

## IMPACT OF E –TAXATION ON TAX ADMINISTRATION IN NIGERIA

**Eke Robert Ike and Alohan Osayamen Bright**

Department of Accounting and Finance, School of Management and Social Sciences,  
Wellspring University, Benin City, Edo State.

1

### Abstract

*The study examined the Impact of E – Taxation on Tax Administration in Nigeria. The work was set out to determine whether e – taxation has made tax administration more effective in the country. The study employed primary data. The population for the study consisted of taxpayers, tax professionals, chartered accountants, tax administrators from the Federal Inland Revenue Service Benin and Auchu branches. The sample size selected for the study was 399 using stratified random sampling technique. Data were collected with the aid of a structured questionnaire. A total of 390 copies of the questionnaire were retrieved from the respondents. The study was carried out using descriptive statistics, correlation analysis and panel regression to analyse the variables using SPSS 23. The result of the analyses showed that (1) e – taxation exhibits negative impact (-0.032) on Ease of Paying Taxes and not statistically significant ( $p = 0.221$ ) at 5% level, meaning that e – taxation has not significantly made it easier to pay taxes in Nigeria. (2) E – Taxation exhibits a negative impact (-0.129) on Processing time of Tax Returns and Assessment, and it is statistically significant ( $p = 0.013$ ) at 5% level, meaning that e – taxation has helped to achieve a 12.9% reduction in the processing time of tax returns and assessment. The study recommended that taxpayers should be trained on how to pay taxes electronically especially with the newly introduced TaxPro Max; The e – tax system should be constantly reviewed in order to make it more swifter.*

**Keywords:** E-Taxation, Tax Pro Max, Tax Administration, Tax Authority, Tax Returns.

### 1. Introduction

**Over the years Nigeria operates a mono economy being dependent on oil revenue for its developmental efforts. Such dependence can no longer be sustainable as due to recent crash in oil prices which has been the norm for some years now. Government at all levels are therefore shifting attention to internally generated revenue to support its public expenditure. Government has embarked on various reforms and innovations focused on the need to step up collection of internally generated revenue with major attention being focused on taxation.**

Maisiba and Atambo (2016) defined tax as a compulsory levy imposed by government on its citizens and business organization aimed to fulfil its core function of providing security, social amenities and improving the general wellbeing of the society. Electronic-taxation is one of the strategies recently introduced by government to improve collection of tax revenue by making the process convenient and easy for taxpayers and tax authorities.

According to Azubike (2009), taxation is now playing a major role as the main source of revenue to the government all over the world. Government generates revenue through various forms of taxes such as personal income tax, company income tax, value added tax, petroleum profit tax just to mention but a few. While the role of government is to ensure provision of jobs, infrastructural and other developmental efforts, the citizens as well must play their own role by performing its own obligation of ensuring prompt payment its taxes as and at when due. This is because the government cannot fulfil its obligation without adequate funding.

The role played by taxation as the major source of government revenue has drawn the attention of government to how it is being administered. Tax administration refers to the machinery put in place to manage, conduct and execute various tax laws to ensure maximum collection of the relevant taxes. It includes filing of returns, assessment of taxes, collection of taxes, enforcement, litigation, interpretation and accounting and rendering reports on various types of taxes. Over the years, tax administration in Nigeria has been done manually. However, in 2015, electronic – taxation (e - taxation) was introduced by the Federal Inland Revenue Service (FIRS). Okoye and Ezejiofor (2014) see e-taxation as a system of administering tax online through electronic devices. According to (Cobham, 2010), e-tax system became a global phenomenon about 30 years ago and since then various governments of the world have adopted it to aid their tax collection machinery. E-taxation involves filling tax returns electronically, get assessment done and communicated electronically as well as payment of tax online through the individual or business bank accounts (FIRS, 2015)

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

This study aims to explore these problems and other related issues with a view to focusing on how e-taxation can help to resolve the issues in order to achieve improvement in the administration of taxation in Nigeria. The main aim of this work is to investigate the effect of e – taxation on tax administration in Nigeria. The specific objectives are to;

- i) Examine the effects of e-taxation on the ease of paying taxes in Nigeria.
- ii) Investigate if e – taxation has reduced the processing time of tax returns and assessment in Nigeria.

The hypothesis for the study will test whether the implementation of e – taxation has significantly made it easier to pay taxes in Nigeria. It will also test whether e – taxation has significantly reduced the processing time of tax returns and assessment in Nigeria.

## 2. Literature Review

### 2.1 Concept of Taxation

Taxation has remained one of the sources of providing essential service to the generality of the public within a geographic setting. According to black's law dictionary (1995), tax is defined as monetary imposition by government on businesses, persons or properties to enable it generate funds to support government fulfil its obligation of providing public goods. According to Advanced learner's dictionary (1995), tax is defined as levy by government on peoples' income, goods and services.

Tax simply means compulsory contribution of money to government who in turn uses it for benefit of the citizenry. According to (Sayode & Kajola, 2006), taxation is the means of raising money for governance purposes through contribution of both individuals and corporate bodies. They went further to describe tax as levy and collection of money from eligible persons. Direct taxes are taxes on personal and corporate income and indirect taxes are levied on goods and services. Tax is collected by government mainly to finance public expenditure and to redistribute income among its citizens and thereby attaining economic development as required (Ola, 2001; Bhartia, 2009).

#### 2.1.1 Meaning and Evolution of E-taxation in Nigeria

E-taxation is the use of electronic media to assess, administer and collect taxes by agents of government. According to Che-Azmi and Kamarulzaman (2014), e-taxation is the use of information and communication technology by most world governments to improve its administration of public services and accountability. Wasao (2014), in his own view sees e-taxation as an online platform assessed by taxpayer through internet to avail himself all services offered by government in relation to payment of tax such as registration, filling of returns, payment of tax and application for tax clearance certificate. A practical example is the electronic taxation system rolled out by Federal Inland Revenue Service in Nigeria.

