IMPACT: International Journal of Research in Business Management (IMPACT: IJRBM)
ISSN (P): 2347-4572; ISSN (E): 2321-886X
Vol. 5, Issue 12, Dec 2017, 45-62

DOES E-TAX PRACTICE INFLUENCE STATE GOVERNMENT REVENUE GENERATION CAPABILITY: EVIDENCE FROM OGUN STATE, NIGERIA

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ABSTRACT

Evidence from the literature describes E-tax system as a recent phenomenon in accounting and taxation arising from upsurge in ICT, internet, e-commerce and e-business adoption. It has therefore become imperative to appraise the various e-tax practices adopted by state governments in tax collection with a focus on the activities of tax authority in Ogun state, Nigeria. The population of the study comprises of all the five hundred and fifty eight (558) staff of the Ogun state internal revenue service. The sample size of 150 staff in tax unit in head office Abeokuta, Ogun state, was purposively selected. Both secondary and primary data were used. Primary data was collected through a designed questionnaire and administered on the selected study sample. Out of the 150 copies of questionnaires sent out to the selected respondents, 125 were received and found useful. Data collected were analysed using frequency, table and percentage while inferential statistics in the form of regression analysis were used to test the formulated hypothesis. Findings revealed that that involvement of E-tax practices like E-tax fillings, E-tax payments, E-tax registration and E-tax clearance certificate has caused state revenue to grow during the period of study The result of tested hypothesis shows (**R^2 = 0.765; AdjR^2 = 0.751; $P<0.05$**)that the combined variable of E-tax practice (E-tax registration and E-tax clearance) is positively related to State Government Revenue Generation growth. The study found that involvement in e-tax practice will enhance internally generated revenue Capability, resolve the issue of tax evasion and enhance compliance of taxpayers in Ogun State. State tax revenue generated capability is related to proficiency of State Tax Authority. Further, Fear of fraud by tax Payer, Secrecy of tax payer Information, Reliable Internet service, Cost of ICT devices, Public Understanding of E tax, IT skill of Tax Staff, IT Infrastructure and IT Proficiency of Tax Payer are seen as the most major challenges for e-tax system. In view of this, State governments should create awareness to inform the public about the benefits of the e-tax system and establish a commission on regulation and full implementation of E-tax System to reduce the associated problems of collecting tax in the State.

KEYWORDS: E-tax Practices, E-payments, Revenue Generation Capability, Internet Services, Tax Evasion and Avoidance

INTRODUCTION

Studies have shown that governments require revenue to augment the spending needs to maintain an adequate level of public investment and social services (Fasina and Oladejo, 2016). For reckoning, Onaolapo, Aworemi, and Ajala (2013), observed that one of the recurrent problems of the three-tier structure of government in Nigeria is dwindling revenue generation as characterized by yearly budget deficits and insufficient funds for economic growth and development. This economic reasoning as submitted by Onaolapo et al (2013) emphasized the revenue need of government and indicates that, apart from strengthening the existing sources of revenue, it is also necessary for government to diversify its revenue base in order to meet its constitutional responsibilities.Perhaps that is why Oriakhi,and Ahuru (2014) concluded that that tax reform by improving the tax system and reducing tax burden enhances the ability of the government to generate more revenue suggesting improved efforts at reducing tax avoidance and evasion.Okoye and Ezejiofo (2014 found that the primary source of revenue generation in Lagos State was the internally generated revenue (IGR) in which tax revenue constituted about 80%.Also, the study of Dennis and Okoye (2014) concludes that taxation has significantly impacted on revenue generation in Nigeria.

According to Onaolapo and Fasina, (2013), the problem with public finance in developing countries like Nigeria has been that the amount of revenue generated from tax and non-tax sources in recent years have not been sufficient to meet increasing expenditure of states and local governments. Further is the submission of Fasina (2015) that despite the various tax reforms undertaken by Nigerian Government to increase tax revenue over the year, prior statistical evidence from the literature indicates that the contribution of income tax to the Government's total revenue remained consistently low and is relatively shrinking. The implication of this is the fact that when the system of tax administration is not efficient, the revenue generated in the state is affected. Literature suggests that most tax payers avoid and evade tax as a result of the corrupt practices of tax officials which in turn affect revenue generated by the state. This is expected to be curtailed by effective tax administration system and through adoption of e-tax practices.

Recent studies have shown that deployment of technology has paved way for operation of E-taxation and that E-taxation is the collection and payment of tax online relying on availability of information and communication technology devices and internet (Wang, (2002 ; Oladejo, 2014, Oladejo and Yinus 2015; Maisiba and Atambo, 2016). The new development in the internet has made it possible for tax collection and payment without leaving the tax unit location and devoid of unnecessary bureaucracy that discourage timely payment and collection of tax. The aim of the e-taxation system is to provide the tax authority a database with details of taxpayers and their transactions. Wang, (2002) believed that as Web technology is becoming more and more popular, the introduction of Internet filing has brought fundamental changes to the method of filing income tax returns, with calls for additional research involving electronic government issues According to Maisiba and Atambo, 2016, E-tax is expected to reduce the cost of the tax payer complying with Revenue Authority, increase tax collection and remove the inefficiencies associated with costs of movement by tax payers to revenue offices to do business and present to tax payers a system that reduces their cost of compliance. It will also reduce the issue of tax evasion and hence an increase in government tax revenue. According to Onuiri, Faroun, Erhinyeme and Jegede (2015) the objectives considered during the development of the e-taxation system include creation and management an effective and efficient database to provide tax payers records, information/bio-data for easy referencing, provision of an alternative payment routes for tax payers so as to encourage immediate tax payment and provide relief to those who find it an easier and more efficient payment route.

