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Tax Administration and Tax Revenue Generation in Nigeria: Taxpayers Perspective

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Abstract: The three-tiers of the governments (federal, state, and local governments) in Nigeria have been struggling to fulfill their obligations to their citizens due to the declining in the tax revenue generation. The dependency of the country on the oil and gas sector for many decades had caused the government not to pay enough attention to other sources of revenue generation such as tax revenue from non-oil and gas sectors. The continuing falling of the crude oil prices in the world oil market resulted in declining revenue generation for the government on one hand and constant increments in the infrastructural developments and expenditure on other social developments on the other hand have necessitated the government to look at the non-oil sector for revenue generation. The government is having problem generating revenue through taxes. And since tax revenue generation depends on the tax administration in place hence this study examined the effect of tax administration on tax revenue generation in Nigeria. Survey research design was employed and structured questionnaire was developed and used to collect data for this study. One hundred and twenty six (126) participants participated in the study. Collected data were processed with the help of SPSS tool and Descriptive statistics and simple regression statistical techniques were used to analyze the data. Though, the hypothesis testing indicated that tax administration does not have significant effect on tax revenue generation in Nigeria. But the descriptive analysis indicated that tax payers are not satisfied with the enlightenment of policy change in the tax administration. The study concluded that effective and efficient tax administration is a prerequisite for improving tax revenue generation in Nigeria. The study recommended that the government should work on improving variables under tax administration that attracted less than sixty percent (60%) favorable rating.
Keywords: Taxation, Tax theory, Nigeria government, Tax revenue, Tax administration

1.0 Introduction

The infrastructural, social, economic developments, and security of citizens and their properties in a country remain the vital and sole responsibility of the government of such nation, the government of Nigeria inclusive. Providing these amenities does not come free. The government needs funds that it will use to provide these developmental projects and social services. As a result, the government imposes various taxes on its citizens, properties and companies that fall within the tax net in order to provide the needed developmental and social programs. One thing is to levy tax on the citizens, their properties and companies and another thing is to be able to collect the levied taxes. That is, the ability of the government to collect the levied taxes is very crucial to the success or failure of such government as the available revenue through the tax collection would determine the type of developmental programs the government would embark upon (Bird, 2015; Pantamee & Mansor, 2016). Nigeria is federalist country with three-tiers of governments namely federal, state, and local governments. Each of these three-tiers of governments has its own tax administration charged with the responsibility of identifying the taxable individuals, the companies, and the properties; assessing the taxes that need to be levied; collecting the taxes and remitting the collected taxes to the respective governments. Abata (2014) cited the Personal Income Tax Decrees 1993 and 1998 indicated that tax authorities are: The Federal Board of Inland Revenue, The State Board of Internal Revenue, The Local Government Revenue Committee, The Joint Tax Board, Joint State Revenue Committee and The Body of Appeal Commissioners. Federal Inland Revenue Service is the tax administration that is in charge of identifying, assessing, collecting and remitting the tax revenues to the federal government of Nigeria. State Internal Revenue Service is the one responsible for identifying, assessing, collecting and remitting collected tax revenues to the state governments while Local Government Revenue Committee is in charge of identifying, assessing, collecting and remitting tax revenues to the local governments. Identifying, assessing, collecting and remitting tax revenues had been and continue to be contentious issues in Nigeria and around the world as majority of the eligible taxpayers feel reluctant to pay taxes. The appropriateness and effectiveness of the tax administration in place normally determines the revenues that would be collected and remitted to the governments. The tax administrators in Nigeria and other developing countries have been having problems establishing effective and efficient tax administration that would bring needed funds to the government (Bird, 2015). As a result, Nigerian government has not been able to generate the revenues it supposed to generate due to ineffective and efficient tax administration. According to Eze, Iorwuese, and Abba (2016), the state of tax administration in Nigeria is deplorable. Among the problems attributed to the ineffective and inefficient tax administration in Nigeria by Abiola and Asiweh (2012) include lack of adequate equipments for the tax administrators to carry out their job, lack of skilled staff in the area of tax collection, lack of good road that would give the tax collectors access to the rural areas in order to expand the tax base, lack of training for the tax officials, lack of database to keep the records of the taxpayers and businesses in the country, lack of inadequate of enlightenment to the taxpayers, and the inability of the tax administrators to employ qualified workers. Afuberoh and Emmanuel (2014) indicated that the problems of the tax administration in Nigeria were caused by personnel problems such as understaffing, poor remuneration for the tax officials, lack of training for the tax officials, and inefficiency of the tax officials. Nto (2016) argued that unavailability of data base, inappropriate management of the tax revenue collected by the government, the inability of the taxpayers to pay on time, ineffective mechanism of locating the tax evaders, and nonworking internal control mechanism were responsible for the ineffective and inefficient tax administration. The study also indicated that these problems prevent the government from generating the expected revenue as the actual tax revenue generated is normally less than the expected revenue. Bird (2015) also indicated that developing countries do not have effective tax administration in place and argued that this may prevent the developing countries from benefiting from globalization as these countries would not be able to raise the needed funds needed for infrastructural and economic developments. The federal, state, and local governments in Nigeria get significant part of their revenues from tax revenue. And since tax revenues usually contribute major part of the total revenues generated by the governments in Nigeria, it is very important that effective and efficient tax administration be put in place in Nigeria. This is the only way that Nigeria can generate the needed revenues in order to be able to perform its responsibility by providing social, security, and other developmental projects to its citizens. The importancy and urgency of the effective and efficient tax administration in Nigeria necessitated this study.