According to PWC Nig (2015), e-taxation was first introduced in USA in 1986 while that of Australia was introduced in 1987 first by filling returns electronically. Canada commenced electronic filling of tax returns while Malaysia, Netherlands and Uganda introduced payment of tax electronically by the revenue authorities and taxpayers in 2009. By 2013, Egypt commenced electronic tax payment to keep pace with automated payment system of international trade transactions of government.

Okunowo (2015) in his paper is of the opinion that Nigeria joined the league in 2015 when its tax authorities in collaboration with Nigerian Inter Bank (NIBSS) tried to automate its tax system. Electronic taxation was implemented in Nigeria to improve on administration and collection of taxes and reduce cost of collection. E-taxation in Nigeria came with a lot of promises which

include; replacement of manual filling of returns, faster processing of tax assessment, improved costs and efficiency.

### 2.1.2 Objectives of E - Taxation system

As widely circulated through by FIRS through its press releases in 2012, e-taxation was introduced to replace the manual tax system by simplifying tax compliance, easy access to tax services and improved tax payment process. In summary e-taxation was implemented to achieve the following objectives;

- i) To provide a solution to the problems of the traditional manual system of taxation in Nigeria
- ii) To provide streamlined, efficient processes that make it easier for taxpayers and other stakeholders to interact with the service and in turn make the FIRS more responsive to taxpayers' needs.
- iii) To improve voluntary tax compliance and create a more welcoming environment for taxpayers in Nigeria.
- iv) To ensure better transparency in the actions and practice of tax authorities for the sake of accountability and good stewardship
- v) To re-engineer tax administration service delivery, eliminate gaps and redundancies in the current administrative systems and increasing contribution to national development
- vi) To minimize the general cost of administration amid higher tax returns.
- vii) To provide consistent quality service to all taxpayers across all FIRS offices across in the nation
- viii) To provide a comprehensive repository of taxpayers information that makes it easier for FIRS to support and monitor the taxpayer base throughout the lifecycle of each taxpayer.
- ix) To reduce tax erosion

### 2.1.3 Benefits of E-Taxation in Nigeria

The paradigm shift from manual system to e-taxation has been described as a great achievement by the FIRS as it is meant to be of immense benefit to both the taxpayers and tax administrators. Even though the e-tax system is yet to be fully implemented, it is already being used by taxpayers especially in Lagos and Abuja only and is already showing promising results. It has provided solutions to some of the challenges involved in manual tax system as noted in FIRS publication of 2015. These include;

- 1 The mode of tax payment becomes easier under the new e-tax system. The filing of returns and payment of taxes can be done at the comfort of taxpayer's home thereby reducing the timing of tax processes. Communication between the taxpayer and tax authorities has become easier and is now online. Tax compliance is now highly encouraged as payment of taxes becomes easier.
- 2 With the e-tax system in place, the issue of poor tax administration now becomes a thing of the past. Large manpower requirements are not needed again, the same applies in reduction in quantity of paper used in tax administration. With the online system

communication became easier and tax administrators can now focus on other areas that will contribute positively to the economy.

- 3 The change to the e-tax system has enhanced storage and retrieval of tax information. This is because data base management system for taxpayers are enhanced making it easier for the government to improve the quality and quantity of taxpayers' information. It can also be inferred that information retrieved from the database is accurate, reliable, and ensures accountability and stewardship on the part of tax administrators. The rate of corruption in the system is curbed and has assisted in building taxpayer's trust in the system.
- 4 The e-tax system offers a cheaper and easier way of administering tax collection. In this regard, the cost of collecting tax and overhead cost in relation to tax collection is cheaper. This is in line with the principles of good tax system that states that the cost of collecting tax should not be less than the tax collected. On the part of taxpayer, he spends less in filling his returns and remitting tax contrary to manual system where the taxpayer incurs some costs in course of paying tax.
- 5 The new system exposes taxpayers and administrators to the new advanced technology thereby improving their knowledge and skill in tax matters. The manual system is engulfed with human errors and ignorance of tax policies, but e-tax system has come to bridge that gap. It has improved the knowledge of taxpayers and conflicts with tax administrators are easily resolved through effective communication. Tax officers also gain better skill, efficiency and effectiveness in handling tax matters and are exposed to advanced technology making their work easier.
- 6 E-tax system has increased tax compliance and has reduced the incidence of tax evasion and avoidance which has been a serious problem of tax administration in Nigeria. The new integrated tax system gives taxpayers the convenience of paying taxes and incorporates transparency and efficiency in the system. It optimises tax revenue collection and encourages voluntary compliance by taxpayers. Due to the accountability encouraged by the system, the taxpayer's feel secure that their taxes will count when remitted and that is a great motivation to them. Finally, the system enhances the database for taxpayers which helps in checking for compliance and in turn helps government in capturing more taxes.

#### 2.1.4 Challenges of E-Taxation in Nigeria and the way forward

Although e-tax is meant to be a solution to most of our tax administration problems in Nigeria, like every other system there are challenges attributable to its adoption and implementation (Maisiba & Atambo , 2016). Some of the challenges are

1. Trust, security and privacy concerns prevail: Taxpayers are concerned with the use of the data they provide during transactions. There are cases where unauthorized access to taxpayer information as a breach in security and therefore many taxpayers are scared about such

information being getting into the wrong hands which might lead to fraud. The activities of hackers who disrupt websites also affect the system.