Evidence from the literature describes E-tax system as a recent phenomenon in accounting and taxation arising from upsurge in ICT, internet, e-commerce and e-business adoption. It has therefore become imperative to appraise the various e-tax practices adopted by state governments in tax collection. Further the effect of e-tax system on the revenue generation capacity of state governments is also worthy of exploration. The belief of Dowe, (2010) is that the use of technology to improve the effectiveness of tax administration, expand taxpayer services, and enhance tax compliance has come to attract increasing attention in developed and developing countries. This is corroborates Duke, Efiok, Kankpang&Emenyi (2013) that diffusion of Information and Communications Technology (ICT) have had the greatest influence on society in recent times and that the advent of the Internet and its related infrastructures in the last two decades has changed the way business is done across the globe with huge commercial activities are now being conducted electronically. There has been phenomenal growth in internet over the years. This growth in internet according to Duke et al (2013) has manifold implications for tax administration. Literature suggests paucity of studies on e-taxation being recent development in most developing economies like Nigeria. This paper becomes necessary by examining the influence of E-tax system on state government Revenuegeneration capability and provides answers to the following questions:

- To what extent does of electronic tax payment influence revenue collection efficiency by tax authority?
- What are the challenges of using electronic- tax system on revenue collection efficiency.

Research Hypothesis

H0: E-Tax systemdoes not positively influence State government revenue generation capability

LITERATURE REVIEW AND CONCEPTUAL UNDERPINNING

Concept of Tax and Taxation

Tax has been described in the literature as a charge imposed by government authority upon property, individuals, or transactions to raise money for public purposes (Opara, 2014). For instance Azubuike, (2009) argued that the ultimate essence of taxation is the provision of adequate revenue for the government to carry out its statutory obligations for the economic well-being of the society. The essence as mostly submitted is that government needs resources to finance its traditional functions established in public fiancé and accounting.According to Farayola (1987) and Okon (1997) taxation is one of the sources of income for government, such income as used to finance or run public utilities and perform other social responsibilities. Also, Adams, (2001) believed taxation is the most important source of revenue for modern governments and typically accounting for ninety percent or more of their income. The taxation of any economy and growth of the economic policy of the government depends on the revenue generated by the tax authorities. The Federal Inland Revenue services have the legal mandate to impose tax to its citizenry and corporate entity both in the public and private sector of the economy according to Section 8(q) of FIRS Establishment Act 2007) a situation that has led to an improvement in tax administration in the country.

Studies have shown that taxation is used to raise sufficient revenue to fund public spending without recourse to excessive public sector borrowing and also used to mobilize revenue in ways that are equitable and that minimize its disincentive effects on economic activities (Fasina, 2014). Taxes are divided into two, direct and indirect tax. According to Yunusa (2003) and Aguolu (2004) direct taxes are seen as taxes levied on the income of individual, group of individuals, and business firms and are paid directly by the person or persons on which it is legally imposed by the tax authority. Direct taxes can be categorized into Personal Income tax, Company Income tax, Capital Gain tax, Petroleum Profit tax, and Capital Transfer tax. Indirect taxes are taxes levied on expenditure that is, goods and services. These taxes are paid as part of payment for goods and services purchased by the ultimate users or consumers. The incidences of this type of taxes are usually borne by the third party.

Indirect taxes can be classified into the following: Import duties, Export duties and Value Added tax (Yunusa, 2003).In order to avoid multiple collections of taxes from the same taxpayer, at least in theory, taxes of each tier of government in Nigeria have been clearly defined by the Joint Tax Board (JTB) as follows:

- **Federal Taxes:** Federal Taxes includes: Companies Income Tax, Custom and Excise Duties, Value Added Tax, Education Tax. Personal Income Tax in respect of: Armed Forces, Police, Nonresident individuals and companies, Staff of Nigeria Foreign Service and Individuals resident in the Federal Capital Territory.
- **State Taxes:** Personal Income Tax, Road Taxes, Pools betting and lotteries, Business premises registration, Development Levy, Naming of street registration in state capitals, Right of occupancy on land owned by state, and Market taxes on state financed taxes.
- **Local Government Taxes:** Shops and Kiosks rates, Tenement rates, On and off liquor license fee, Slaughter slab fees, Marriage, Birth and death Registration Fees (Rural Areas), Right of Occupancy on land in rural areas, Market Taxes and Levies, Motor Park Levies, Domestic Annual License Fees, Bicycle, Truck, Canoe, Wheelbarrow, and Cart Fees, Cattle tax payable by cattle farmers only, Merriment and Road Closure Levy, Radio and Television License Fees (other than radio and television transmitter), Vehicle Radio License (Local Government Registration of the vehicle), Wrong Parking Charges, Public Convenience and Refuse Disposal, Customary burial ground permit fees, Religious Place Establishments Permit Fees and Signboard and Advertisement Permit Fees.