2.0 Theoretical Foundation

The theories of taxation can be viewed from two schools of thought. Those theorists that belong to the first school of thought are those who propounded the theories that support the supply-side economics. And those who belong to the second school of thought are the theorists who are the proponents of the theories that support the demand-side economics. This study is anchored on the Ibn Khaldun theory of taxation and Laffer Curve developed by the Arthur Laffer. Their theories support the supply-side economics who believe that the only way to grow the economy is through tax cuts of top marginal tax rate and incentives to the businesses and entrepreneurs. Ibn Khaldu theory of taxation is presented in Islahi's (2006) work. Ibn Khaldun's support for the taxes stemmed from the fact that the governments need to generate revenue in order to perform their responsibilities toward their citizens and the economy. He established the relationship between the taxes and the government expenditure. That is, the revenue generated should be enough to cover law and order, economic development, and political stability. He used dynasty and his subjects during his time to denote the present governments and the citizens. His position on taxation is that low tax rate is beneficial to both the governments and the taxpayers. He indicates that low tax rate serves as incentive that encourages people to work as this would allow them to have more control on the significant part of their earnings. The low tax rate he indicated would also encourage the taxpayers to pay their taxes as they would be happy doing so. Lower tax, he indicates, would help business to grow as it would minimize the burden of taxation on the businessmen and producers. This would translate to more profits for the entrepreneurs as well as the ability of the governments to generate more revenues as the expansion of entrepreneurship would provide more employment that would expand the tax base. He believes the government would get more revenues from low tax rate and fewer revenues from high tax rate because the low tax rate would be an incentive for the taxpayers to pay their taxes and the high tax rate would serve as discouragement for the taxpayers to pay their taxes. Lower tax rate would lead to increment in tax base, tax revenue, and governments' surplus. He argues that higher taxes serve as disincentive to work as most of the workers' earnings would be taken as taxes. He indicates that higher taxes create unfavorable environment for savings and investments as significant part of the profits would be taken by the governments as taxes thus reduced the profits due to the entrepreneurs. He argues that high tax rates create favorable environment for tax avoidance and tax evasion, and declining in the tax base. He established positive relationship between low tax rate and work, output, employment, and tax base. His principles of taxation include equity and efficiency, justice and neutrality, ability to pay, economy, benefit and convenience, simplicity, stability, and acceptability. He believes that imposition of taxes should not be excessive, oppressive, and discriminatory. Anything contrary to the above mentioned principles would reduce the tax revenue as the tax base would be reduced (Islahi, 2006).

Islahi (2006) cited Gwartney's (2006) three empirical studies from the government of the United States of America (U.S.) to support the relevancy of the Ibn Khaldun's theory of taxation in today's economy. In the first study, the U.S. Secretary of Treasury reduced the top marginal tax rate that was 73% in 1924 to 25% in

1926. As a result of this tax rate cut, the tax revenues from the taxpayers who fall within the $50,000 and above increased from $305.1 million in 1921 to $498.1 million in 1926. This tax cut resulted in 63% increment in the tax revenue. In the second study, between 1963 and 1965, Kennedy-Johnson administration reduced top marginal tax rate from 91% to 70% and bottom tax rate from 20% to 14%. This tax cut resulted in the increment of the tax revenue from the taxpayers that fall within high tax bracket and reduction in tax revenue from the taxpayers that fall within low tax bracket. In the third study, the 1980s tax cuts termed Reagonomics-named after the U.S. president Ronald Reagan-saw the top U.S. federal income tax rate reduced from 70% to about 33% between 1981 and 1986. This resulted in U.S. economic growth that exceeded most industrial nations apart from Japan.

