



## **CHALLENGES OF CORPORATE INCOME TAX ADMINISTRATION IN NIGERIA**

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### **ABSTRACT**

*The importance of taxation can not be over emphasized has it has a great impact on the people as well as government and that makes it a matter to all. The study is undertaken bring to light the administration of corporate income tax in Nigeria as it being carried out by federal board of inland revenue through ' various offices and also to analyzed problems and prospect. There in also literatu retiew its carried out on some scholars works problems confronting corpora income tax administration were enumerated .The research work relied on the use of primary and secondary sources data of collection. The percentage description analysis of data and text books were used make the analysis easy and understandable to the reader. Statistical evidence, the investigation and analysis of federal inland revenue and examination of various document has assisted in arriving at the finding that the are factors responsible for the poor administration of company income tax, As way of recommendation government should, seek for possible solution on th administration of company income tax.*

***Keywords:*** *Challenges, Corporate, Income, Tax, Adamination.*

### **INTRODUCTION:**

The impact of company income tax (CIT) to any economy from a global View point cannot be overlooked as it has served as a stimulus to economic growth in areas of fiscal and monetary policies.

Companies are known to be evading tax which criminal in man: and also avoiding tax due the various loop holes in the laws. The roles of taxation in promoting economic activity and growth are not fact primarily because of its poor administration. According to Olashore (1997), the economy has remained in a deep Slumber, all macro-economic indicator show a Economy in need of rejuvenation, deflation and indeed radical reforms.

Tax is a ratable portion of the produce of the property and labour of the individual citizens taken by the nation, in the exercise of its sovereign rights, for the support of government, for the administration of the laws and as the means for continuing in operation the various legitimate functions of the state (called from black law dictionary)

According to the institute of chartered accountants of Nigeria (2006) and the Chartered Institute of taxation of Nigeria (2002), tax is an enforced contribution of money, enacted pursuant to legislative authority, if there is no valid statute by which it is imposed, a charge is not tax.

Tax masses in accordance to the some reasonable rule of appointment of person or property within tax jurisdiction.

By virtue of section (8) of CITA 1990 taxes are payable as specified upon profit of any company accruing in, derived from, any trade been carried out.

Taxation comes in form of personal income tax company income tax, capital tax, education tax, petroleum profit tax, Value Added tax etc. Personal income tax Act of 2011, the finance miscellaneous Taxation Provision decree 1997 and 1998. Laws of federation of Nigeria (LFN) 2004 covered tax administration of companies in Nigeria.

The Act established, the federal Board of Inland Revenue, which is the authority responsible for company taxation in Nigeria. This board also has an operational unit called the Federal Inland Revenue Service.

A critical challenge before company income tax administration is the 21<sup>st</sup> century Nigeria is to advance the frontiers of professionalism, mutability and awareness of the general public on the imperatives and benefits of taxation in our business lives which include promoting economic activity, facilitating saving and investment and generating strategic competitive advantage. If tax administration does not any reason meet the above challenges, and then there is a desperate need for reform in the area of the tax regime we run and in the administration of taxes.

It is true that problem of tax collection and administration is universal but the third world countries of which Nigeria is one, seem to be more plagued and inflicted both in weight and magnitude than the developed nation of the world. The research work primarily involves identifying the problems of the corporate income tax generation and administration in Nigeria taking a case study of federal Inland Revenue Service, Minna, Niger state. This study therefore, tends to look into the following problems: i. Tax evasion ii. Tax avoidance iii Corruption in tax administration IV Low level of compliance and identification of corporate tax payers Weak legal system to prosecuted defaulters.

### **Research Question**

Upon the following research question have been developed for the purpose of the research work

- i. Are there problems in the administration of company income tax in Nigeria?

Are there factors responsible for the poor administration of company

- ii. Income tax In Nigeria?
- iii. What measures can be put in place to curb the challenges of companies income tax administration and its effect on the economic development of Nigeria?

### **Hypothesis**

Ho1. There are no problems in administration of company income tax in Nigeria

H02. There are no factors responsible for the poor administration of company income tax. H03. There are no measures that can be put in place to curb the challenges of company income tax administration and its effect on economic development of Nigeria

### **Literature Review**

In Nigeria taxation has been existing even before the amalgamation in 1914 of the North and South Provinces to form the territory now called Nigeria.