2. High level of illiteracy: Nigeria unfortunately has a low population of literate people and an even lower percentage of people who are computer literate. As a result of this, most tax payers who are not technologically exposed shy away from the system and stick to the more primitive methods they are already used to. The brave ones who are willing to try often fall prey to fraudsters and hackers. The knowledge of e-tax in businesses has become a challenge worldwide.

3. General resistance to change: This one of the key issues with implementing the system. Most people have their mind set on not responding to new system even before they know what it is about simply because they are already comfortable with the normal way things are done and would not want to leave their comfort zone. Even though the manual tax system has proved tedious and difficult in the past, taxpayers still showed resistance to change with the advent of e-tax. The FIRS had to organize a number of forums and public enlightenments for taxpayers that provided detailed explanation about e-tax and the benefits it proposes.

4. Inaccessibility of the internet: Not all taxpayers have access to the web to gain access to the portal in the first place. Though this is a temporal issue as the evolution of the web continues, it is still a problem to the users of the portal. Also the unsteady and unreliable state of the internet connection by internet service providers is another challenge. When the internet connection is poor, it can lead to frustration on the part of the taxpayer who would have to repeat the process when there is a break in connection. Until there is steady and secure internet connection, this would continue to pose as a challenge to the electronic tax system.

5. Unawareness of the system: It is said that knowledge is key and ignorance is a fool's paradise. Many Nigerians remain blissfully unaware of the mere possibility of electronic taxation talk less of participating in the system. Most tax payers in less civilized states in the country are clueless as to the introduction of e-tax which accounts for the slow and problematic adoption of the system. Unless the revenue authorities take it upon themselves to create awareness amongst taxpayers as to the new system throughout the country, the perceived and highly anticipated increase in tax returns and government revenue might never be materialized. Also Nigerians deserve a chance and change and improved technology and should therefore not be cheated out of this opportunity at it by ignorance.

### 2.1.5 Introduction of TaxPro Max Solution by Federal Inland Revenue Service (FIRS)

The Federal Inland Revenue Service (FIRS) has put in place several initiatives aimed at transforming the tax administration processes in Nigeria. In this regard, it has introduced a Tax Administration Solution (TaxPro-Max), aimed at easing tax compliance in Nigeria, which it communicated to the general public via a Public Notice (the Public Notice).

TaxPro-Max is an online platform that has been developed to enable seamless tax registration, filing, payment and automatic recognition of tax credits in taxpayers' accounts, amongst other features. It also provides taxpayers with a single view of all transactions with the FIRS. The FIRS stated that the platform is currently running and available to taxpayers.

As noted in the Public Notice, FIRS has communicated an effective date of Monday, 7 June 2021. TaxPro-Max is accessible via [www.taxpromax.firs.gov.ng](http://www.taxpromax.firs.gov.ng) and will be the channel for filing Naira-denominated tax returns. With the new process, taxpayers will be required to file their tax returns on TaxPro-Max which enables them to generate a “Document Identity Number (DIN)”. The DIN is then used by the taxpayer to make the tax remittances.

To ease the transition from the current practice of filing printed tax returns at FIRS’ offices, FIRS has made provision for taxpayers interested in submitting printed tax returns to liaise with their respective tax offices. The tax offices will assist the taxpayers with uploading the tax returns to TaxPro-Max and subsequent generation of the required DIN for tax payment. However, taxpayers must do this at least two (2) weeks before the filing deadline to give reasonable time for upload of the tax returns and generation of the DIN.

To use the TaxPro Max, the tax payer should do the following:

- Visit FIRS office to complete tax update form
- Visit the TaxPro Max platform via <https://taxpromax.firs.gov.ng> and login with your user details, after which a dashboard will be displayed
- Carry out a reconciliation of the outstanding withholding tax credit notes to be uploaded on the TaxPro Max
- Carry out a reconciliation of losses and capital allowance carried forward to be uploaded on the TaxPro Max, so that these can be automatically available for utilisation.
- Be mindful that downtime or technical glitches may occur towards the due date of filing. It is therefore imperative that payment of taxes in respect of the tax returns to be filed should be done as early as possible and filing process initiated before the due date.
- Regularly visit the TaxPro Max website to check for any correspondence or assessment that may have been raised and the due date for a valid response or payment already counting against the company.

This initiative is a step in the right direction but the following needs to be addressed:

- a The platform is not able to provide taxpayers with the access to view and/or download their unutilized withholding tax credit notes
- b Inability of the platform to process filing of foreign currency-denominated tax returns. While section 55(4) of the Companies Income Tax Act and section 10(3) of the Value Added Tax Act requires submission of tax returns in foreign currency, taxpayers will need to continue the current practice of filing such tax returns manually pending enhancement of TaxPro-Max
- c Inability of the platform to support the filing of self-charged value-added tax (VAT) returns. Taxpayers intending to file VAT returns on transactions with non-resident suppliers and entities below the VAT registration threshold would have to resort to manual filing pending enhancement of the platform

- d Incorrect calculation of VAT penalty from the 21st day of the month contrary to FIRS' COVID-19 business continuity palliative which extended VAT filing till the last working day of each month.
- e The “TaxPro Max” is not yet configured for the filing of companies income tax returns for Insurance Companies and Upstream Oil & Gas Companies.
- f Some of the returns filing processes are repetitive and can be further compressed
- g There is no provision for correction or amending tax returns
- h The platform did not make provision for instalment payment.
- i Payment is expected to be completed within 24 hours after initiation of payment / generation of Remita Retrieval Reference (RRR) Number.
- j The platform does not generate any report for the user after completion of the filing process.
- k Adequate consideration not made for confidentiality and security of taxpayers' information on the TaxPro Max.