Arthur Laffer, an American economist and the inventor of Laffer Curve believes in tax cuts for the businesses, investors, and entrepreneurs in exchange for economic growth that would benefit the members of the society. The bell-curve analysis he developed indicates relationship between changes in the U.S. tax rate and realized tax revenues. He argues for the tax rate that would benefit the governments and the taxpayers as 0% tax rate and 100% tax rate would not generate any tax revenue for the government. The government would not generate any tax revenue at 0% tax rate and if the government introduced 100% tax rate, it is not likely that people would work and give all their earnings to the government in form of taxes. Between 1981 and 1989, top marginal tax rate was reduced from 70% to 28% and this resulted in the increment of the tax revenue generated by the US government to $991 billion from $599 billion. The tax cuts of the 1980s-termed trickle-down policy support the supply-side economics theory as the tax cuts resulted in the tax revenue realized. The assumptions of the trickle-down policy are that tax cuts for the businesses, entrepreneurs, and investors would improve the national economy and this would benefit everyone in the society. And that the improvement of the national economy would be better handled by the people with resources and the right skills (Investopedia, n.d). Harper (n.d.) also discussed the Reagonomics trickcle-down policy of providing tax cuts for the investors and entrepreneurs that encourages saving, investment, and benefits the entire economy. He mentioned tax policy, regulatory policy, and monetary policy as the pillar of the supply-side theory. For tax policy, he argues that people will work more and take less time out of work when the marginal income tax rate is reduced. The investors would also be encouraged to use their capital in a productive way when the capital gain tax is reduced. He argues that reduction in the tax rate would not affect the tax revenue negatively because the lower tax rate would result in expansion in tax base resulting from improvement in employment and productivity. For regulatory policy, the policy is similar to the political conservative that embraced environment that encourages small government and discourages intervention in the free market. The monetary policy deals with how the apex bank (Central Bank of Nigeria) of a nation, controls the amount of money in the circulation.

3.0 Literature Review and Hypothesis Development

Tax Administration, Taxation, and Tax Revenue

The governments need effective and efficient tax administration in order to generate the needed revenue to carry out its responsibilities of providing infrastructures such as good roads, health centers, bridges, hospitals, drinkable water, reliable electricity, communication systems, security (both internally and externally). The type of tax administration in place would determine if the government would raise the needed revenue for its project or not. The process, method, and mechanism put in place to generate the needed revenue for the government is known as the tax administration (Bird, 2015). Bird (2015) sees tax administration as the point of interaction between the government and its citizens. The way the tax administration policy of a country is formulated and implemented would have everlasting effect on the citizen of such county. The tax administration provides the needed help to the tax payers for easy reporting, filing and paying of their taxes. The tax administration determines the political future, economic development, and viability of the country. Tax administration is a process of implementing tax policy that combined the political will for the implementation of the tax policy, strategy to reach the set objective, and availability of the needed resources. According to Ramsey (n.d.), “tax administration includes assessment, collection, enforcement, litigation, publication, and statistical gathering functions” (p. 1). Tax administration is the method of generating revenue that improves government revenue (Ngeni, 2016). Gurama and Mansor (2015) defined tax administration as the “body implementing and governing the tax laws and other tax related matter” (p.1).