The types of taxes paid in those days are in form of homage paid to Oba's house hold contribution for maintenance of peace and maintenance of soldiers, penalty paid for non performance of civil right and contribution to educational development.

The earliest trace of taxation was believed to have started from Northern Nigeria and was before the advent of British administration. The emirs had organized form of administration and their Islamic Relation made it possible for people to contribute toward charity which laid a sound foundation for direct taxation in Northern Nigeria Prior in 1990, some of the levies were Zakkat (a tax on moral property meant for charity) Jangali (tax on livestock) Iizjah (tax on slaves) etc. these were recognized in the Northern Nigeria (Onwubiko, 1998).

There were also some forms of taxes in southern Nigeria (Yoruba parts) by way of tribute. (Isakole) Lotls, levies fees and present given to Obas (kings) Chief in Benin, Oyo and some other Yoruba kingdom of western Nigeria, however in the east this type of tax paying tradition was virtually non existing but except fine called "Iri iwu" due mainly to lack of organized central authority which the eastern Nigeria are known for their egalitarian society.

These forms of taxation comes to a halt with the advent of colonial master's the oba's and emirs now used in imposing taxation on their subjects and anyone found guilty was punished (Onwubiko, 1998)

With the advent of the British, the administration and collection of tax were made with the enactment of several ordinances; direct income assessment was introduced by the Lord Lugard, the British High Commissioner through the community the ordinance 1904 in the Northern Nigeria. He also passed another law "the Nature revenue proclamation law at 1906"

The law aimed at verifying all forms of taxation in northern Nigeria.

He also made changes which accumulated in a nature revenue ordinance of 1917.

In 1918 an amending ordinance that extended the provision of 1917 ordinance applied to Abeokuta in Western Nigeria and to Benin City in midwestern Nigeria. but these were initially opposed most especially in Oweri, Calabar and Aba area, it was after the 1917 ordinance was amended that lord Lugard extended the law to Eastern province in 1928, the native direct taxation (colony) ordinance number 41 of 1937 was promulgated. Modern era of taxation began when two major legislation were passed in 1940. The direct ordinance number 4 applicaou of all citizen except those in Lagos township and income tax ordinance number 3 applicable to expatriate and to Nigeria living in Lagos.

When Nigeria became a federation in 1952 each regional government was responsible for the taxation of individual resident in areas of authority base on separate laws thus making trading activities within the regions of the country difficult since a trader may be called upon to pay tax in more than one region in a year. In order to avoid this type of situation and introduce some uniformity the first act regulating taxation in Nigeria as an entity, referred to as the income tax management act (ITMA) of 1961 was enacted by federal government to serve as the principal Act uniting all the region but was to be conjunction with the individuals regional laws.

Furthermore another tax law was pass known as capital gain 1961 \$0 tax gains accruing to 1993 only that from time changes in the rate of taxation and in relief and allowance are issued by the federal government taking cognizance of the economic situation in the country.( Agjeil et al 2000).

### **Concept and Types of Taxes**

The concept of tax is a search for those principles or standard that identifies taxation as a critical element of human legal experience. According to Iyere (1998), tax is a compulsory levy by a public authority on the income, gain or wealth of an Individual or group of an Individual and corporate bodies as Well as on goods and services

Ariwolola (2000) defines tax as the compulsory payment of the sums of money imposed by the government or its agents or Individuals Tax in other word, could be defined as compulsory levy imposed by government on individual, corporate bodies or group of individuals, irrespective of the amount of service rendered to the taxpayers in returns and not imposed as a penalty for offence committed.

Taxation on the other hand can be defined as a process of levying and collecting of tax by an authorized person or body with proper jurisdiction numerous.

State the most prominent ones among them are discussed below

### **Pay As You Earn**

PAYE is a system where by employees pay income tax on their salaries, wages, director, fees commission, bonus and other cash benefit which are being paid to them In other words the employee pays tax on whatever income he earns in any particular month or end of that month. Every employer is requires to deduct tax from Income they earn in any particular month. Every employer is required to deduct tax from the employees before paying such income to them

### **Companies Income Tax**

Company income tax is one of the three types of tax imposed on the profit and gains of companies of Nigeria. The other two are petroleum prohttax (PPT) and capital gains tax (CGT) these tax are paid to the federal board of Inland Revenue

### **Value Added Tax**

This is tax paid by companies or individuals or the quantity of goods and services normally value added tax is payable to federal revenue board.

