employees to mean direct assessment tax which makes taxpayers to conveniently dodge payment. Personal income tax in respect of employees can neither be evaded nor avoided because it is deducted at source from employees' monthly

salaries. This study focuses on tax evasion and avoidance by entrepreneurs in Kogi State using neopatrimonialism as a major theoretical base. The empirical findings (using questionnaires and interviews) and neopatrimonialism (theoretical framework) in this study are contributions and fill the gap in tax evasion and avoidance.

Theoretical Frameworks

Neopatrimonialism is a system of governance where state duties concerning resource distribution rests with the politicians and their friends (Nawaz, 2008). It is a situation where a bureaucrat of a state uses personal judgment instead of rules to administer; people in positions use their offices to acquire wealth thereby leading to under-development, economic and socio-political problems. Neopatrimonialism weakens governance and accountability by preventing the state to collect its full revenue (Soest, *et al.* 2011). This is because in neopatrimonial state, the appointments of tax officers are patronage appointments and they are only accountable to their patrons and will be protected from prosecution if they are caught (Soest, *et al.* 2011). In Nigeria for instance, according to Amadasun (2016), there exists Nigerian mafia tax system who are tax contractors and consultants. This group assesses and collects taxes but never remits them into government treasury. Neopatrimonialism hinders the vulnerable in the society, limits access to public resources, leads to insecurity, and is a danger to peaceful development of a society.

3. Methodology

Survey research design was used for the study. The instrument used was structured questionnaire. Questions in the questionnaire have four options for the respondents to tick one. The study was conducted in Kogi State. The population of this study is five hundred (500) self employed taxpayers under direct assessment tax system that fall under the jurisdiction of Kogi State Tax administration and staff of Kogi State Board of Internal Revenue Service. Out of this five hundred, four hundred (400) represent self-employed taxpayers while one hundred (100) represent the staff of Kogi State Board of Internal Revenue Service. Based on the rule by Ezejeule and Ogwo (1990) that 10% is to be used as sample, 50 became the sample size as follows: That means 10% of 400 = 40 for self employed taxpayers and 10% of 100 = 10 for the staff of the Board of internal Revenue. Because of time and financial constraints, questionnaires were served on respondents using cluster sampling for investigation. Four major Local Government areas in Kogi State were selected for investigation: namely: Lokoja Local Government-10 questionnaires were given to self-employed taxpayers in Lokoja to fill; Kabba-Bunu Local Government-10 questionnaires were given to self-employed taxpayers in Kabba to fill; Okene Local Government-10 questionnaires were given to self-employed taxpayers in Okene to fill; and Dekina Local government-10 copies of the questionnaire were given to self-employed taxpayers in Dekina to fill. On the other hand, two copies of the questionnaire each were given to the staff of the Board of Internal Revenue Service stationed in the four local governments and the remaining two were given to the staff of the Board of Internal Revenue at the Board headquarters in Lokoja to fill. The copies of the questionnaire were given to the respondents directly by the researcher who guided them on how to fill them.

Face to face personal interview was also conducted especially to make clearer some issues raised in the questionnaire. After the questionnaires were filled by the respondents, the researcher then asked them some questions in form of interview, this time on matters not in

the questionnaires to elicit more information from the respondents. In this connection, the method of Interview used was unstructured Interview. The content of the questionnaire was divided into four sections: Section A deals with respondent's bio data; section B deals with research question one; section C deals with research question two, and section D deals with research question three. To test the validity and reliability of the questionnaires, they were piloted on some self-employed taxpayers and staff of the Board of Internal Revenue Service within Lokoja metropolis, and all errors that were discovered were corrected before administration proper. Primary data used are the questionnaire and the interview while secondary data were from newspapers, encyclopedia and annual reports, Annual Budgets for 2014, 2015, 2016, 2017, 2018, and 2019 from Kogi State Budget office, and other publications from Kogi State Tax office. The researcher is committed to interpretive theory which is located at interpretive paradigm of Burrell and Morgan (Laughlin, 1995; Burrell and Morgan, 1979).

4. Results

Analysis and interpretation of data

The research findings from the questionnaires were classified into the information obtained from the officials of Kogi State Internal Revenue Service and those from the entrepreneurs. The interpretation and analysis of data were tabulated using statistical tables based on percentage distribution of responses.

Findings on tax evasion and avoidance from the perspectives of Kogi State Internal Revenue Service: On the question in the questionnaire: Does the taxpayer know the time, place and amount to pay for tax? The responses are as set in Table 1 below.