Taxation is a means by which the government of a country, through enacting laws raises revenue it needs to carry out its responsibilities to its citizens. The taxation is a method the government employed to take part of the taxpayers’ earnings in exchange for the goods and services the government would provide for the citizens. Taxation is a tool the government employed as an incentive to encourage its citizens in performing certain type of activities. For example, the government can allow the taxpayers to deduct interest paid on mortgage loan before taxable income; that is, the taxpayers will not pay tax on the money spent as interest on mortgage loan. Taxation is also an instrument that the government used as disincentive to discourage its citizens from certain habit. For example, the government may impose a very high tax rate on cigarette and tobacco and alcoholic beverages to discourage the citizens from smoking cigarette and tobacco. De Villa (2013) defined taxation and income taxation as a “process by which sovereign, through its law-making body, raises revenues used to defray expenses of governments” (p.1). He further defined taxation and income taxation as method used by the government to raise more funds in order to enhance the welfare and protection of its citizens. He also defined taxation and income taxation as a “collection of the share of individual and organizational income by government under the authority of law” (p.1). Business Dictionary (n.d.) defined taxation as a method used by government to “encourage or discourage certain economic decision” (p.1). Tax revenue is defined as the revenue the government collected through taxation. It is the money that the government imposed on its citizens as means to carry out its obligations and responsibilities to its citizens. The planning and implementation of the developmental projects, social, and security projects in the country heavily depend on the tax revenue the government can generate from the taxpayers in such country. Tax revenue is the money collected from the taxpayer to finance public goods and services. The tax revenue plays a decisive and a major role in funding the economic and other developmental projects in the country. The Economic Times (n.d.) defined tax revenue as “part of the receipt budget, which in turn is a part of the annual financial statement of Union budget” (p. 1).

Salami (2011) found corruption and deficiency in the tax administration in Nigeria and untrained tax officials working in the tax system. This has led to not fully collect the tax revenue the tax officials ought to have collected. The study recommended the eradication of the wastage and corruption in the tax administration that is preventing the realization of expected revenue. Olabisi (2010) found tax administration that is not working in Lagos State. The taxpayers in the state do not have access to the needed information in order to pay the required tax. This, the study indicated, has encouraged tax avoidance and tax evasion that allowed the taxpayers not to pay the right amount of tax liability due to the government. The study found significant relationship between tax evasion and tax avoidance and the government revenue. There was also relationship between tax rate and tax evasion and tax avoidance. The study concluded that the current tax administration provide an environment that encourages corruption among the tax officials and other loopholes. The study recommended proper enforcement mechanism, heavier punishment for the tax evaders and avoiders. Using Lagos State as an example, the study called for the total rehabilitation of the tax administration in Nigeria. Asaolu, Dopemu, and Monday (2015) found long run relationship between tax reform and revenue generation in Lagos States. This, according to the study, has given the Lagos State government the opportunity to perform its obligations to its residents. The study indicated that there is a room for improvement in the tax system and asked the government to revisit the tax policy reforms in order to address the taxpayers’ growth rate in the state that is reducing slowly. Oriakhi and Ahuru (2014) also found long run significant relationship between tax reform and revenue collected by the federal government in Nigeria. The study also found significant relationship between different incomes taxes and federally generated revenue. The study found tax reform to be prerequisite for the reduction of tax burden on the taxpayers as well as means of raising more funds for the government. The study found value added tax and custom and excise duty as the major contributors to the federally generated revenue. The study recommended improvement of the tax system in general and improvement in collecting value added tax and custom and excise duty in particular in order to generate more revenue for the government. Micah and Alasing (2017) found insignificant negative relationship between petroleum profit tax and federally generated revenue; insignificant positive relationship between company income tax, custom and excise duty and federally generated revenue; and significant positive relationship between value added tax and federally generated revenue. The study concluded that effective structured tax policy is required for attainment of the macroeconomic goals. The study recommended the introductions of laws that can be enforced to prevent tax evasions and corrupt tax officials; accountability for the tax collected as measure for improving revenue generation and economic growth; reformation of the tax structure for revenue generation improvement; corporate income tax improvement policies; eradication of custom and excise duty loopholes; and attractive direct foreign investment policies. Animasaun (2016) found insignificant relationship between tax administration and revenue generated in Ogun State. The study also found that tax evasion and avoidance have significant effect on revenue generated in Ogun State. The study recommended the reevaluation of the existing tax administration and put in place the necessary mechanism in the anticipation of reduction in tax evasion and avoidance. Ifere and Eko (2014) using Cross River as a case study, found nonworking tax administration in Nigeria. They also found incomparability between the infrastructural development, social services provided and the tax revenue generated. The study recommended constant review of the tax policies, tax rate that would discourage tax evasion and avoidance, upgrading of the process employed in assessing and collecting taxes, improve the wages and salaries of the tax officials. All these, according to the study, would result in better tax administration in the state. Abata (2014) found that tax administration, tax evasion, inappropriate training of the tax officials have significant effect on the ability of government to generate revenue. The study recommended better means of educating the taxpayers as well as encouraging taxpayers to make advance payment of taxes based on the taxes paid from the previous year. Gurama and Mansor (2015) found lack of taxpayers' enlightenment, poor training and remuneration deplorable working condition, and non-availability of motivational incentives for tax officials as obstacles to generating expected revenue. They recommended improvement in tax officials' training, working condition, salary, and employing employees with accounting and tax skill. Enahoro and Jayeola (2012) found significant relationship between tax administration and revenue generated by Lagos State Local Governments; corrupt tax officials aid tax evasion and tax avoidance; and relationship between the tax administration and tax regulation. They recommended improvement in tax administration in Lagos State. They also recommended the private contractors to handle the collection of taxes. Adenugba and Ogechi (2013) found positive relationship between the procedures in place for the tax officials and revenue generation. They recommended training of the tax officials as a means of encouragement for the growth of revenue.

