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TAX ADMINISTRATION AND E-TAXATION IN NIGERIA: BRINGING THE INFORMAL SECTOR INTO THE TAX-NET

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Abstract

Tax compliance by players in the informal sector is not only low but also, it belies the large number of persons the sector engages. As a result the government loses a lot of tax revenue which it requires to finance people-oriented projects. The situation is made worse by the dearth of data about these players' economic activities and taxable incomes. These issues need to be addressed in line with the equity canon of taxation. Since public goods are enjoyed by players in both the formal and informal sector, there is need to equitably spread the burden of financing of such projects amongst the populace. This study set out to determine if the introduction of electronic taxation will enhance tax compliance and increase the quantum of revenues generated from the informal sector. The study adopted a survey design which involved the administration of copies of questionnaire to a sample of 400 scientifically determined from a population of 19,383,447 using the Taro Yamane formula. With a response rate of 93%, the study found that there is a link between e-taxation and tax compliance as well as between e-taxation and tax revenues generated. Since the adoption of e-taxation will reduce tax evasion and revenue leakages but promote tax compliance which will lead to higher tax revenue, the study recommended that tax administrators should adopt e-taxation. The study *further recommended that the government should support the adoption of e-taxation with the right political will for the initiative to have the desired result.*

Keywords: *E-governance, E-taxation, informal sector, presumptive tax, self-assessment scheme, tax administration, tax compliance*

Background

Tax administrators all over the world are now focusing on tax compliance enforcement and expanding the tax base through the e-governance framework. E-governance entails digitization or the use of advanced technologies to gather and analyze data on taxpayers with a view to setting a transparent and compliance–oriented tax administration. As tax authorities strive to improve tax management through innovation, they apply e-governance to taxation in order to enhance tax compliance and replace tax practices that are based on archaic 20th century legislation (PwC, 2007). In other words, electronic taxation or e-taxation has become a tool for enhancing tax administration

Allahverdi, Alagos and Ortakarpus (2017) noted that e-taxation is an effective mechanism for collecting, assessing and automating tax-related processes in order to increase productivity of tax system. Based on this, Al Baaji, Al Marshadi and Laban (2018) recommended the use of e-taxation systems that rely on the latest information technology (IT) software and equipment for attaining efficiency in tax administration. They also recommended the change in legislation to ensure optimal tax compliance by various categories of taxpayers.

The impact of sophisticated IT, which became widespread in the 1980s and 1990s (Eneanya, 2009), is increasingly felt in both the private and public sectors. In order to take advantage of the emerging technology and promptly deliver quality services to the citizens, the Nigerian government embarked on e-government program around 2000 in various ministries, departments and agencies (MDAs). Through this programme, the government has improved tax administration, expanded its tax system with electronic data-base system, automated the tax payment and enhanced online access to relevant tax information (Nchuchuwe & Ojo, 2017).

As required by the tax laws, every individual is expected to pay income tax, either as an employee in the formal sector or a self-employed person in the informal sector. This obligatory role performed by the citizens assists the government to generate revenue to finance its numerous developmental projects. However, it has been observed that many self-employed persons in the informal sector do not fulfil this civil obligation (Oloyede, Kupoluyi, Oyedokun, & Benjamin 2017) thereby making it difficult for the government to generate enough revenue required to finance projects beneficial to the citizens.

Evidence have shown that the informal sector operators dominate economic activities especially in Africa (Chrisia, 2014). According to the study, the informal sector is the principal driver of the economy in most African countries; yet, tax revenue from the sector is relatively poor and lower than expected. This view was also shared by Ogbuabor and Malaolu (2013), Owen (2013) and Umar, Derashid and Ibrahim (2016) when they asserted that the informal sector occupies a larger proportion of the economy of Nigeria but the inflow of taxation to the government is relatively limited. The study of Onwe (2013), revealed that, Nigeria has over two million informal enterprises majority of which engage in food, beverages and tobacco production. CISLAC (2018) and Ogunwede (2018) observed that 60% - 65% of players in the Nigerian informal sector engage in economic activities such as agricultural production, mining, quarrying, small-scale building construction, machine-shop manufacturing, furniture, vehicle repairs and production of traditional Nigerian crafts and clothing. However, their impact is not felt in tax revenue generated.

Informal sector is that part of the economy which is not officially registered and monitored by any form of government regulations. As a result, without any formal documentation, the number of players in the sector are not known. Similarly, the amount they earn and the income they generate, are undisclosed and unknown and therefore, do not have place in the 'tax net' of the states or nation. Yet, these players enjoy the benefits provided by the government from taxes paid by other taxpayers in the formal sector (Oloyede, *et al.,* 2017). This is against equity as a canon of taxation.

This study therefore set out to examine how implementation of e-taxation can influence tax compliance among the operators of informal sector in Nigeria. It also sought to inquire if greater revenue would be earned from the informal sector operators by the government if the right political will is combined with the use of computer technology. The study further sought to find out whether the implementation of electronic tax payment would make it difficult for informal sector operators to evade taxes. Finally, the study investigated if full deployment of modern technology could bring about easy computation of data, improve tax services and increase tax compliance in Nigeria.

The remainder of the paper is segmented into five parts. The second section contains the literature review while the third section is on methodology. The fourth section entails the presentation and analysis of data while the fifth section contains the conclusion and recommendations.

LITERATURE REVIEW

This section discusses the various concepts relevant to this study.