Table 1: The knowledge by the taxpayer of the time, place and amount to pay

Responses	Respondents	Percentage (%)
Yes	8	80
No	-	-
Not Always	2	20
Total	10	100

Source: Author's field work, 2020.

From the above table (Table 1), 20% of the respondents agreed that taxpayers are not always aware of the time, place and amount of tax to pay while 80% of the respondents said the taxpayers are aware of the time, place, and amount of tax to pay. Taxpayers have the right to know the time, place, and amount of tax to pay. Payment of tax will be at the convenience of tax authorities if the taxpayer does not know the amount of tax to pay. However, from the table above the taxpayer knows the time, place, and how much to pay for tax. That means the majority of the respondents agreed that taxpayers are aware of the time, place, and amount of tax to pay.

Another question in the questionnaire which the staff of the Kogi State Internal Revenue Service answered is: When tax rate is increased, how do taxpayers react?

Table 2 Reaction to increase in tax rate (in the perspectives of IRS)

Responses	Respondents	Percentage (%)
Compliance becomes low	8	80
Refused to pay	2	20
No reaction is witnessed	-	-
Total	10	100

Source: Author's field work, 2020

From the above table (Table 2), 20% of the respondents agreed that taxpayers will refuse to pay tax when the rate of tax increases but 80% will pay but not as quickly as it used to be. That implies that the compliance with payment of tax will not be total. That means the majority of the respondents agreed that taxpayers will pay but not as quickly as it used to be.

Another question put forward in the questionnaire for the staff of the Kogi State Internal Revenue Service to answer is: Are there any differences between the estimated revenue and actual tax collected?

Table 3 Difference between estimated revenue and actual tax collected

Responses	Respondents	Percentage (%)
Yes	9	90
No	1	10
Total	10	100

Source: Author's field work, 2020

Table 3 shows that 90% of the officials of the Kogi State Internal Revenue Service interviewed through questionnaire said there used to be difference between taxes collected and estimated revenue. But 10% said there used to be no difference. Face to face interview revealed that there used to be corruption, embezzlement, misappropriation of revenue collected. Revelation of the activities of the officials of the Internal Revenue Service shows that there are evidences of collusion with the taxpayers to pay less tax and the officials will be settled. That means the majority of the respondents agreed that there are differences between estimated revenue and actual tax collected.

The researcher was supplied with the budget of the Kogi State Internal Revenue Service for the period from 2014 to 2018 to see the trends of revenue collected and estimated revenue for that period. See Table 4 below.

Looking at the above table (Table 4), in 2014, 2015, and 2016, there were negative differences between the estimated revenue and revenue collected. The reasons, according to interviewees, are that taxpayers are not voluntarily complying with tax laws to pay tax; taxpayers are making false declaration of their incomes; the Internal Revenue Service lacks necessary logistics to carryout effective and constant tax drive; taxpayers do not keep necessary books of accounts of their business transactions leading to understatement and under assessment by IRS; audited accounts are not presented to Internal Revenue Service; and the 5% withholding tax are not remitted by the government to the IRS.

Table 4: Estimated revenue and Actual revenue collected by Kogi State government compared

Year	Details	Estimated revenue (N)	Actual revenue collected (N) (%)	Difference between estimated & actual collected revenue (N) (%)	Difference between actual revenue collected of different years (N) (%)
2014	Direct Assessment	90,000,000.00	36,065,175.98 (40%)	(53,934,824.02) (60%)	-
2015	Direct Assessment	60,000,000	32,915,462 (55%)	(27,084,538) (45%)	(3,149,713.98) (09%)
2016	Direct Assessment	40,000,000	27,521,060 (69%)	(12,478,940) (31%)	(5,394,402) (16%)
2017	Direct Assessment	2,600,000,000	46,262,088 (02%)	(2,553,737,912) (98%)	18,741,028 (68%)
2018	Direct Assessment	800,000,000	76,140,355 (10%)	(723,859,645) (90%)	29,878,267 (65%)

Source: Kogi State Budget Estimates from 2014 – 2019 (Revenue Details).

Moreover, there were positive differences between the actual revenue collected between 2016, 2017, and 2018. These positive differences are as a result of what the IRS called “Backward Investigation” and “Backward Tax Audit”. The Backward Investigation is a process whereby the IRS will examine the records or activities of a taxpayer going back for the past ten (10) years, while in the case of Backward Tax Audit, the records of the taxpayer for the past six (6) years will be audited. The backward investigation and backward tax audit carried out by the IRS led to large recoveries of tax evaded and avoided by taxpayers and hence the positive figures in 2017 and 2018 as shown on table four (4) above.