The objective of this study is therefore to find out the effect of tax administration on the tax revenue generation in Nigeria, from the perspective of the taxpayers.

The research question is: what is the effect of tax administration on the tax revenue generation in Nigeria Employing null hypothesis for this study, this study therefore hypothesized that: H_0: Tax administration does not have significant effect on tax revenue generation in Nigeria.

4.0 Methodology

The focus of the study is the perspective of the taxpayers on the tax administration in place in Nigeria and how this affects the ability of the government in generating tax revenue in Nigeria. Survey research design was employed for this study. The questionnaire was designed to gather data about the tax administration in place and tax revenue generation in Nigeria from the taxpayers. The questions on the independent variable - the tax administration - were designed to collect data on the tax administration. The questions on the dependent variable - tax revenue generation - were designed to collect data on the tax revenue generation. The rationale for focusing on the taxpayers was based on the fact that the taxpayers are the ones that know the type of services they had received and are receiving from the tax administration as well as the reasons for the willingness or unwillingness to pay their taxes. The population for this study is the eligible taxpayers in Nigeria. The sample size of one hundred and fifty (150) was randomly selected from the population from different parts of the country to participate in the study. One hundred and fifty (150) copies of the questionnaire were sent to the participants and one hundred and twenty six (126) participants completed and returned the copies of the questionnaire sent to them. This resulted in eighty four percent (84%) return rate. The SPSS Version 21 was used to process the collected data and descriptive statistics were used to answer the research question and take care of the research objective while simple regression statistical technique was used to test the hypothesis.

5.0 Results and Discussion

Table 1: Respondents' Demographical Information

Characteristics	Frequency	Percent
Gender: Male	75	59.5
Female	51	40.5
20-25 years	10	7.9
Age: 26-30 years	12	9.5
31-50 years	47	37.3
51 and above	57	45.2
Marital Status: Single	10	7.9
Married	114	90.5
Divorced	2	1.6
Educational Qualification: B.Sc/HND	44	34.9
MSc	76	60.3
PhD	4	3.2
Others	2	1.6

Source: Field Survey, 2017

Table 1 presented the descriptive analysis of the demographical information of the participants. It indicates that 75 (59.5%) male and 51 (40.5%) female participated in the study. This means more male participated in the study than female. The 10 (7.9%) of the participants were between the ages of 20-25, 12 (9.5%) were between the ages of 26-30, 47 (37.3%) were between the ages of 31-50, and 57 (45.2%) were 51 years and above. The participants between the ages of 31 and above participated more in the study as they were

104 (82.5%) of the age groups that participated in the study. The 10 (7.9%) of the participants were single, 114 (90.5%) were married, and 2 (1.6%) were divorced. The majority of the participants in this study were married and this may be due to their responsibilities as married couple. That is, the effect the taxation is having on their net pay or take home that may have effect on how much they can spend in the family. The 44 (34.9%) of the participants had B.Sc/HND, 76 (60.3%) had MSc, 4 (3.2%) had PhD, and 2 (1.6%) were with other educational qualification outside the one stipulated in this study.

Table 2: Respondents' Responses on Tax Administration

Items	Very Low	Low	Fairly Low	Fairly High	High	Vey High	Mean	Std. Dev.
Quality of Service	13 10.3%	10 7.9%	16 12.7%	24 19.0%	59 46.8%	4 3.2%	3.94	1.407
Consistency in Tax Law	6 4.8%	20 15.9%	19 15.1%	59 46.8%	11 8.7%	11 8.7%	3.65	1.241
Exchange of Information	14 11.1%	18 14.3%	23 18.3%	58 46.0%	9 7.1%	4 3.2%	3.33	1.233
Simplicity of the Tax Process	13 10.3%	15 11.9%	15 11.9%	64 50.8%	13 10.3%	6 4.8%	3.53	1.269
Flexibility of Tax Process	6 4.8%	17 13.5%	17 13.5%	24 19.0%	54 42.9%	8 6.3%	4.01	1.342
Confidence in Tax Process	16 12.7%	21 16.7%	20 15.9%	53 42.1%	8 6.3%	8 6.3%	3.32	1.354
Enlightenment of Policy Change	20 15.9%	19 15.1%	66 52.4%	7 5.6%	10 7.9%	4 3.2%	2.84	1.196
Average							3.52	1.292