Objectives of Tax Reforms in Nigeria: The Need for Effective Tax Administration

In an attempt to meet the needs of the public sector, the World Bank Global Monitoring Report (2005) noted that countries must rely on an effective tax system in the long run, but that most developing countries have not been able to raise sufficient revenues for essential public infrastructure and human development services a strong indication that something is either wrong with policy reforms or its administration in developing countries According to Oyedele, (2017), Nigeria's ranking has declined 3 places from 124 to 127 out of 138 countries in the latest Global Competitiveness Index by the World Economic Forum. There is no point in designing a good tax structure that cannot and will not be administered effectively as put by Bird, (1991). The national tax policy review committee was inaugurated on 10 August 2016 by the finance minister with a mandate to review and update the National Tax Policy which was first published in 2012. The mandate also includes recommending a workable implementation strategy. The committee has completed its assignment and on 29 September 2016 submitted the revised Policy to the finance minister as revealed by Oyedele, (2017). The National Tax Policy provides the fundamental guidelines for the orderly development of the Nigeria tax system. The Policy is designed to achieve objectives including to guide the operation and review of the tax system; provide the basis for future tax legislation and administration; serve as a point of reference for all stakeholders on taxation; provide benchmark on which stakeholders shall be held accountable; and provide clarity on the roles and responsibilities of stakeholders in the tax System.

All existing and future taxes are expected to align with basic principles of taxation including the facts that tax laws and administrative processes should be simple, clear and easy to understand with low compliance cost. Further from the policy guidelines the financial and economic cost of compliance to the taxpayer should be kept to the barest minimum.

Tax Administration in Nigeria should be efficient and cost-effective in line with international best practices. Another observed implementation guideline is that the tax system should promote sustainable revenue, economic growth and development and there should be a synergy between tax policies and other economic policies of government. Specifically, the Policy contains measures designed to reduce income tax rates and compliance burden for Micro, Small and Medium Enterprises, (Oyedele, 2017)

Various studies that have attempted to investigate the influence of taxation on revenue generation in Nigeria (Alli, 2009; Dennis and Okoye, 2014; Fasina and Oladejo, 2016) agreed on the significant contribution of taxation to revenue profile and economic growth. For instance the study of Dennis and Okoye (2014) established that taxation has significantly impacted on revenue generation in Nigeria and recommended that Federal Government, state governments and local governments should urgently fully modernize and automate all its tax system, improve tax payer convenience in the assessment and payment process whilst at the same time entrenching effective and modern human resource management practices in the tax authorities. According to Alli (2009), some of the objectives of tax reform in Nigeria are to bridge the gap between national development needs and the funding of the needs, make pragmatic efforts at reviewing the tax, laws thereby ameliorating the incidence of tax avoidance and evasion, increase the confidence of the public on the tax system, thereby provoking voluntary compliance, improve the system of tax administration thereby making it more responsive, reliable, skillful and tax payer's friendly and reduce the complexity of the tax system both for the tax administrator and the taxpayer.

Going by the Tax policy reforms and conclusions from the extant literature the imperative for ease of tax administration and collection is inherent such that e-tax system is expected to play a major role in the tax policy of the governments for enhanced tax compliance and corresponding increased revenue profile of state governments in Nigeria thus making for the relevance of the current study.

General Barriers to Tax System in Nigeria

Tax revenue mobilization as a source for financing development activities in Nigeria has been a difficult issue primarily because of various forms of resistance. Before the introduction of e-taxation the Nigerian tax systems were conducted manually which associated with many set back, such as evasion, avoidance corrupt practices attending, and other corrupt practices leading to losses of huge amount of money by the government, hence low revenue generation. These activities are considered as sabotaging the economy and are readily presented as reasons for the underdevelopment of the country (Dedeji and Oboh, 2012). The second main problem of low revenue generation is political instabilities in developing countries. One of the important characteristics of the political instability is unstable and shifting behaviors of government, which hinders the process of long-term reforms in the system.

According to Soyode and Kajola (2006), the problems of tax administration in Nigeria are as follows:

Tax Evasion

Tax evasion is a deliberate and willful practice of not disclosing full taxable income so as to pay less tax. In other words, it is a contravention of tax laws whereby a taxable person neglects to pay the tax due or reduces tax liability by making fraudulent or untrue claims on the income tax form. Tax is evaded through different methods some of which include the following:

- Refusing to register with the relevant tax authority.
- Failure to furnish a return, statement or information or keep records required.
- Making an incorrect return by omitting or understating an income liable to tax refusing or neglecting to pay tax.
- Overstating of expenses so as to reduce taxable profit or income, which will also lead to payment of less tax than otherwise have been paid.
- A taxpayer hides away totally without making any tax return at all.
- Entering into artificial transactions.