Findings on tax evasion and avoidance from the perspectives of self-employed taxpayers: A question was put forward to the taxpayer: are you assessed to tax on equal basis with your professional colleagues?

Table 5: Assessment to tax on equal basis with professional colleagues

Responses	Respondents	Percentage (%)
Yes	30	75
No	10	25
Total	40	100

Source: Author's field work, 2020

Table 5 shows that taxpayers are assessed to tax differently. This will lead to tax evasion or avoidance. While 75% of the respondents said yes, 25% said no. This difference may be as a result of the different volume of their work and account presented to IRS.

One of the interviewees said that “we are not taxed equally. What they do is to come and look at our shops and tell us what we should pay. No accounting record is accepted by them. They will give us a flat amount and further tell us to come to their office to pay. The amount we usually pay cannot be the same.” That means the majority of the respondents agreed that taxpayers are assessed to tax on equal basis with their professional colleagues.

Taxpayers were asked: If tax rate is increased, what do you do?

Table 6 Reaction to the increase in tax rate (in the perspectives of taxpayers)

Responses	Respondents	Percentage (%)
Find it difficult to pay tax	28	70
Refuse to pay tax	-	-
Pay but late	12	30
Total	40	100

Source: Author's field work, 2020

The findings from the field viewing Table 6 showed that when tax rate is increased, 28 respondents representing about 70% find it difficult to pay while 30% pay but late. It will be advisable then that the tax rate should be increased when the taxpayer will be able to comply better. That means the majority of the respondents agreed that taxpayers will find it difficult to pay when the rate of tax is increased.

Another question to the taxpayer: If all necessary amenities are provided for your community/village will you be happy to pay tax?

Table 7: Taxpayers' reaction to the provision of amenities

Responses	Respondents	Percentage (%)
Yes	40	100
No	-	-
Total	40	100

Source: Author's field work, 2020

Table 7 reveals that 100% of the respondents will pay tax if government is using the tax money effectively. This means that the taxpayer will respond positively to the payment of tax if government is faithful in using the money collected for the purpose it is meant for. That means all the respondents agreed that taxpayers will pay tax if government is using the tax money effectively.

On the question in the questionnaire: Do you know the time, place and amount to pay for tax? The responses are as set in Table 8 below.

Table 8: The knowledge by the taxpayer of the time, place and amount to pay for taxes

Responses	Respondents	Percentage (%)
Yes	10	25
No	-	-
Not Always	30	75
Total	40	100

Source: Author's field work, 2020.

From the above table (Table 8), 75% of the respondents said they are not always aware of the time, place and amount to pay for taxes while 25% of the respondents said they are aware of the time, place, and amount to pay for taxes. Tax authorities should make the taxpayers know the time, place, and the amount to pay for taxes. That means the majority of the respondents agreed that taxpayers are not always aware of the time, place and amount to pay for taxes.

Discussion of findings

On the role of IRS in enlightening the taxpayers on the necessity of paying tax, the findings have shown that the IRS is not doing enough to enlighten the people on the necessity to pay tax. There are some jingles on the radio Kogi but many people said they are not interested in listening to radio Kogi. There are other news media in Kogi – Grace F. M. radio, NTA, Newspapers, posters and loudspeakers can be used to reach out to people about the necessity of paying one's tax. IRS should make frantic effort to enlighten the taxpayers in all the languages in Kogi state and to reach out to them telling them about the importance of paying their tax as part of their civic responsibilities. Some people may not know the time, place, and amount to pay their tax. It may not necessary be that they want to evade or avoid payment of tax. Payment of taxes will be at the convenience of tax authorities if taxpayers do not know the time, place and amount of tax to pay.

On the reaction to increase in tax rate, using questionnaire and oral, face to face interview revealed that if tax rate is increased, compliance and payment of tax will be low. Sometimes the time of increase will make it difficult for the taxpayer to pay their tax. For instance, if salaries are not paid, people will find it difficult to buy thereby affecting the shop owners. If tax rate is increased at the time salaries are not paid, taxpayers may not be able to comply with tax payment.

Government should note too that the nature of Africa society depending on one another, the burden of increment will be too much on the people. Government should take into consideration the welfare of the people as done in other countries before increasing the rate of tax. From the IRS account and the account of the taxpayers, tax evasion and avoidance will increase with the increase in the rate of tax unless there are palliative measures by the government to cushion the effect of tax increase. Other taxes like state environmental tax, traffic offence tax enforced by torts, sales tax (duplication of VAT), military check points tax, police road block tax, customs inland intra-national border checkpoints tax are burdens on taxpayers and make it difficult for CBN to fight inflation (see Amadasun, 2015). This puts a burden on taxpayers thereby leading to tax evasion and inability to provide jobs for unemployed Nigerian youths.