### **Tax Dividends Interest and Discount**

By its ordinary meaning a dividend is a sum of money receivable by person who have invested in shares of a company, the act has widened the definition to include an amount equal to the nominal value of bonus shares, debentures or security awarded to shareholder. Interest is the amount receivable on loans granted or money receivable on deposit made in banks

### **Reasons for the Imposition of Taxes**

The major reason why government imposes tax is to collect revenue to prosecute her programmed, provision of social goods and services (UNESCO 2010)

According to Todoru (1997) the following are reason why government impose tax

- i. To cover the cost of general administration defense, maintenance of law and order and social service rendered by the state.
- ii. **To Raise Revenue:** One of the primary aims of taxation is to raise revenue for the government, in West Africa, taxes both direct and Indirect contribute over 80% of government revenue.

Revenue collected enables the government to meet the cost of general administration, defense and the provision of social services.

- iii. **To Reduce Disparity Between Income and Distribution:** The distribution of income in any society is not equal it is through the imposition of tax that such gap can be reduced. The method used is to impose heavy tax rate on those with higher income and very low tax rate on the poor. The revenue so collected under the arrangement with then is spend on provision of social goods and services to be enjoy by all.
- iv. **To Protect Infant Industries:** The newly established industries or infant industries are usually protected from the well-established once from the advance countries through the imposition of heavy import duties.
- v. **To Correct Balance of Payment Problem:** When a country suffers from balance of payment dimculties due to excess imports over exports, the government taxes imported goods more heavily than the exported goods. This is aimed at restricting or discouraging imported goods and encouraging more exports good.
- vi. **To Check Inflation:** Government can raise revenue to prevent inflation income of the consumers, hence they will be able to buy less if demand fall, the rising price will eventually fall too.
- vii. **To Check The Consumption Of Commodities Regards As Harmful Or Luxuries:** Commodities which are considered harmful or luxurious are heavily taxed in order to reduce their supply in a country e.g. cigarette, beer, petrol etc.
- viii. **To Achieve Other Economic Goals Of Government:** The services of national debt however small it is, demands that a responsible government should be able to meet her debt obligations as at when due.
- ix. **To Reduce Inequality Incomes:** Government aim of reducing the widening gap between the rich and poor by means of a progressive tax system called “pay as you earn”. This system takes more from the rich than the poor.
- x. **To Implement Government Policy:** Taxes are imposed sometimes so that the government can be able to give subsidies to agriculture or

industry and even render assistance to areas affected by natural calamities or suffering from an acute unemployment problem.

### **Characteristic of a Good Tax System**

According to Seyi, (2003) any good tax system must conform to some basic laws of taxation. It is those laws that will be used as yard sticks against which the tax system will be evaluated.

The following are the characteristics of a good tax system.

- i. Equity:** Taxes should be fair and certain, taxes should be given to taxpayers with similar characteristics could be on ability to pay.
- ii. Non Distortionary:** Taxes should not affect economic behavior for example; this should not be so high that they discourage people from working.
- iii. Certainty:** People and firms should know when a tax should be paid (and how much). Taxes should be stable so that people and firms can plan their finances.
- iv. Convenience:** It must be simple and easy for people and firms to pay their taxes on a regular basis from the salaries of the workers
- v. Simplicity:** Taxes should be simple to understand, if they are too complicated, calculating the tax owed might be difficult.
- vi. Administrative Efficiency:** Taxes should be cheap and easy to collect there is no point introducing a tax that cost more to collect than it generates revenue.

### **Legal Framework of Corporate Tax Administration**

The legal framework enables the administration to operate effectively and efficiently, while safeguarding the right of taxpayers at the same time.

The legal framework of tax administration, according to Kahanza (2000) describes a few very important features for the tax administration and for taxpayers that a modern tax code should include. Among those features are the principle of the tax code, basic provision, including creation and organization of the tax administration, responsibilities and power of the tax administration, right of taxpayers, international taxation features and some of the compliance and enforcement provisions most needed by the tax administration to administer the tax law fairly, efficiently and effectively. Among the most important principles to be included in a tax code is the principles of self-assessment. The code should also emphasize cooperation between tax payers and the tax administration and should promote voluntary compliance rather than the enforcement of compliance by the tax administration.