### 2.1.6 Tax Administration in Nigeria

Tax Administration refers to the administration, management, conduct, direction, and supervision of the execution and application of the internal revenue laws or related statutes Emmanuel (2010). The main elements of tax administration are structure and hierarchy, rights and obligations of tax authorities; procedure for collecting, processing and verifying tax reporting; applying tax exemptions and sanctions; support and generalization of tax statistics; international tax relations regulation. According to Emmanuel (2010), “Tax administration” considers at least two aspects based on institutional definitions. First, it is a governmental system, which includes tax authority. Its responsibilities include procedural provision for the tax policy adoption for the regular planning period. In addition, tax authorities execute comprehensive analysis and compilation of budget reports. Second, tax administration represents the set of rules and standards that regulate tax actions and specific taxation techniques, as well as determines the measures of liability for fiscal legislation violation.

### 2.2 Empirical Review

Monica, Makokha and Namusonge (2017) in their study on the “Effects of Electronic Tax System on Tax Collection Efficiency in Domestic Taxes Department of Kenya Revenue Authority (KRA), Rift Valley Region” adopted a case study research design to establish the effects of electronic tax payment on revenue collection efficiency by KRA in Rift Valley region; find out the effect of electronic tax filing on revenue collection efficiency, examined the effect of staff competency on revenue collection efficiency and to find out the level of taxpayers' knowledge in operating electronic tax system. The main data collection tools were questionnaires that were administered to 130 respondents who included employees of KRA and tax payers. Descriptive & inferential statistics were employed as data analysis technique. Findings from the study revealed that most tax payers strongly agreed that they were able to fully access and operate E- Tax system. Employee competence (X3) was a significant predictor of the tax



collection efficiency (Y) with the results as ( $t = -2.243$ ,  $P = .154 > 5\%$ ). Taxpayers seeking clarifications on tax issues online is minimal. Handling of E-Tax issues raised by taxpayers was not satisfactory and KRA management and other staff in other departments were partially supportive of E-Tax system.

Eneojo and Gabriel (2014) in their study “Taxation and Revenue Generation: an Empirical Investigation of Selected States in Nigeria” examined the extent to which tax revenue generation has contributed towards the economy’s total revenue and Gross Domestic Product and also the effect of tax evasion and tax avoidance on revenue generation in Nigeria. The study employed both primary and secondary sources of data. Using a survey research design, the study focused on all staff of Federal Inland Revenue Service Abuja FCT office, the States Board of Internal Revenue in Kogi State (North Central Zone), in Delta State (South Southern Zone), in Ondo State (South Western Zone), in Niger State (North Western Zone), in Ebonyi State (South Eastern State) and Abuja FCT was chosen by the researcher to replace Taraba State (North Eastern State). For the secondary data, Internally Generated Revenue by the six Geo-Political Zones, taxes collected by Federal Inland Revenue Service, Abuja FCT, and the country’s GDP were collected from 2002 to 2011. Both descriptive and regression analysis were carried out on the data. Findings from the study revealed that taxation has a significant contribution on revenue generation, taxation has a significant contribution on Gross Domestic Product (GDP) and tax evasion and tax avoidance have a significant effect on revenue generation in Nigeria.

Ofurum, Amaefule, Okanyan and Amaefule (2018) evaluated the impact of e – taxation on Nigeria’s revenue and economic growth: a pre – post analysis. They used secondary data to determine a pre – post technique called a paired sample t – test. They found that the implementation of e – taxation has not improved tax revenue, federally collected revenue and tax-to-GDP ratio in Nigeria. They recommended that the federal government through the FIRS should conduct more enlightening seminars in all the 36 states in the country to increase the knowledge on the use of all electronic services on their platform.

Oriakhi and Ahuru (2014) examined the relationship between federally collected revenue and specific tax revenue generation sources such as custom and Excise Duties (CED), value added tax (VAT), petroleum profit tax (PPT), company income tax (CIT). Secondary data were collected for each of the tax sources from 1981 – 2011. The study employed advanced econometric analysis such as regression, co-integration, error correction modelling and pairwise granger causality tests. The various income taxes were used as the independent variables while “Federally collected Revenue” was used as the dependent variable. The study concludes that the various income taxes were statistically significant and have positive relationship with federally collected revenue. The Granger causality shows that custom and excise Duties and value-added Tax granger causes federally collected revenue.

James (2012) in his research on the impacts of tax administration on government revenue in developing economies sought to show how a well-structured tax system would guarantee easy

and reliable tax administration and thereby stabilize revenue and enhance development. In his study 121 online questionnaire were used to gain response from the general audience who in turn attributed their failure to meet up with their tax responsibilities to the complexity of tax laws, corrupt tax officers, and general inefficient administration of taxes by tax authorities. Among the findings was also that up till date what is obtainable in the Nigerian tax system is paper documentation that have been characterized with mutilation and falsification of figures both on the part of the tax officers and the tax payers. He then gave suggestions on stabilizing government revenue and increasing GDP through tax administration some of which were making of policies on taxation with due consideration for the welfare of the people in mind. He concluded that when all these are done, then and only then can the economic goal of taxation in Nigeria be achieved.