Tax Avoidance

Tax avoidance has been defined as the arrangement of tax payers' affairs using the tax shelters in the tax law, and avoiding tax traps in the tax laws, so as to pay less tax than he or she would otherwise pay. That is, a person pays less tax than he ought to pay by taking advantage of loopholes in a tax levy. Tax can be avoided in various ways:

- Incorporating the tax payer's sole proprietor or partnership into a limited liability company.
- The ability to claim allowances and reliefs that are available in tax laws in other to reduce the amount of income or profit to be charged to tax.
- Minimizing the incidence of high taxation by the acquisition of a business concern which has sustained heavy loss so as to set off the loss against future profits.
- Minimizing tax liability by investing in capital asset (for instance through the new form of corporate financing by equipment leasing), and thus sheltering some of the tax payers income from taxation through capital allowance claims. Sheltering part of the company's taxable income from income tax by capitalizing profit through the issue of bonus shares to the existing members at the (deductible) expenses to the company.
- Creation of a trust settlement for the benefit of children or other relation in order to manipulate the martinet tax rate such that a high income bracket tax payer reduces his tax liability.Converting what would ordinarily accrue to the tax payer (employee) as income into capital gain (i.e Compensation for loss of office) the advantage of the employer and employee.
- Manipulation of charitable organizations whose affairs are controlled and dominated by its founders thus taking advantage of income tax exemption.
- Buying and article manufactured in Nigeria thereby avoiding import duty on imported articles. Avoiding the consumption of the articles with indirect taxes incorporated in their prices e.g. tobacco.

Benefits of a Good Tax System

Olotu (2012) mentioned that taxation is already sowing seed of transformation in many states of the federation of Nigeria. Also Syndelle (2009) observed that in 2007, Lagos state achieved a gross domestic product of N3.68 trillion an equivalent of $29.028 billion making it the biggest contributor to the federal government. Myles (2000) states that financial capacity of any government depends among other things, on its revenue base, the fiscal resources available to it and the way these resources are generated and utilized. It is therefore, the duty of the government to adequately mobilize potential revenue across the country to prevent economic stagnation. This mobilization involves the adoption of economically and politically acceptable taxes that would ensure easy administration, accounting, verification, auditing and investigation based on the equality, neutrality and other attributes of a good tax as opined Onaolapoet al, (2013). Further, Adeyemi (2012) stated that in achieving sustainable development in the social and economic sectors of a country, the government must consider the trade-off involved in attracting foreign direct investment (FDI) in terms of giving incentives and the impact of these on the country's sustainable development. Tax is a fiscal instrument used to encourage or discourage specific production or consumption behaviours that affect the economic, environmental or social sustainability.

Somorin (2011) stated that taxation can play a vital and pivotal role in the creation of wealth and employment in the Nigerian economy in the following ways:-

- Stimulating growth in the economy, by increased trade and economic activities: In this regard, tax revenues should be used to provide basis infrastructure such as power, roads, transportation and other infrastructure which would facilitate trade and other economic activities
- Stimulating domestic and foreign investment: It is necessary to mention that where the tax system creates a competitive edge for investments in the economy, local investments would be retained in the country while also attracting foreign investments. Increased investment would generate employment and provide wealth in the hands of individuals.
- Revenue generated from taxes can also be applied directly to identify sectors of the Nigerian economy to stimulate such sectors
- Revenue earned from taxes can be used to develop effective regulatory systems, strengthen financial and economic structures and address market imperfections and other distortions in the economic sector
- Redistribution of income, whereby tax revenue realized from high income earners is used to provide public infrastructure and utilities to the lowest income earners.

E-commerce and Tax Administration in Nigeria

The increase in e-commerce according to Duke, Efiok, Kankpang&Emenyi (2013) presents a daunting challenge to tax authorities' traditional approaches to both direct and indirect taxation. Unlike in traditional commercial activities where such details of transaction as the amount involved, parties to the transaction and the place in which the transaction was carried out can easily be established, e-commerce, in contrast, mainly occurs in the virtual and borderless world of the Internet, with the aid of a network of computers, within which untraceable trade can be carried on from obscure or even unidentifiable locations (Rosenberg, 2008). More instructively, commercial activities conducted through the internet raise important regulatory concerns that carry with them the potential of international fiscal conflicts over the determination of the basis of the transactions, and therefore locus of taxation (Rosenberg, 2008).

In the most basic sense, e-commerce describes the use of the internet to electronically conduct business transactions (Wheelen& Hunger, 2012). An electronic transaction involves the exchange of goods and services between businesses (including affiliates), households, individuals, governments, and other public or private organizations through sale or purchase, conducted over computer-mediated networks for which payment and delivery may be carried out either on or off-line. The electronic medium may include proprietary networks such as those used for electronic data interchange (EDI), telephony, etc. Furthermore, the basic parties involved in the exchange are consumers, businesses or government, operating in a business-to-business, business-to-consumer or business-to-government combination (UNCTAD, 2001).

E-Tax System and Revenue Generation Efficiency

Various benefits are associated with e-taxation some of which have been identified in the literature to include creating a web based system in which registered entities log-in and make payment, availability of an alert system that to notify the regulatory body of outstanding payment by registered entities and workers. Further, e-taxation system is to be developed for use by the tax authority at the federal level for tax payment, record keeping and educational/awareness programs in under-developed and developing countries with specific focus on the African continent. According toWandugo(2015) Benefits of automation include a reduction of fraud, remote access to information, improved collection of statistics, and uniform application of tax legislation.

The introduction of tax automation minimizes directcontacts between tax collection officers and traders or their agents, and hence leads to a reduction of corruption. Further benefits achieved through customs automation include improved reporting, control of file transfers, automatic reconciliation of tax returns declarations, and compliance testing of bank files. Paperless declarations and customs automation save time and make it easier to focus on inspecting high-risk consignments. The possibility of submitting tax returns declarations on-line has in some cases made it possible to reduce the associated fees; in other cases it has helped eliminate the obligatory contracting of Customs agents, (Robert, 1997).In Tanzania for example, after the introduction of electronic tax systems with the most central being the Integrated Tax Administration System (ITAX), Taxpayer Identification System (TIN), Computerized Motor Vehicle Registration System (CMVRS), Customs Administration System (ASYCUDA++) and Computerized Drivers' License System (CDLS) by the Tanzania Revenue Authority, there were no more rooms full of clerks posting entries by hand in large ledger books as it used to be; instead there is a widespread use of computers to administer tax.