Other important principles which need to be addressed in a tax code are: (Bacchus 2000),

1. All amendment should be made to the tax code rather than by enacting supplemental or separate pieces of legislation
2. In an ongoing effort to make the tax law simple and clear, regulation and rulings which interpret the tax law should be published regularly by the tax administrative and should be made easily available to individual tax payers.
3. Transparency and predictability of the tax laws and operations of tax administration should be norm.
4. Clear statement to the effect that, when there is conflict 'with provision of the laws at other levels of government, the tax code should prevail.
5. On the other hand tax treaty provisions of the country supersede tax . code provision, should there be a conflict
6. There is deference to some provisions of common law e. g. exempting tools of a trade or profession from seizure and sale for unpaid taxes.

The ministry of finance and or the tax administration may acknowledge the benefits of and Wish to enact a unified tax code to replace separate pieces of legislation for each type of tax; it may not be feasible to do so, politically or otherwise.

In such cases, the international best practice is for the government" to extract the administrative provisions from the substantive pieces of tax laws and consolidate them in a single, uniform tax procedures code, separate from the substantive pieces of tax legislation.

A uniform tax procedures code enhances transparency clarity and consistency in the application of the country tax laws.

### **Structure of Corporate Tax Administration**

The tax structure of any economy tends to vary substantially to the level of tax administration. It is a frequently heard complaint that corporate tax administration are complex, confusing and abitory to some degree this is probably unavoidable, Administration of a tax system must cover an enormous and diverse number of rules. Bacchus (2000) is of the opinion that unlike the substance laws of taxation, there are at least a limited number of principles typically related around which the law can be structured and which both policy analysts and drafters can return when creating the law. In contrast it is not easy encapsulate a few guiding themes for a corporate tax administran'on, there; are number of very broad principles which should apply in each administrative rule, such as fairness and efEciency but these do not really i help

much in guiding substantive design. In some ways corporate tax" administration law is constituted by a hotchpotch of rules, some related, some not very closely related, some expressing clear policy and some based rather largely on arbitrary consideration. This is due to the fact that corporate tax administration law is Erst and foremost the elucidation of a bureaucracy, Kahanza (2000)

f. Nevertheless, some order can be brought to the structure according to function, temporal structure. In combination, the two can be made for a coherent legal structure that corresponds to the tax administration deals.

### **Functional Categories**

It is not surprising that the most important way in Which the better corporate tax administration are structure mirrors, the way in which tax authority themselves are or at least should be structured. In other words the laws are primary structure around the different bureaucratic function necessary for the administration of a tax system. For this reason, this research work will refer to this form of structure as functional, section in the tax administration law corresponding to functional categories cover regulation and rulings, record keeping, and return, audit and investigation, dispute settlement recovery of monies owed to the government. Kahanza (2000). Functional structure of corporate tax administration makes it easier for taxation process to follow and interpret the law. The tax payers involvement in each aspect of tax administration can largely be described by his or her interaction with different department of taxation authority.

Therefore structuring tax administration law in functional groups also helps the tax payer better understand the rules and the process.

### **Temporal Structure**

The equality of making the law easier to understand for the taxpayer as well as for the administration can be accentuated if the functional categories are themselves structure so that the follow in logical, temporal sequence. Temporal structure for the law of the procedure makes sense because the procedure in evitability follows}: a time sequence, given that each tax obligation is based on a tax period, with a subsequent possibility of the redetermination of tax liability for the period.

A temporal structure would mean that the law should begin with those rules concerning the elucidation of the law (regulations and rulings), followed by the incurring of a liability by a taxpayer which would typically require the taxpayer to secure an identification number, keep record and hle returns which not every taxpayer would be involved in each possible step in administration would know to skip over intervening possibilities until the next relevant issue was reached.

### **Problems of Corporate Income Tax Administration**

The administration of corporate income tax is faced with many problems; the report of the taskforce tax administration 1994 gave insight into those problems. Some of the crucial challenges associated.