Ogbonna and Ebimobowei (2012) in their research examined the impact of tax reforms on the economic growth of Nigeria from 1994 to 2009. The main objective of the study is to prove that the Nigerian tax system needs to be reformed in order to achieve long term economic growth and development. Relevant secondary data were collected from the Central Bank of Nigeria (CBN) Statistical Bulletin, Federal Inland Revenue Service (FIRS), Office of the Accountant General of the Federation, and other relevant government agencies. The data collected were analyzed using relevant descriptive statistics and econometric models such as White test, Ramsey RESET test, Breusch Godfrey test etc. The results from the various test showed that reforms on the tax system is positively and significantly related to economic growth. On the basis of the findings, the study concluded that tax reforms improves the revenue generating machinery of government to undertake socially desirable expenditure that will translate to economic growth in real output and per capita basis. However, it was recommended that sustainable economic growth cannot be attained with tax reform processes except obsolete tax laws and rates are reviewed in line with macro- economic objectives, corrupt-free and efficient tax administrative machinery with personnel's and accountability and transparency of government officials in the management of tax revenue.

Allahverd et al. (2017) analysed the influence of e – tax assessment framework on tax income and cost in Turkey utilising Mann – Whitnetney U-Test. They applied secondary data from the Turkish Revenue Authority, from pre – electronic tax time of 1993 – 2004 to post electronic tax time of 2005 – 2016. The investigation revealed that the changeover to the e – tax framework significantly influenced the tax revenue and reduced the expense per tax.

Nasir (2015) carried out a research on implementing electronic tax fillings and payments in Malaysia of which the main objective was to point out the benefits of maintaining a good e-tax system as opposed to a manual system. The study made use of secondary data from Malaysian inland revenue report from 2004 to 2011 using trend analysis to highlight the increase in tax returns since the adoption of an e-tax system in 2004. For the first two years, the number of taxpayers using the e –filling system remained far below expectation at about 5% and the tax authorities were still tackling the challenges posed by the new system such as timely and costly

adaptation of the system, uncertainty and security problems, lack of technological exposure in the country etc. all of which had little or no impact on tax returns. 2006 to 2011 brought an increase in the users of the system from the disappointing 4% to an encouraging 34% and 37% in 2012, over the same period tax returns increased from 14.5% of GDP to 15.3%. It also showed how compliance was increased and fewer hours used in collecting taxes. The conclusion of the study was that Electronic systems for filling and paying taxes, if implemented well and used by most taxpayers, benefit both tax payer and tax authorities and guarantees a better standard of living for all citizens.

## Research Gap

Majority of work done on e-tax system has been on relationship with tax revenue and economic growth. Other work on e-tax system has been on countries outside Nigeria. This research focus on how e-tax system has assisted in tax administration in Nigeria.

## 2.3 Theoretical Framework

The theory analyzed in this research work is related to the administration of taxation through e - taxation and it is discussed below;

### 2.3.1 Technology Acceptance Model (TAM)

This work is anchored on Technology Acceptance Model because it appears to be the most widely accepted amongst information system researchers, perhaps because of its parsimony and the wealth of recent empirical support of it. The theory is of the assumption 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. Perceived ease of use was defined by Davies as “the degree to which a person believes that using a particular system would be free from effort” (Davis, 1989). It refers to the degree to which the user expects the target system to be free of effort. It was argued that the theory although is a very useful model still has to be integrated into a broader one which would include variables related to both human and social factors.

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

### 3. Methodology

#### 3.1 Research design

For the purpose of this study, the research design adopted involved a field survey of the target population in order to answer the research questions and test the research hypothesis. The population was made up of tax payers in Edo state, tax professionals, chartered accountants, tax administrators from the Federal Inland Revenue Service Benin and Auchi branches (which are the only FIRS offices in Edo state). Preliminary findings by the researchers revealed the following figures about the population for the study. Tax Payers in Edo State 151,974, Senior Staff of Federal Inland Revenue Service Benin & Auchi 86, Chartered Accountants 850, Chartered Tax Practitioners 630. This puts the total population for the study at **153,540**. From this figure, a total sample size of 399 was selected for the study. The sample size was scientifically arrived at after applying ‘Taro Yamane’s Formular’ to the population size. The formular is:

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

Where;

n = Sample Size

N = Population Size

e = Error Margin (0.05)

$$\begin{aligned} \text{Therefore, } n &= 153,540 / 1 + 153,540(0.05)^2 \\ n &= 153,540 / 1 + 153,540 (0.0025) \\ n &= 153,540 / 1+ 383.85 \\ n &= 153,540 / 384.85 \\ n &= 399 \end{aligned}$$

From the computation above, a total sample size 399 was drawn from a population size of 153,540 with an error margin of 5%.

The instrument for data collection for the purpose of this work was the questionnaire. The Likert summated 5 point rating scale was adopted by the researchers in the questionnaire. The points were allocated as follows: Strongly Agreed (SA) 5, Agreed (A) 4, Undecided (U) 3, Disagreed (D) 2 and Strongly Disagreed (SD) 1. The questionnaire was subjected to validity and reliability test before it was administered.

### 4. Results and Discussion

Simple percentages and descriptive statistics were used to analyse the data collected, while correlation analysis, regression analysis and ANOVA were used to test the research hypotheses in order to accept or reject the null hypotheses. Statistical Package for Social Sciences was (SPSS) was deployed for easy computation.

#### 4.1 Analysis of Research Questions

The responses of the respondents used for this study in relation to the research instrument questions for the study are categorised and presented in the tables below.