In Nigeria, the Federal Inland Revenue Service (FIRS) embarked on an Integrated Tax Administration System (ITAS) project in 2013. ITAS is aimed at enhancing tax administration and simplifying the tax compliance process in Nigeria through the use of technology. When fully functional, taxpayers will be able to file their tax returns electronically, pay their taxes online, get instant credit for withholding taxes deducted on their income, generate tax clearance certificates and communicate with the FIRS local tax office through the "message centre as concluded by Oyedele et al , (2015). Tax collection and administration can be improved through measures such as; shifting towards an electronic tax payer registration system where a uniform Tax Identification Number (TIN) would apply regardless of whether a tax payer is registering for Personal Tax, Corporate Tax or VAT. Simplify the tax code: Since income tax and value added tax (VAT) rates are punitive and lack in-built mechanisms that would enhance self-assessment, there is need to simplify tax laws, forms and procedures developing systems that can enhance access to third-party sources of information. Electronic revenue collection in developing countries has gained increasing prominence in the policy debate recently. For instance Nisar (2013) argued that recent trends in public taxation stress the need of developing a system of tax assessment and collection that involves internet services.

Okafor, (2012) aimed at finding out whether electronic taxation will significantly curb tax evasion and avoidance and improve revenue generation. Design/Methodology Approach- Survey method was adopted. The data for the study were collected from primary and secondary sources. The primary data were collected mainly from questionnaires. Findings show that electronic taxation will enhance revenue generation in the states studied. Also large data base of the citizenry achieved through proper record keeping will enhance revenue generation. Also Wasao (2014), describes electronic tax system is an online platform whereby the taxpayer is able to access through internet all the services offered by a financial authority such as the registration for a personal identification number, filing of returns and application for compliance certificate, a perfect example of such system is the Electronic taxation system that was rolled out in 2013 by the Kenya Revenue Authority. Kenya Revenue Authority for instance as one of the financial authorities in the world conducts this Electronic tax system through the Business Process Improvement (BPI) and increases scope of electronic interaction with taxpayers to boost staff productivity and taxpayer service.

In Kenya, Naibei and Siringi (2011) assess the impact of use of Electronic TaxRegisters (ETRs) on Value Added Tax (VAT) compliance among privatebusiness firms in Kisumu city, Kenya. A sample of 233 private firms was selected by stratified samplingtechnique. The results from data analysed byuse of correlation and descriptive statistics reveals thateffective and regular use of ETR has a significant impact on the Value AddedTax (VAT) compliance). Based on the research findings thestudy concludes that use of ETR has a significant impact on VAT compliancein Kenya. In Nigeria, Adedeji and Oboh, (2012) empirically examined the economic implication of tax leakages on the Nigerian economy. A survey research design was adopted and responses were obtained through the use of a well-structured questionnaire administered to 185 respondents. Findings from the empirical analysis using Kendall‟s w-test and Chi-square test statistics reveal that tax evasion and avoidance have adversely affected economic growth and development in Nigeria, and also, that lack of good governance is the basis for which tax leakages activities is perpetrated.

Ayodeji (2014) looked at the impact of electronic tax systems on tax administration in Nigeria. He argued that the dwindling global fortune occasioned by the fall in the price of crude oil, the major source of wealth for Nigeria shifted the attention of the government and major stakeholders in the country to the revenue generated locally. But the daunting task of boosting the Internally Generated Revenue necessitates the adoption of electronic tax systems technologies to drive tax administration and concluded that electronic tax systems plays an important role in the increase of internally generated revenue in Nigeria by ensuring compliance thereby boosting productivity and economic activities in the country. The major recommendation from their study was that necessary laws and regulations have to be passed by the appropriate authorities to reduce or abolish import taxes on information technology hardware such as computers, Servers, printers, biometric scanners and other devices. This is perhaps to promote the deployment of enabling technology that could enhance revenue generation efficiency.

Methods of E-Taxation

According to Oyedeleet al (2015), some of the features of the e- tax system include the following:

- Online submission of tax returns: Taxpayers can submit their tax returns for different taxes such as Petroleum Profits Tax (PPT), Companies Income Tax (CIT), Value Added Tax (VAT), and Capital gains Tax (CGT) through the portal. Once registered, a taxpayer’s e-filing account will be created based on the type of taxes such company is liable to pay either for its own account or as the agent of government. A taxpayer will however only be able to file returns for the taxes it registered for.