With tax administration were out listed by Seyi (2003) they include:

- 1. Unpopularity of The Tax System:** Tax paying company has made collection system quite unpopular by using available loopholes, some taxpayers are of the view that rates are extorting and the timing is inconvenient for taxpayer;
- 2. Inefficient Collection Machinery:** One of the major problem income tax collections in Nigeria is an inefficient tax collection machinery non availability of information, infrastructural, inadequate corrupt tax official's non Specification of tax laws are all contributing to the ineffective and science system of correcting company income tax in Nigeria;
- 3. Lack of Adequate Law:** The failures on the part of government to enact adequate that will induct perpetrator have encouraged companies to indulge on the practice;
- 4. Tax Avoidance:** Tax avoidance has been clearly described as a means of arranging ones affair in such a way to reduce tax liability without is breaking the law, tax avoidance involve a great and careful planninga sometimes making use of any loopholes in the tax legislation to avoid payment too much tax can invest;
- 5. Tax Evasion:** Tax evasion unlike tax avoidance is an act outright illegal act of the taxpayer perpetrated with the aims of avoiding tax liability of individual or company. It is a serious societal problem that calls for urgent measure to slim the trend. Onadapo, (2008) says that 15 to 25% of the tax evaders are limited liability companies when this is quantified in terms of revenue loss; it than becomes clean now serious at this crime is in part is commissioner of taxation. It is perhaps inevitable in an acquaintance society that taxation is regarded as a burden which those are subject to it will seek to escape by any lawful means that may be found.

### **Prospect of Corporate Income Tax Administration In Nigeria**

The challenges of corporate income tax cannot be solve totally but if government can see that they can be minimized and provide more necessary social amenities. According to Adesola (1998), this will be made possible because of the following reasons:

1. The effective and efficient administration of Income Tax officials to identify fiscal and social objectives and to design appropriate tax policies most suitable to achieve tax objective
2. with an effective established tax policy there would be voluntary compliance by the tax payer's with the belief that their money is being used effectively
3. The cost of administering the corporate income tax as well as other social benefit cost will reduce with Voluntary compliance
4. Ensure that basic principles of taxation are observed with regard to the formulation of appropriate tax payers to pay tax properly.
5. Effective administration and good working condition will reduce the mismanagement of government fund and identification of irregularities among tax officials.
6. With effective and efficient tax administration tax loopholes which can be unduly exploited by tax payer in reducing their liabilities can be blocked through appropriate tax measure.

### **Methodology**

This chapter contains method used on how research data were collected. It involves Choosing and selection of sample size method of data collection and analyzing and Summary of the data collected. The area of this research work covers federal Inland Revenue service Minna. This will be suitable to give vivid picture and comprehensive analysis of the topic under research.

According to Ekpo (2006) research methodology is a systematic way of gathering information or data in order to solve and identify problem in given discipline. It is also a framework that is used as guide in collecting and analyzing the data for a study as well as a procedure that allows the research to draw reference concerning the relationship among the variable under investigation.

### **Analysis of First Report**

The data collected from the federal Inland Revenue service Minna for the Past three year 2016 to 2018 will be analyzed, so as to make the data collected look meaningful and suitable for the purpose which it is meant.

For this reason the use of table percentage and other statistical tools shall be used for classification purpose and show the relationship between the estimated and actual revenue for 2016 to 2018. The estimate, actual and variance of revenue collected is presented below:

**Table 1**

SUB HEAD	DETAIL	APPROVED	ACTUAL AMOUNT (N)	VARIANCE	PERCENTAGE (%)
1	Pay as you earn	960,000.00	563,473,868.30	396,524,131.7	41.3
2	Direct assessment	360,000.00	15,960,644.00	200,933,56.00	56
3	Tax on Dividend	10,000.00	25,103.67	997,489,961.31	99
4	Tax on rent meant	1,250,000.00	196,931.47	105,306,8.53	84
5	Stamp duty	250,000.00	98,000.00	152,000.00	61
6	Tax on bank interest	20,000.00	135,503.524	648496.4.76	32
7	Tax on contract	50,000.00	10,406,601.56	152,000.00	79
8	Stamp duty	250,000.00	98,000.00	385,933,98.44	61
9	Tax on contract	50,000.00	10,406,601.56	648,496,64.76	79
10	Tax on bank interest	20,000.00	13,515,035.24		32
	<b>Total</b>	<b>1,077,500.00</b>	<b>603,624,184.27</b>		