**Table 1. Responses to Questions relating to Ease of Paying Taxes in Nigeria**

S/N	Statements	SA %	A %	U %	D %	SD %
1	With the implementation of E – Taxation in Nigeria, tax payers can now pay their taxes from their homes or offices	9.0	19.5	2.6	36.1	32.8
2	E –taxation has made tax payment faster in Nigeria	4.6	16.9	1.5	28.5	48.5
3	Payment of taxes through electronic means is not affected by the availability of internet connection	4.1	6.2	3.3	49.7	36.7
4	The implementation of e – taxation has provided tax payers with more platforms for paying their taxes.	36.2	47.4	2.8	11.0	2.6
5	With the implementation of e – taxation in Nigeria, it now takes less time to pay taxes in Nigeria.	10.5	4.9	4.4	32.3	47.9

**Source:** Researchers' compilation, 2022

From table 1 above, a greater percentage of the respondents disagreed that e – taxation has significantly made it easier for tax payers to pay taxes in Nigeria. This is evidenced by the percentage of respondents that disagreed and strongly disagreed. Majority of the respondents however agreed that e – taxation has provided more platforms for paying taxes in Nigeria.

**Table 2. Responses to Questions relating to Processing Time of Tax Returns and Assessment in Nigeria.**

S/N	Statements	SA %	A %	U %	D %	SD %
1	With the implementation of e – taxation, filing of tax returns by tax payers is now faster in Nigeria.	31.8	53.1	1.0	7.9	6.2
2	Review of tax returns by tax administrators takes less time to do with the adoption of electronic taxation system in Nigeria.	46.2	46.6	1.3	3.8	2.1
3	E – taxation has made it easier and faster for tax administrators to assess tax payers for tax payment in Nigeria.	7.9	10.6	1.3	39.2	41.0
4	With the adoption of e – taxation in Nigeria, it now takes a shorter time for tax payers to know their tax liabilities in Nigeria.	6.4	10.5	0.5	43.1	39.5
5	The adoption of e – tax filing and assessment in Nigeria has made exchange of correspondence between tax administrators and tax payers easier and faster.	47.7	46.7	1.5	2.3	1.8

**Source:** Researchers' compilation, 2022

From table 2 above, a greater percentage of the respondents agreed that e – taxation has significantly helped to improve the processing time of tax returns in Nigeria. This is evidenced by the percentage of respondents that agreed and strongly agreed. They however disagreed that with e – taxation, it now takes a shorter time for tax payers to know their tax liabilities.

**Table 3. Responses to Questions relating to whether Proper e – tax system can improve tax administration in Nigeria.**

S/N		SA	A	U	D	SD
-----	--	----	---	---	---	----

	STATEMENTS	%	%	%	%	%
1	An effective e – tax system can bring about improvement in tax administration in Nigeria.	45.1	49.5	3.3	1.3	0.8
2	The implementation of e – taxation in Nigeria has made tax administration more effective and efficient.	44.9	46.4	5.9	2.6	0.3
3	E – taxation makes tax administration easier and faster when compared with the un automated tax system	35.1	52.6	4.9	4.6	2.8

**Source:** Researchers’ compilation, 2022

From table 3 above, a greater percentage of the respondents agreed that proper e – taxation system can significantly help to improve tax administration in Nigeria. This is evidenced by the percentage of respondents that agreed and strongly agreed.

Table 4: Descriptive statistics Table

	Ease of Paying Tax	Processing time of tax returns and assessment	E- taxation
Mean	2.460	3.340	4.274
Maximum	5.0	5.0	5.0
Minimum	1.0	1.6	1.7
Std. Dev.	1.1878	0.5565	0.5438
Std. Error	0.0600	0.0282	0.0275

**Source:** Researchers’ compilation, 2022

The table 4 above gives a description of the measures of central tendency, measures of dispersion and measure of normality. From the result above, it was observed that the mean value of ease of paying tax stood at a value of 2.460 meaning that more of the respondents disagree that e – taxation has made it easier to pay taxes in Nigeria. The standard deviation measuring the spread of the distribution stood at a value of 1.1878, the variable is normally distributed. Processing time of tax returns was found to have a mean value of 4.274 meaning that the processing time of tax returns and assessment has reduced because of e - taxation, and a standard deviation of 0.5438, the variable was found to be normally distributed.

#### 4.2 Correlation of Variables

The Pearson Correlation coefficient was used to establish the kind of relationship that exists between the independent and dependent variables in this work. The rule is that if pearson correlation (r-value) is positive, then, there is a relationship between the dependent and independent variables. However, if pearson correlation (r-value) is negative, there is no relationship between the variables. Furthermore, a variable is said to be significant at 5% level of significance if its p-value is less than 0.05, while it is insignificant if its p-value is greater than 0.05.

**Table 5: Correlation Result: E-taxation and tax administration**

Correlation Probability Observations		E-Taxation	Ease of Paying Tax	Reduction in Cost of Tax Collection	Processing Time of Tax Returns and assessment
E-TAXATION	<i>r value</i>	1			
	<i>p value</i>				
	N	390			
EASE OF PAYING TAX	<i>r value</i>	-.062	1		
	<i>p value</i>	.221			
	N	390	390		
PROCESSING TIME OF TAX RETURNS	<i>r value</i>	-.126*	-.043	-.033	1
	<i>p value</i>	.013	.401	.514	
	N	390	390	390	390

**Source: Output from SPSS (2022)**

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

Note: *r-value = Pearson correlation p-value = Sig (2 tailed)*

From the table above, it was observed that E-taxation was found to be negatively correlated with the ease of paying tax. It was also found not to be statistically significant when tested at 5% level of significant ( $P > 0.05$ ). This means that at the moment, e – taxation has not significantly made it easier for tax payers to pay their taxes in Nigeria. Processing time of tax returns and assessment was found to have a negative relationship with E-taxation. It was however found to be statistically significant at 5% level of significance ( $P < 0.05$ ). This shows that the adoption of e – taxation in Nigeria has helped to reduce the processing time of tax returns and assessment.