- Electronic Tax Clearance Certificate (e-TCC) processing: Taxpayers can apply for a TCC online, which will be generated by the system. Although hard copies will still be available for collection, a system generated TCC will be just as tenable as the hard copy. Either way, ITAS allows for TCC validation so that a TCC can be verified by third parties online using the TCC number. Restricted TCCs can also be generated online for temporary use where there is an unresolved dispute. This will ensure that the taxpayer does not suffer unduly pending the resolution of tax dispute after which a full TCC can then be obtained.
- Validation of Tax Identification Number (TIN): Third parties can verify the TIN of taxpayers on ITAS. This feature is particularly useful in verifying the TIN of a company's vendors for Withholding Tax (WHT) purposes, among others.
- Online correspondence with FIRS: Taxpayers can communicate with FIRS via the "message centre" feature on the portal. FIRS can also issue assessments which taxpayers can object to using this feature as well. The tax account manager in the FIRS local tax office will be responsible for correspondence with the taxpayer.
- Automatic imposition of late filing penalties and interests: The system has been designed to automatically compute and impose interest and penalty for late submission of tax returns or late payment of taxes.
- Automatic allocation of WHT credit to taxpayers: Although this feature is not yet functional, it is designed to automatically credit taxpayers for WHT deductions they have suffered which have been remitted to FIRS by their customer(s).
- Redesigned tax forms and unique filing numbers: Various tax returns forms have been redesigned to adapt to the e-filing system. Different tax types have unique accounts numbers. Also each submitted return is assigned a unique document number with which tax payments can be made.
- Electronic tax payment: Taxpayers can pay their taxes online from their corporate bank accounts beginning from March 2015. This application which was developed in conjunction with the Nigeria Inter-Bank Settlement System (NIBBS) is hosted on the respective commercial bank's internet-banking platform.

Challenges of E tax system

Evidence from the literature suggests some challenges of e-tax system that may prevent its full benefits being enjoyed by the stakeholders. The electronic tax system comprises modern Technology in the form of computers, internet and software applications. Such technology is considered to be only efficient when handled by well-trained personnel and embedded in the workflow of the organization. Dowe (2008) argued that the basic prerequisites for implementing successful e-filing and e-payment systems are: a reliable and accessible internet service; cooperative financial institutions; an IT oriented public; and adequate financing to set up the appropriate infrastructure in tax offices. The availability of these could be challenging to efficient e-tax system as could be inferred from his submission.

The implementation process for electronic tax systems begins with the development of a strategic business plan which involves documenting the ideas and actions, desired outcomes and the time frame for each component, taking into account the strengths and weaknesses of the tax administration and environmental opportunities and threats. This suggests a challenge of degree of expertise skill needed by the tax authority. Many countries have taken a gradual approach by allowing voluntary e-filing and e-payment for select segments of the taxpayer base, e.g. individuals or companies only, in the initial stages to allow for live testing of the system. After testing is complete filing becomes mandatory for some taxpayers, e.g. companies as observed by Dowe, (2008).Further Opara, (2014) argued that the cashless policy and e-commerce has its own challenges such as increased electronic fraud, network availability problem and reliability of the e-tax system. According to Opara, (2014), once a tax return has been submitted, it cannot be amended by the taxpayers. Amended returns must be filed physically if it becomes necessary to do so and could make the transition to e-filing less attractive given that many of the forms are new and a lot of the information and analyses required will be done for the first time. Tax payer apathy to electronic transactions is another issue. Other is the confidentiality of tax payers information. Also Oyedeleet al (2015) observed that according to the 2015 Paying Taxes Report (a joint study by PwC and the World Bank), Nigeria ranks 170 out of 189 economies on the ease of paying taxes. On the average, it takes a medium size company about 909 hours to comply with its tax obligations annually.In Uganda, Akello (2014) reported that there are challenges such as intermittent power supply and Internet outages but says the tax body has made contingency plans to ensure that the system is operational 24/7. It is also believed that the electronic filing process still confuses a lot of people because the web portal has many features and yet most people cannot understand some tax terms.

Theoretical Background

This study is relyingon relevant theories such as Fiscal Theory of Taxation, Neoclassical and Technology Acceptance Model (TAM).The fiscal theory of the state shows that the most desired form of revenue to a government is valuable and easily exploitable government owned resources like crude oil while the least valuable is tax on its citizens as this poses a constraint on the use of such funds. The economy principles requires that the cost of collecting this tax should be as low as possible, so as not to take up virtually all the revenue yield by the tax. It is necessary to match the cost of collection with the amount collected, and efforts should be made to minimize the cost of collection in order to maximize tax revenue. Only then will a tax system be regarded as good and efficient.According to the neoclassical economic theory taxpayers are selfish rational utility maximisers who, following the optimal strategy, try to evade taxes as a means of obtaining the best outcome.Developing convenient means of getting them pay tax would be desirable for improved collection efficiency.

On Technology Acceptance Model (TAM) Davis et al (2003) stated that TAM theorizes that an individual’s intention towards using a system is jointly determined by perceived usefulness, the user’s ‘‘subjective probability that using a specific application system will increase his or her job performance’’ and perceived ease of use (PEOU), ‘‘the degree to which the user expects the target system to be free of effort.’’ The effects of external variables (e.g., system design characteristics) on behavioral intention (BI) are mediated by these beliefs. Paul and John (2003), suggested that TAM is a useful model but has to be integrated into a broader one which would include variables related to both human and social factors.