Source: federal Inland Revenue Minna

**Table 2**  
**REVENUE FOR 2016**

SUB HEAD	DETAIL	APPROVED	ACTUAL AMOUNT (N)	VARIANCE	PERCENTAGE (%)
1	Pay as you earn	14,23,380.30	1,503,007.26	934,872.11	65
2	Direct assessment	7,503,007.26	10,000.00	285,469,9.27	79
3	Tax on Dividend	2,032,455.30	12500,000.00	796,704.4.7	79.6
4	Tax on rent meant	1,210,706	250,000.00	39,244	3.1
5	Stamp duty	28,814.14	109386,000.00	221,185.57	88
6	Tax on bank interest	18,657,874.51	250,600,000.00	907,281,24.44	82
7	Tax on contract	26,351,799.58	15,007.99	751,799.58	2.9
	<b>TOTAL</b>	<b>1,605,916.306</b>	<b>1,572,652.674</b>		

Source: Federal Inland Revenue Minna

The data above represent revenue from present income tax and income from other related sources such as direct assessment, tax on rent, stamp duty etc. the above statutory allocation which are made yearly by the board, are also use to evaluate the performance of federal inland revenue and also the assessment of the machinery evaluation of the board. It is used to check the actual and the variance of the revenue generated. Each of the items that contribute to the income tax is here by analyses.

- i. **Pay As You Earn:** In the period of 2016 and 2018 the board has recorded a surplus of N129,624,402 and N93,482,211 respectively but for the year 2017 it recorded a shortage of N396,524,131.7.
- ii. **Direct Assessment:** All through the year made consideration recorded shortages of N19,421,434 N20,093,356 and N28,546,992.74 for the year 2016, 2017 and 2018 respectively, there is need for change in the machinery for the collection of direct assessment.
- iii. **Tax On Rent:** Actually there was an estimated revenue for year 20 16 but the actual revenue generated through rent income was N498,123 but 2017 and 2018 recorded shortages of N105,306, 853 and N39,294.
- iv. **Stamp Duty:** The Stamp duty collection in Niger state is not effective all through the ear year under consideration the board recorded shortages all through year 2016 recorded a shortage of N951,000 year 2017 N152,000 and year 2018 N221,185.57
- v. **Tax on Contract:** The year 2016 recorded a shortage of N85,554,783 year 2016 a shortage of N85,554,783.0 year 2018 a shortage of N39,593,44 and also year 2018 a shortage of N90,728,125.44.
- vi. **Tax on Bank Interest:** All through the three year under consideration the board recorded a shortage of N356,287.57 and N648,496,476 for year 2016 and 2017 except for year 2017 that recorded a surplus of N751,779.58

The total estimated revenue and total revenue generated from personal income tax collected for the year 2016 to 2018 will be used here to show the relationship between the estimated and actual revenue using co efficient of correlation, it is calculated below

YEAR	APPROVED ESTIMATED (X)	ACTUAL ESTAIMATED (Y)
2016	1,132,400.00	1,153,977,985
2017	1,077,500.00	603,624,184.27
2018	1,605,916,306	1,572,652,674

#### Test of Hypothesis

X BILLION	Y BILLION	XY BILLION	X <sup>2</sup>	Y <sup>2</sup> BILLION
1.32	1.153	1.305196	1.281	1.329

1.077	0.603	0.649431	1.159	0.363
<u>1.605</u>	<u>1.572</u>	<u>2.52306</u>	<u>2.576</u>	<u>2.471</u>
<b><u>3.814</u></b>	<b><u>3.328</u></b>	<b><u>4.477687</u></b>	<b><u>5.016</u></b>	<b><u>4.163</u></b>

$$R = \frac{nExy - xEY}{\sqrt{\frac{nEx^2 (Ex)^2 (nEy^2 - (Ey)^2)}{n}}}$$

$$R = \frac{(3)(4.4776) - (3.814)(3.328)}{\sqrt{(3)(5.016) - (3.842)^2 (3)(4.163)(3.328)^2}}$$

$$R = \frac{13.4328 - 12.6929}{\sqrt{15.048 + 4.546 (12.89 + (1.075))}}$$

$$R = 0.7399$$

$$\frac{\sqrt{(0.502)(1.414)}}{R = 0.7399}$$

$$\frac{\sqrt{(0.7399)}}{R = 0.7399}$$

$$0.8424$$

R = 0.87

From the above calculation, it can be seen that the value of r is lower than 1. For the purpose of this project work question 2 work question 2 will be used in testing the hypothesis which state are three factors responsible for the poor administration of company tax in Nigeria.