### 4.3 Test of Hypotheses

The hypotheses of this study were tested using Regression analysis and Analysis of Variance (ANOVA) at 5% level of significance. The rule is that if the coefficient is positive, then, there is a positive relationship between the dependent and independent variables. However, if the coefficient is negative, there is a negative relationship between the variables. Furthermore, the result is said to be statistically significant at 5% level of significance if its Probability value (p-value) is less than 0.05, While it is insignificant if its Probability value (p-value) is greater than 0.05.

**Table 6: Regression Analysis Result: E-Taxation and Ease of Paying Tax**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Ease of paying tax	3.927	0.114	34.439	0.000
E-taxation (C)	-0.032	0.026	-1.226	0.221
R	0.062			
R-squared	0.004			
F-statistic	1.504			

Durbin-Watson stat	1.520			
--------------------	-------	--	--	--

Source : Output from SPSS (2022)

ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.121	1	.121	1.504	.221 <sup>b</sup>
	Residual	31.269	388	.081		
	Total	31.390	389			

a. Dependent Variable: EASE OF PAYING TAX  
TAXATION

b. Predictors: (Constant), E-

Source: Output from SPSS (2022)

From the result of the analysis carried out above, it was observed that E – Taxation exhibits a negative impact (-0.032) on Ease of Paying Taxes and not statistically significant ( $p = 0.221$ ) at 5% level. This suggests that the implementation of e – taxation has not significantly made it easier for taxpayers to pay taxes in Nigeria at the moment. Also, based on the statistically significant criterion ( $p = 0.221 > 0.05$ ), we accept the null hypothesis that ‘the implementation of e – taxation has not significantly made it easier to pay taxes in Nigeria’. The findings are in tandem with the submission of Ofurum et al (2018) which found out that the implementation of e – taxation has not improved tax revenue, federally collected revenue and tax-to-GDP ratio in Nigeria. It is also in agreement with the 2015 Paying Taxes Report (a joint study by PWC and the World Bank) in which it was stated that Nigeria ranks 170 out of 189 economies on the ease of paying taxes.

Regression Analysis Result: E-Taxation and Processing time of tax returns and assessment

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Processing time	3.890	0.222	17.518	0.000
E-Taxation (C)	-0.129	0.052	-1.497	0.013
R	0.126			
R-squared	0.016			
F-statistic	6.236			
Durbin-Watson stat	1.537			

ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.906	1	1.906	6.236	.013 <sup>b</sup>
	Residual	118.570	388	.306		
	Total	120.476	389			

a. Dependent Variable: processing time of Tax Returns b. Predictors: (Constant), E-taxation

Source: Output from SPSS (2022)



The results above show that E – Taxation exhibits a negative impact (-0.129) on Processing time of Tax Returns and Assessment and it is statistically significant ( $p = 0.013$ ) at 5% level. This means that with the implementation of e – taxation, there is a 12.9% reduction in the processing time of tax returns and assessment. Based on the statistically significant criterion ( $p = 0.013 < 0.05$ ), we reject the null hypothesis and conclude that E – taxation has significantly reduced the processing time of tax returns and assessment in Nigeria. This position is in tandem with the findings of Nasir (2015) where it was concluded that Electronic systems for filling returns, if implemented well and used by most taxpayers, benefit both tax payer and tax authorities by making the process faster. The study was carried out in Malaysia using reports from year 2004 to year 2011.

## 5. Summary and Conclusion

The following findings were established in the course of this research work: The implementation of e – taxation has not significantly made it easier to pay taxes in Nigeria. E – Taxation has significantly reduced the processing time of tax returns and assessment in Nigeria.

The main objective of this study was to investigate the impact of the implementation of e-taxation on effective tax administration in Nigeria. The study found among others that e – tax can significantly enhance tax administration and therefore beneficial to both tax payers and tax authorities. From the study, it was found that there are challenges with the traditional tax administration system and that electronic tax system can help to eradicate most of these challenges thereby leading to a sharp improvement in the tax administration process. The hypotheses tested revealed the following: With the implementation of e-taxation, there is a significant reduction in the processing time of tax returns and assessment in Nigeria and the implementation of e – taxation has not significantly made it easier to pay taxes in Nigeria. In line with the above findings, it can therefore be concluded that e-taxation has helped to significantly reduce the processing time of tax returns and assessment in Nigeria. It has however not significantly helped to ease the actual payment of taxes in Nigeria.

Following the analysis of the research topic, the following recommendations are made:

- 1 For ease of payment of taxes through the electronic means, there is the need to train tax payers and tax consultants on how to make payments through the electronic system especially the newly introduced TaxPro Max solution.
- 2 The Nigerian government should make more internet facilities and connectivity available in every part of the country as this will help to further reduce the processing time of tax returns and assessment.
- 3 Simplified version e-payment applications should be introduced for Individuals and Small and Medium scale Enterprises to make e-filing and payment of tax easier for these categories of taxpayers.

- 4 Government should introduce incentive that will encourage taxpayers to quickly embrace the e-tax system. Such incentives can be a percentage reduction in tax payable if the new system was used to file returns.