Source: Field Survey, 2017

Table 2 above presented the descriptive analysis of the participants' responses on tax administration. Participants were asked to rate the items given in the questionnaire based on their experiences with the tax officials and the data collected and processed were used in determining the tax administration on ground in Nigeria at present. Scale measurement of 1 to 6 was provided with: 1 = Very Low, 2 = Low, 3 = Fairly Low, 4 = Fairly High, 5 = High and 6 = Very High. The respondents' responses of very low, low, and fairly low were combined to form the low responses while the fairly high, high, and very high responses were combined to form high responses. As indicated in Table 2: 39 (30.9%) of the respondents rated the quality of service they received from the tax officials as low and 87 (69%) of the respondents rated the quality of service they received from the tax officials as high; 45 (35.8%) rated the consistency in the tax law as low while 81 (64.2%) rated it as high; 55 (43.7%) rated the exchange of information as low and 71 (56.3%) rated it as high; 43 (34.1%) rated the simplicity of the tax process as low and 83 (65.9%) rates it as high; 40 (31.8%0 rated flexibility of tax process as low while 86 (68.2%) rated it to be high; 57 (45.3%) rated their confidence in the tax process to be low and 69 (54.7%) rated it to be high; 105 (83.4%) rated enlightenment of policy change they received from the tax officials as low while 21 (16.7%) rated it to be high. With the average mean of respondents' responses of 3.52, the participants rated the items under tax administration as high and this is an indication that the taxpayers are satisfied with the tax administration in place. Though, the responses varied as indicated by the average standard deviation of 1.292. This finding is contrary to the previous works that have been done on the tax administration as tax administration has been found to be very weak and inefficient in the previous studies (Enahoro & Jayeola, 2012 ; Abiola & Asiweh, 2012; Nto, 2016; Eze, Iorwuese, & Abba, 2016). Despite the fact that majority of the respondents rated the items under the tax administration to be high, majority 105 (83.4%) of them rated enlightenment of tax policy change they received from the tax officials to be low. This is an indication that the taxpayers are not satisfied with the enlightenment of tax policy change they received from the tax officials.

Table 3: Respondents' Responses on Tax Revenue Generation

Items	Very Low	Low	Fairly Low	Fairly High	High	Vey High	Mean	Std. Dev.
High Tax Rate	6 4.8%	6 4.8%	43 34.1%	21 16.7%	19 15.1%	31 24.6	4.06	1.452
Lack of	12	4	10	13	61	26	4.47	1.473

Accountability for Tax Collected	9.5%	3.2%	7.9%	10.3%	48.4%	20.6%		
Lack of Quality Education	3 2.4%	5 4.0%	23 18.3%	9 7.1%	70 55.6%	16 12.7%	4.48	1.185
Unavailability of Quality Health Care	6 4.8%	10 7.9%	9 7.1%	16 12.7%	17 13.5%	68 54.0%	4.84	1.556
Lack of Drinkable Water	12 9.5%	6 4.8%	11 8.7%	5 4.0%	24 19.0%	68 54.0%	4.80	1.692
Erratic Electricity Supply	9 7.1%	8 6.3%	7 5.6%	6 4.8%	16 12.7%	80 63.5%	5.00	1.625
Lack of Good Road	10 7.9%	9 7.1%	6 4.8%	7 5.6%	25 19.8%	69 54.8%	4.87	1.646
Average							4.65	1.518