RESPONSE	MALE	FEMALE	TOTAL	PERCENTAGE
YES	12	1	13	87
NO	1	1	2	13
TOTAL	13	2	15	100

$$X^2 = \frac{E(Fo - fc)^2}{fc}$$

Where  
 Fo = Observed Frequency  
 Fc = Expected Frequency  
 X<sup>2</sup> = Chi - square

Determination of expected frequency

$$\frac{13 \times 13}{15} = 11.27$$

$$\frac{12 \times 12}{15} = 1.73$$

$$\frac{12 \times 2}{15} = 1.6$$

Fo	Fc	Fo-Fc	(Fo-Fc) <sup>2</sup>	(Fo-Fc) <sup>2</sup> /Fc
13	11.27	1.73	2.10	0.19
1	1.73	-0.73	-1.46	-1.25
12	10.4	1.6	3.2	0.31

1                    1.6                    -0.6                    -2.1                    -75

Degree of Freedom (df)

$$Df = (r - 1) (c - 1)$$

$$= (2 - 1) (2 - 1)$$

$$= 1 \times 1$$

$$= 1$$

Where = row

C = Column

Level of significant = 5%

Critical Value 0.05 = 3.84

Reject Ho if XE = XE

Reject Ho if the calculated chi – square is greater than critical value and accept Ho of the Chi – square is less than critical value.

From the table  $\alpha = 0.05$

$$1 - \alpha = 0.95 = 3.84$$

Since  $X = X_t$ , that is  $11.37 = 3.84$ , we accept that the alternative hypothesis and conclusion that the factors responsible for the poor administration of company income Tax is the reason responsible for the low revenue generation.

## SUMMARY

The study highlighted the challenges of cooperate income tax administration in Nigeria. Effort was made to analysed the data presentation and interpretation with respect of the general administration and significance of income tax, some critical problems were identified and possible solution were provided for in this project work. From the investigation carried out the researcher found out the following which include. The problems in administration of company income tax contribute to the tax evasion.

The factors responsible for the poor administration of company income tax contribute to the evasion and non-compliance of tax payer. Lack of adequate staff to carry out the assessment and collection of corporate income tax effectively contribute to the low revenue generation The non-compliance of tax payer with the law contributes to the evasion and avoidance.

It was discovered also from the findings that the reason behind the attitude of tax officials to work and certain fraudulent practice is due to the fact that there are no incentives to gear up or motivate the staff.

## Conclusion

The purpose of company income tax collection already highlighted were . the problem facing the federal Inland Revenue services. The researcher took time to check all about corporate income tax administration problem and prospect for the accomplishment of the objective of the study e.g. review of related literature has

been carried out to a reasonable level, data gathered, collected and analysed the results were used to test hypothesis. This revealed some of the problems hindering the effective performance of the board which are civil service bureaucracy.

Lack of working equipment and infrastructure, inadequate relevant training and incentive for tax officials and ineffective management strategies and practice etc. Recommendation where made which where the solution proffered by the researcher to check the problems of corporate income tax administration.

### **Recommendation**

Based on the research carried out on the challenges of corporate Income tax administration in Nigeria, it is necessary to make the following suggestion by way of recommendation.

1. Government should seek to provide possible solution on the administration of company tax.
2. Possible solution should be made by government to strengthen those factors responsible for poor administration of company income tax in Nigeria.
3. Government should seek to employ adequate staff to carry out the assessment and collection of corporate income tax effectively. The law guiding tax administration should not change frequently by federal government as this brings about confusion, delay and lack of consistency among the part of tax payers.

Government should ensure that there are adequate incentive to gear up the Staff to enable them perform their duties effectively and efficiently.

Government should provide possible solution to strengthen effective: communication link between the tax payer and tax authority.

Government should ensure that there is proper maintenance of the existing tax law adequately for the existing company income administration.

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