## References

- Allahverd, M., Alagoz, A., & Ortakapoz, M. (2017). Effect of e-taxation system on tax Revenue and Costs in Turkey, *European Journal of Social Sciences*, 9, 100-150.
- Australian National Audit Office (2015). Better Practice Guide Innovations in the Public Sector. Retrieved from <http://www.anao.gov.au/bpg-innovation/case-2.html> 30 August, 2015.
- Azubike, J. U. B. (2009). Challenges of tax authorities, tax payers in management of tax reform processes. *Niger Account*. 42(2), 36-42.
- Black Law Dictionary of the English Language, 12<sup>th</sup> Edition, Lexicon International, Publishers Guild Group, New York, (1995).
- Che-Azmi, A. A. & Kamarulzaman, Y. (2014). Adoption of tax e-filing: A conceptual paper. *African Journal of Business Management*, p. 599.
- Companies Income Tax Act, Cap. 60 LFN; 1990. Section 18 & 66.
- Cobham, L. (2010). The electronic tax system and its effect on economic growth. *International Journal of Sciences, Basic and Applied Research*, 2(2), 81-95.
- Davies F. D. (1989). The Perceived Usefulness, Perceived ease of use and user Acceptance of Information Technology. *MIS Quarterly*, 13 (3), 319 – 339.
- Emmanuel J. et al (2010). Metabolic State Alters Economic Decision Making under Risk in Humans. *PLoS ONE* 5(6): e11090. <https://doi.org/10.1371/journal.pone.0011090>
- Enejo, S.S. & Gabriel, T. (2014). Taxation and Revenue Generation: an empirical investigation of selected States in Nigeria. *Journal of Poverty, Investment and Development*. 4:102-115.
- European Commission (2012). Official portal. Retrieved from <http://ec.europa.eu/>
- Federal Inland Revenue Service. (2012). *A Comprehensive tax history in Nigeria*, Ibadan: safari.
- Federal Inland Revenue Service (Establishment) Act 2007 No. 13 A165, Section 40 – 43.
- Federal Inland Revenue Service. (2012). ITAS Publication.
- Federal Inland Revenue Service (FIRS) (2015). FIRS introduces electronic filing of tax returns and online payment of taxes. Retrieved from: [http://pwcnigeria.pepad.com/files/pwctax-alert\\_firs-introduces-electronic-tax-filing-2.pdf](http://pwcnigeria.pepad.com/files/pwctax-alert_firs-introduces-electronic-tax-filing-2.pdf)
- Finance (Miscellaneous Taxation Provisions) (Amendment) Decree No 13 of 1993. <http://blog.deloitte.com.ng/firs-introduces-taxpro-max-for-the-filing-of-naira-denominated-tax-returns/>

- Income Tax Management Act, 1961 (No. 21 of 1961). Retrieved from: [https://gazettes.africa/archive/ng/1961/ng\\_government-gazette-supplement\\_-\\_dated-1961-04-01-no-96\\_part-b.pdf](https://gazettes.africa/archive/ng/1961/ng_government-gazette-supplement_-_dated-1961-04-01-no-96_part-b.pdf)
- James, A. (2012). Impact of tax administration on government revenue in a developing economy – a case study of Nigeria. *International Journal of Business and Social Science*, 3(8), 44 – 51.
- Jhingan, M. L., (2004). Money, Banking, International Trade and Public Finance. Vrinda Publications, New Delhi, India.
- Maisiba, G. J., & Atambo, W. (2016). Effects of electronic- tax system on the revenue Collection Efficiency of Kenya Revenue Authority: A Case of Uasin Gishu County. *Imperial Journal of interdisciplinary research*, 3(8), 27-48.
- Monica, F.W., Makokha, E. N. & Namusonge, G. S. (2017). Effects of Electronic Tax System on Tax Collection Efficiency in Domestic Taxes Department of Kenya Revenue Authority (KRA), *Rift Valley Region. European Journal of Business and Management*. 9(17), 51-60.
- Musgrave, R. A. & Musgrave P. B. (2004). Public Finance in Theory and Practice. Tata McGraw Hill, New Delhi, India.
- Nasir, J. (2015). Implementing electronic tax fillings and payments in Malaysia. *Journal of Accounting and Economics*, 17(2), 41-67.
- Ofurum, C. N, Amaefule, L. I., Okonya, B. E., & Amaefule, H. C. (2018). Impact of Electronic Taxation on Nigeria’s Revenue and Economic Growth: A Pre – Post Analysis. *International Journal of Accounting*. 7(2), 19 – 26.
- Ogbonna, G. N., & Ebimobowei, A, (2012). Impact of tax reforms and economic growth of Nigeria: Time Series Analysis. *Current Research Journal of Social Sciences*, 4(1), 62-68.
- 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.
- Okunowo, A. O. (2015). FIRS introduces E-filing Tax System in Nigeria. Website: <https://www.linkedin.com/pulse/firs-introduces-e-filing-tax-system-Nigeria-okunowo-a-obafemi/> Retrieved on 5-5-2021.
- Ola, C. S. (2001). Income Tax Law and Practice in Nigeria Heinemann Educational Books (Nigeria) Plc, Ibadan.
- Organisation for Economic Co-operation and Development (OECD) (2017). Rising tax revenues are key to economic development in African countries. OECD, Website: <http://www.oecd.org/tax/>.
- Oriakhi, D. E. & Aburu, R. R. (2014). The impact of tax reform on federal revenue generation in Nigeria. *Journal of Policy and Development Studies*, 9(1), 92-108.
- Oxford (1973). The Shorter Oxford English Dictionary. (3rd edition (reprinted with corrections and revisions)). Clarendon Press, Oxford.
- Oxford (1995). The Shorter Oxford English Dictionary. (4th edition (reprinted with corrections and revisions)). Clarendon Press, Oxford.

Price Water House Coopers (2015). Tax Alert: FIRS introduces electronic filling of tax returns and online payment of taxes. February 2015

Soyode, L. & Kajola, S. O. (2006). *Taxation Principles and Practice in Nigeria*. Ibadan, Nigeria: Silicon Publishers.

Wasao, D. (2014). The effect of online tax system on tax compliance among small taxpayers. University of Nairobi. [www.taxpromax.firs.gov.ng](http://www.taxpromax.firs.gov.ng). Accessed on 26<sup>th</sup> July, 2021.