Source: Field Survey, 2017

Table 3 presented the descriptive analysis of the respondents' responses on tax revenue generation. Participants were asked to rate the items given in the questionnaire according to how the items would influence their decision not to pay tax. Scale measurement of 1 to 6 was provided with: 1 == Very Low, 2 = Low, 3 = Fairly Low, 4 = Fairly High, 5 = High and 6 = Very High. The respondents' responses of very low, low, and fairly low were combined to form the low responses while the fairly high, high, and very high responses were combined to form high responses. As indicated in Table 3: 55 (43.7%) of the participants rated high tax rate to be low in influencing their decision not to pay tax while 71 (56.4%) of them rated it as high in influencing their decision; 26 (20.6%) participants rated lack of accountability for tax collected to be low in having any impact their decision not to pay tax and 100 (79.3%) rated it high as an influencer in their decision not to pay tax; 31 (24.7%) rated lack of quality education to be low when making decision not to pay tax and 95 (75.4%) rated it high in their decision not to pay tax; 25 (19.8%) rated unavailability of quality health care to be low in their decision not to pay tax while 101 (80.2%) rated it high in their decision not to pay tax; 29 (23.0%) rated lack of drinkable water as low in their decision not to pay tax and 97 (77.0%) rated high in their decision not to pay tax; 24 (19%) rated erratic electricity supply as low in their decision not to pay tax while 102 (81%) rated it high in their decision not to pay tax; 25 ((19.8%) rated lack of good road to be low in their decision not to pay tax and 101 (80.2%) rated it as high in their decision not to pay tax. The average mean of respondents' responses of 4.65 indicated that majority of the participants believed that the items under tax revenue generation affected their decision not to pay tax. Though the responses varied as can be seen by the average standard deviation of 1.518. This finding is in line with previous studies as the taxpayers are not having the effects of taxes being collected.
Combining Tables 2 and 3, the results in both tables are in opposite directions. While Table 2 results are contrary to what majority of the studies on tax administration in Nigeria, Table 3 is confirming the reasons why most taxpayers are reluctant or sometimes refused to pay tax. Based on the findings of this study in Tables 2 and 3, it can be inferred that tax administration has no effect on tax revenue generation in Nigeria. Thus given the answer to the research question that wants to know the effect of tax administration on tax revenue generation in Nigeria as well as taken care of the research objective.

Table 4: Summary of Simple Linear Regression Analysis

(a): Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.066[a]	.004	-.004	6.57847

a. **Predictors: (Constant), Tax Administration**

(b): Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Beta	Beta		
(Constant)	30.616	2.660		11.512	.000
Tax Administration	.077	.105	.066	.732	.465

$F(1,124) = 0.536$, $p = 0.465 > 0.05$

a. Dependent Variable: Tax Revenue Generation

Source: Researcher's Field Results

It was hypothesized that H_0: Tax administration does not have significant effect on the tax revenue generation in Nigeria. Tables 4(a) and 4(b) presented the results of the linear regression computed on the effect of tax administration on the tax revenue generation in Nigeria. The findings in tables 4(a) and 4(b) indicated that tax administration does not have significant effect on the tax revenue generation in Nigeria ($\beta = 0.077$, $t = 0.732$, $p > 0.05$). The $F(1,124) = 0.536$, $p = 0.465 > 0.05$) indicated that the regression model is not significant which also confirmed the insignificant effect of tax administration on the tax revenue generation in Nigeria. The t value of 0.732 indicated that tax administration has positive but insignificant effect on the tax revenue generation in Nigeria. The R^2 (coefficient of determination) of 0.004 indicates that only 0.4% of the variation in the tax revenue generation can be explained by the tax administration in Nigeria. This means that 99.6% of the variation in tax revenue generation in Nigeria cannot be explained by the tax administration. The coefficient of correlation (R) of 0.066 indicates a very weak and insignificant relationship between the tax administration and tax revenue generation in Nigeria. The regression equation explaining how tax revenue generation varies due to the tax administration is stated as follows:

Tax revenue generation = 30.616 + 0.077tax administration …………………Equation (1)