On the assessment to tax on equal basis with professional colleagues, taxpayers will find it difficult to pay tax if he is not assessed to tax at the same face value with their professional colleagues. The question is, why is it that the taxpayers are taxed arbitrary? Why are they not taxed based on their profits or gains? Why doesn't the IRS insist on having their accounts prepared and audited and then taxed as in the law of taxation? This gives room for 'negotiation' which is in line with theory of neopatrimonialism that states that organisations are managed based on arbitrariness and not on rationality (Bartol and martin, 1998). The use of mafiadom who help political class to "perpetuate themselves in power through electoral fraud, gangsters or rigging" (Amadasun, 2016 p.3) as tax contractors and consultants will affect the government realising its full revenue from taxation. This is against the theory of taxation which states that there should be fair distribution of the burden of tax among the citizens. This is the Theory of Ability to pay.

On taxpayers' reaction to the provision of amenities, the provision of amenities is a motivating factor that will make the taxpayer to abhor tax evasion and avoidance. From

Table 7 above, all the respondents agreed that if government will provide security, education, health, roads and other infrastructural facilities for them, there will be no need to tell them before they perform their civic responsibilities. For this reason, people pay their taxes not because of their civic responsibilities but because of the law enforcement agents. The purpose of taxation as seen from the very beginning of this study is to provide basic amenities to the citizenry. If revenue is raised through taxation and not used for the purpose it was meant for, then the purpose is defeated and hence tax evasion and avoidance. This is in line with the theory of benefit. This theory states that taxes should be levied based on the benefit received.

In conclusion, many factors have been identified to be responsible for tax evasion and avoidance. These factors are negligence on the part of tax authorities for not working faithfully by saying come for 'negotiation' resulting in poor tax administration, and the low incomes of taxpayers, lack of co-operation with the IRS, and lack of provision of amenities by the government are responsible for tax evasion and avoidance. The taxpayers, government, and tax authorities (IRS) have to do the right thing to ensure the rapid development of kogi state.

5. Conclusions and Recommendations

In general, from the findings, the factors responsible for tax evasion and avoidance originated from the tax authorities, taxpayers and the government. Government and taxpayers need to do more to bring the Kogi State Internal Revenue Service into sound footing to reduce if not eliminate these twins called tax evasion and avoidance from Kogi State. Government should do more to encourage the tax authorities and taxpayers.

Revenue through taxes is the first need before debt of any government. The following recommendations are made to help in the development of Kogi State, Nigeria: Revenue from taxes is certain and therefore government should ensure that tax authorities are adequately and efficiently staffed to raise correct assessment and to promptly collect all taxes for the development of Kogi State, Nigeria. The staff of Kogi State Internal Revenue Service should be properly remunerated, promoted as and when due and given other incentives to avoid the slogan "come to our office for negotiation." Also the use of tax contractors and consultants should be discontinued. Any staff of the IRS who goes against the tax laws should be sanctioned according to the law of the land.

Government should do all it can to reduce the tax burden on the citizens because of the nature of African society with polygamy and the need of the extended family. Government should try as much as possible to provide all amenities for the people to enjoy what they paid for. All tax laws should be totally enforced. Tax evasion and avoidance should be frowned at. No evader should go unpunished to serve as deterrent to others. Revenue from taxes is the breath in the nostrils of the government. Taxpayers should pay their taxes before complaining. This is one of their civic responsibilities. This is to ensure that government should not stop functioning or performing its responsibilities. Government should give at least five (5) years tax holiday to entrepreneurs to enable them have to employ many job seeking youths. For the development of Nigeria and to ensure large revenue to Kogi State government, the federal government should make sure that Ajaokuta Steel Company limited

(ASCL) is completed. This is so because of the enormous revenue through taxes that will accrue to Kogi State government and the federal government of Nigeria.

Limitation of the study and further research

The present study has weaknesses. Kogi State is a segment of Nigeria. For this study to be limited to Kogi State is a weakness of this study. Another weakness of the study is that the study is limited to self employed people who are assessed to tax by direct assessment whereas there are other tax systems available to Kogi State. For instance there are other taxes levied by Kogi State like Personal Income Tax, Withholding tax, Motor Vehicle resale tax, Consumption Tax, Property Tax, Motor Vehicle Tax, Stamp Duty Tax and so on. Further research should consider the above other taxes and use the theories of Neopatrimonialism, the theory of benefit, and the theory of ability to pay in their studies. This study can be done in another state of Nigeria or Nigeria as whole using the theory of Neopatrimonialism.

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