METHODOLOGY

The major focus of this study is to examine the influence of E-tax System on the revenue generation capability of state governments making Ogun state as a case study. Selection of Ogun state is based on being the Gateway to Nigeria" and is also one of the states that make use of e tax system. Besides, it shares boundary majorly with Lagos state where cashless policy was first demonstrated. All the five hundred and fifty eight (558) staff of the Ogun state internal revenue service (OIRS) constitute the population of the study. Both secondary and primary data will form source of data for this study. The sample size of 150 staff in tax unit in head office, Abeokuta Ogun state, was purposively selected to include main officers of tax and revenue collection assignments. Both secondary and primary data were used. The secondary information shall be gathered from the financial records of Ogun State Internal Revenue Service and Internal Revenue Bulleting. The primary data would be obtained through questionnaire. Data collected were coded and analysed using frequency table and percentage while inferential statistics especially Regression were used to test the formulated hypothesis. Regression Analysis wasused to assess the influence of e-tax system on revenue generation Capacity of Ogun state government.

Model Specification

OLS regression model was used to evaluate the influence of e-tax system on State government revenue generation capability. The Model is Specified as **:**

$$Y = \beta0+ \beta1X1+ \beta2X2+\ldots\ldots\ldots.. \beta nXn+ \pi$$

Where: Y = Revenue generation capacity measured tax through e-tax practice

β0- βn=regression coefficient of independent variable,

X= is the e -tax practices by OSG such as E-tax registration, E-tax clearance Certificate. It assumed that this Two selected E tax practice variable has covered certain e-tax component such as E-Tax filing, E-Tax, E-Tax alert, E-stamp duty, E-Tax correspondence, E-Tax payment, E-Tax alert as identify in the literatures. Based on this Implementation of e tax practice in Ogun State is proxied as a complete registration of tax electronically by tax payers withE-tax clearance Certificate.

π= Error term, it accounts for the possible factors that could influence the dependent variable that were not captured in the model.

RESULTS AND DISCUSSIONS

Perception of Respondent on Technology Proficiency of OIRS staff (Tax Authority)

Table1 show that OIRS staff (Tax Authority) make use computer and Internet in office and can operate computer effectively. Finally it signifies that use of computer and internet help Tax Authority to display technological skill in their field of work.

Table1: Response on Computer Proficiency of Tax Authorities

Response	Frequency	Percentage
Use of computer and internet in Office	125 (Yes) Valid 0 (No)	100.00 0.00
OIRS staff Can operate computer effectively	125(Yes) Valid 0 (No)	100.00 0.00
Use of computer and Internet help Tax Authority technological skill in their Field	125 (Yes) Valid 0 (No)	100.00 0.00

Source: Authors compilation, 2017.

Perception of Respondents on Influence of E-Tax Practiceson State Government Revenue Generation Capability

As shown in Table2. (76%) of the total respondents agreed thatIntroduction of e-tax reduce rate of tax avoidance in the state. similarly, the table indicate that large number of respondents, i.e.(90%) of the respondents are strongly agreed that E- tax system positively influence state government revenue capability. Also, the table indicate that a large number of respondents, i.e.(76%) of the respondents agreed that Component of e-tax practice include e-registration, e-filing, e-tax remittance, e-tax clearance and others. Also (86%) of respondentagreed Convenience is one of the reason for using e-tax system. Furthermore, (76%) of the respondents agreed that Demand for e-service and cost of operation are major Factors influencing e-tax system usage.Similarly, from table, (64%) of the respondents agreed that Internet connectivity improves e-tax service delivery. Likewise, (79%) of the respondents agreed that percentage of Internet Usage is factor for avoidance of e-tax practice. Also, (69%) of the respondents agreed Use of E-tax system is based on Tax Administration guideline. More so,(63%) of the respondent agreed that it is less expensive to do on-line filing of tax returns than Manual.Finally (80%) of the respondents agreed that Tax Authority make use of ICT and internet facility.

Table 2: Perception of Respondents on Influence of E-Tax Practice on State Government Revenue Generation Capability.

SN	Response	SA	A	D	SD	U	TOTAL
1	Introduction of e-tax reduce rate of tax avoidance in the state.	40 (32.00)	55 (44.00)	0 (0)	0 (0)	30 (24.00)	125 (100)
2	E- tax system positively influence state government revenue capability	88 (70.40)	24 (19.20)	12 (9.60)	0 (0)	1 (0.80)	125 (100)
3	Component of e-tax practice include e-registration, e-filing, e-tax remittance, e-tax clearance and others.	70 (56.00)	25 (20.00)	0 (0)	30 (24.00)	0 (0)	125 (100)
4	Convenience is one of the reason for using e-tax system	70 (56.00)	40 (32.00)	0 (0)	0 (0)	15 (12.00)	125 (100)
5	Demand for e-service and cost of operation are major Factors influencing e-tax system usage.	70 (56.00)	25 (20.00)	10 (8.00)	15 (12.00)	5 (4.00)	125 (100)
6	Internet connectivity improves e-tax service delivery	50 (40.00)	30 (24.00)	0 (0)	25 (20.00)	20 (16.00)	125 (100)
7	% of Internet Usage is factor for avoidance of e-tax practice	55 (44.00)	43 (34.50)	0 (0)	14 (11.20)	13 (10.40)	125 (100)
8	Use of E-tax system is based on Tax Administration guideline	59 (47.20)	21 (16.80)	0 (0)	0 (0)	45 (36.00)	125 (100)
9	it is less expensive to do on-line filing of tax returns than Manual	53 (42.40)	27 (21.60)	12 (9.60)	20 (16.00)	13 (10.40)	125 (100)
10	Tax Authority make use of ICT and internet facility	55 (44.00)	40 (32.00)	10 (8.00)	20 (16.00)	0 (0)	125 (100)

Source: Authors compilation, 2017.