Based on the equation 1, if all factors are constant at zero, the tax revenue generation in Nigeria was 30.616. The regression coefficient of 0.077 means that tax revenue generation would increase by 0.077 for every unit increase in the activity of the tax administration. Therefore, the null hypothesis (H_0) that stated that tax administration does not have significant effect on the tax revenue generation in Nigeria cannot be rejected. As a result, the finding of this study indicates that tax administration does not have significant effect on the tax revenue generation in Nigeria. The finding of this study is contrary to the findings of many previous studies on tax administration and tax revenue generation in Nigeria. Previous studies have found tax administration to have significant effect on the tax revenue generation in Nigeria. The ineffective and inefficient tax administration has been found to be a major problem causing the governments in Nigeria to be losing revenue. For example, Salami (2011) found inadequate tax revenue generation in Nigeria due to corruption and wastage in the tax administration. Olabisi (2010), Oriakhi and Ahuru (2014), Micah and Alasin (2017), Eze, Iorwuese, and Abba (2016) found ineffective and inefficient tax administration as obstacle to realize expected tax revenue generation in Nigeria. Tax administration has been and it is still the focus of research because of its importance in generating funds for the governments in Nigeria. The problems facing the tax revenue generation at federal, state, and local governments are similar in Nigeria. Many researchers have linked the poor tax revenue generation to the poor tax administration in place in Nigeria (Ifere & Eko, 2014; Abata, 2014; Abiola & Asiweh, 2012; Enahoro & Jayeola, 2012) and these researchers and many others called for the improvement of the tax administration in order to increase the tax revenue generation in Nigeria. The contrary finding of this study may be due to the fact that most participants in this study were salary earners and their taxes were deducted from their salaries at source. That is, the taxes due were deducted from their salaries before getting their net pay. Some of them may not even know how much they are paying for the taxes since the only thing they see is the net pay. The finding of this study may differ if majority of the participants are from the informal sector since they deal directly with the tax officials unlike those who are in the formal sector who deal with the tax issues indirectly through their various payroll departments.

Though, the studies that found insignificant effect of tax administration on the tax revenue generation or insignificant relationship between the tax administration and tax revenue generation in Nigeria are very scarce. But Animasaun (2016) found insignificant relationship between the tax administration and tax revenue generation in Ogun State, Nigeria. Result of this study corroborates the finding of his study as the finding of this study indicates a very weak insignificant relationship between the tax administration and tax revenue generation in Nigeria. The descriptive analysis of the respondents' responses on tax administration indicated that majority of taxpayers (83.4%) were not satisfied with the enlightenment of policy change whenever there is a change in tax policy. This finding confirms the previous studies on the tax administration presently in place in Nigeria. All the items (high tax rate, lack of accountability for tax collected, lack of quality of education, unavailability of quality health care, lack of drinkable water, erratic electricity supply, and lack of good road) under tax revenue generation were rated high by the taxpayers as reasons for not paying taxes. The taxpayers are not willing to pay taxes as they did not see benefits for the taxes they paid. Abata (2014) cited lack of benefits received by the taxpayers for the tax paid as well as lack of impact of the tax paid on the taxpayers among reasons for tax evasion.

6.0 Conclusion and Recommendation

Tax administration plays important role in generating tax revenue to the governments in Nigeria. The ability of the government to provide funds for human capital development, infrastructural developments, and social expenditures very much depends on the tax administration on the ground. Making provision for the funds to finance drinkable water, reliable electricity, quality education, quality communication system, good road, good transport system, quality health care, and other social and capital expenditures would not happen without effective and efficient tax administration. This would help the governments at all levels to raise the needed funds to carry out their responsibilities of providing infrastructures, security, and social development for their citizens. The obligations of the government to its citizens are increasing while the tax revenue generation is declining. And since tax revenue generate more funds than any other revenue generations; the government has little or no choice than to work on improving the tax administration in order to raise the needed funds to perform its obligation to its citizens. Even though this study indicated that tax administration does not have significant effect on the tax revenue generation in Nigeria. But critically looking at the descriptive analysis of the respondents' responses indicated that some variables under the tax administration were almost evenly rated while one variable is rated unfavorable. As a result, this study recommended that the government should work on improving the variables that received less than 60% favorable rating from the respondents. For example, exchange of information and confidence in tax process variables received 56.3% and 54.7% favorable rating respectively. The government should improve its activities in getting the needed information to the tax payers as well as to do everything possible in order to win the confidence of the taxpayers. Overwhelming 83.4% of the participants rated enlightenment of policy change unfavorable. It is recommended that the government should do a lot of works in enlightening the tax payers whenever there were changes in the tax policy. The taxpayers would not be happy to pay tax when they are learning the changes in the tax policy from the third party. The government should be considerate when deciding on the tax rate as lower tax rate would encourage taxpayers to pay tax while higher tax rate would discourage them to pay tax as indicated in this study. The government should also be accountable for the tax collected, provide quality education, quality health care, drinkable water, constant electricity supply, and good road to its citizens. Implementation of the recommendations from this study would improve the tax administration in Nigeria thus enhance the tax revenue generation for the government. This would give the government the opportunity to discharge its obligations to its citizens as the needed funds would be generated through improved tax administration.

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