Challenges for E-tax System by Tax Payer

Analysis in table 3 displayed the mean scores of sampled tax payer perceptions of Challenges for E-tax practices in the state. Table showed that of sampled tax payer opined that all the identified variables such as Fear of fraud by tax Payer, Secrecy of tax payer Information, Reliable Internet service Cost of ICT devices, Public Understanding of E tax, IT skill of Tax Staff, IT Infrastructure, IT Proficiency of Tax Payer, Erratic Power Supply and Government policy on ICT influenced application of e-tax system in the state with mean score of (3.304 3.248,3.048,3.016, 2.632, 2.632, 2.544, 2.520, 2.512, 2.480 and 1.952) respectively. In the nutshell, Fear of fraud by tax Payer, Secrecy of tax payer Information, Reliable Internet service, Cost of ICT devices, Public Understanding of E tax, IT skill of Tax Staff, IT Infrastructure and IT Proficiency of Tax Payer are seen as the most major challenges for e-tax system through the sampled tax payer and Authority with the highest mean scores of (**3.30 3.25,3.05,3.02, 2.63, 2.63, 2.54, 2.52, 2.51**)respectively. While Erratic Power Supply and Government policy on ICT were considered as the least factors of consideration for e- tax system with low mean score of **(2.0)** respectively.This result is in line with the argument of (Oladejo, 2016)concluding that fear of e-fraud, security of information and technophobia were the major determining factors for e commerce adoption. It is however at variance with the study of Oluyinka, Shamsuddin, Wahab, Ajagbeand Enegbuma (2013) that found poor IT infrastructural facilities as major determinants of e commerce adoption.

Table3: Mean Ranking Analysis of Challenges for E-tax System base on Tax Payer Perception

S/N	Variables	Mean	Std.Dev	Min	Max	Rank
1	Fear of fraud by tax Payer	3.304	1.239303	1	5	1st
2	Secrecy of tax payer Information	3.248	1.395014	1	5	2nd
3	Reliable Internet service	3.048	.9660027	1	5	3rd
4	Cost of ICT devices	3.016	1.084971	1	5	4th
5	Public Understanding of E tax	2.632	1.188222	1	5	5th
6	IT skill of Tax Staff	2.544	.9114328	1	5	6th
7	IT Infrastructure	2.520	1.697246	1	5	7th
8	IT Proficiency of Tax Payer	2.512	1.673397	1	5	8th
9	Erratic Power Supply	2.480	1.140175	1	5	9th
10	Government policy on ICT	1.952	1.366984	1	5	10th

Source: Authors compilation, 2017.

Test of Hypothesis

H0: E-Tax practice do not positively influence State government revenue generation capability.

Influential Analysis of E-tax practice on State Government Revenue Generation

As shown in table 4**,** According to the model, the combined variables of E-tax practice had a strong relationship on State government revenue generation capability given the coefficient of determination **(R^2)**of 0.765(approximately 77%) and alsosupported by high value of **Adjusted (R^2)** significant at 0.751(approximately 76%), the result indicates thatState government revenue generation capability attributed to variability in E-tax registration and E-tax clearance Certificate.In variably it is show that all independent variables incorporated into this model have influence on State government revenue generation capability. Collectively all the variables are statistically significant at $p \leq 0.05$. Base on the result that make the P-value for the alternative hypothesis equals 0.002 and 0.004 respectively which is less than 0.05, therefore the null hypothesis is rejected while the alternative hypothesis is endorsed.

Table 4: Regression Analysis of E-Tax Practice Influence on State GRGC

Model	Coefficient	Std.Err	T	P>{T}
(constant)	4.735	0.521	9.088	0.001
E-tax registration	0.498	0.147	3.388	0.002
E-tax clearance certificate	0.581	0.193	3.010	0.004

Source: Authors compilation, 2017.

*Dependent Variable: State government revenue generation capability

*R2 = 0.765

*Adjusted R2 = 0.751

CONCLUSIONS

This study examined the influence of E-tax practices on State Government Revenue Generation efficiency. Findings revealed that involvement of E-tax practices like as E-tax registration, E-fillings, E-Tax payments and E-tax clearance certificate influence state government revenue generation. The result of tested hypothesis shows that the combined variables of E-tax practice (E-tax registration, E-fillings, E-Tax payments and E-tax clearance certificate) are positively related to State Government Revenue Generation Capability. The study found out that involvement in e-tax practice will enhance internally generated revenue capability, resolve the issue of tax evasion and enhance compliance of taxpayers in Ogun State. State tax revenue generated capability is related to proficiency of State Tax Authority.Furher, Fear of fraud by tax Payer, Secrecy of tax payer Information, Reliable Internet service, Cost of ICT devices, Public Understanding of E tax, IT skill of Tax Staff, IT Infrastructure and IT Proficiency of Tax Payer are seen as the most major challenges for e-tax system. Based on the findings made in the course of this study, the following recommendations are hereby suggested:

- State government should create awareness to inform the public about the benefit of the e-tax system so as to increase rate of tax compliance
- State government should establish a commission on ICT to regulate and to see to full implementation of E-tax System to reduce the associated problems of collecting tax in the State.

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