Electronic Taxation

In the last 30 years, there has been an extraordinary advancement in information technology so much so that machines have taken over several traditional roles that man used to perform (Newman & Egbosa, 2019). Most people, businesses, organizations and governments now use computer systems and internet to carry out daily business transactions to remain viable and competitive. This trend underlies the growing concepts of e-governance and e-commerce. Electronic taxation is therefore the use of information technology to drive the process of tax administration.

Many tax administrators have found it necessary to use computer systems and networks in the process of tax assessment, filing of tax returns and payment of taxes. Thus, in several countries, taxes can now be assessed and paid online from anywhere in the world. For instance, a Russian astronaut, Pavel

Vinogradov, was able to pay tax from the space orbit in 2013 (Newman & Egbosa, 2019). Jaidi, Amad, Noordin and Kassim (2003) identified computerized system as one of the success factors of self-assessment scheme, citing countries such as America and Australia where e-taxation has been placed on the scheme with effective result.

Information Technology Faculty (ITF) (2016) revealed that massive changes have been brought about by digital revolution in the society, economy and government. The impact of this is mostly felt through the use of internet and enhancement in the tax system. Tax authorities who are resistant to change are in the eye of the storm of the global forces as digital payments are growing in scale. Many tax payers now desire better tax administration in order to ease the burden of tax payment. In this respect, developments in taxation caused by digitalization are advancing and can transform how a tax system functions. There is need for tax administrations to undergo "digital transformation" in order to meet taxpayers, business owners, citizens in their locations for effective tax collection and overcome tax non-compliance. The brunt of the work of digital transformation relies on tax administrations as they overhaul tax systems to provide streamlined, user-friendly experiences for business owners and citizens (Musgrave, 2018).

The global tax landscape is changing dramatically, with tax authorities and taxpayers searching for more and more innovation in tax management. It has been realized that tax laws which are broadly based on legislation implemented in the early 20th century inhibit effective tax management in a scenario replete with ground-breaking business models in the 21st century with high-end technology that facilitate transaction in virtual marketplaces (PwC, 2017). ICC (2018**)** agreed when it observed that the globe is just at the beginning of a digital revolution which will shape tax systems, make them different from tradition systems and dramatically change the world economy. In view of this, there is need for tax authorities around the world to proactively adapt revenue collection models in line with the emerging and transformative digital technologies.

Nigerian Tax Administration and E-taxation

Efforts to modernize the Nigerian taxation led to the restructuring of Federal Inland Revenue Service (FIRS) such that it can leverage technology to enhance tax collection. According to the Federal Ministry of Finance (2017: 9) "Tax authorities shall partner with relevant agencies to set up automated system and adequately train tax official in the use and maintenance of such system. Electronic system of record keeping in line with global best practices should entrenched to enhance the tax administration process". Likewise, Nchuchuwe and Ojo, (2017)

The study of Ofurum, Amaefule, Okonya and Amaefule (2015) revealed that, prior to this new initiative, electronic system for tax payment has been in place for few years and already in use by a few taxpayers registered with the large tax offices in Lagos and FCT. These states were later joined by some other states. In the same vein, Adeniyi and Adesunloro (2017) stated that Lagos State had embarked on e-taxation by digitalizing its state tax system and introducing Tax Identification Number (TIN). The study further stated that the electronic filing system which was introduced in Lagos State through its electronic tax system, offered the flexibility of time, reduced calculation error on the tax return of the taxpayer and ensured that there were minimum leakages in the tax collection system in the state. To ensure that tax compliance is fulfilled by members of the informal sector, Fapohun and Obiyemi (2018) developed an intelligence-based electronic policing of citizens to make payment of taxes in a most convenient way. This web-based programming language was designed to interact with the database, access each citizen's records and give information on individuals' tax liabilities for easy payments. However, there is no empirical evidence to confirm the adoption and efficacy of the intelligence-based electronic policing model.

Despite its benefits, the level of awareness of e-taxation is low. In the view of Onuiri, Faroun, Erhinyeme and Jegede (2015), the level of awareness of electronic-taxation in Nigeria is generally low as many citizens are ignorant of the progress made in technological development. Presently, many of them still file their tax returns manually and pay tax by going to the tax offices and banks with their avoidable risks and stress. This view was shared by Alake and Olatunji (2016) when it affirmed that tax administration in Nigeria was in the era of ‘bricks and mortar’ collection, as taxation was done manually with the use of agents by the Inland Revenue Service.

Informal Sector

In the literature, several terms are commonly used to define the informal sector, such as informal economy, hidden, underground, invisible and shadow economy, unrecognized, unrecorded, unprotected sector that is unregulated by the government. Any economic activity that does not appear in the statistics of the national income and GDP is considered to be part of the hidden or informal economy (Maurin, Sookram & Watson, 2003). Wedderburn, Chiang and Rhodd (2009) summarized various studies before declaring the informal sector as hidden, shadow, underground, unofficial and black, among many others.

The growth of informal sector is central not only to job creation and poverty reduction among lower-income groups but also, to long-term economic development which is crucial to the development of a larger tax base over time (Joshi, Prichard & Heady, 2013). Wedderburn, *et al.*, (2009) agrees when it observed that the sector grows more rapidly than the formal sector in most countries of the world. Chambwera, MacGregor and Baker (2011) stated that the informal sector accounts for over half of the global employment population estimated at 1.8 billion people as compared to 1.2 billion of the formal sector. Chrisa (2014) declared that in most African economies, the informal sector is the principal driver of the economy. It was gathered from Samuel and Odunaike (2015) that the informal economy is often associated with developing countries. The study stated further that statistics of the informal economy are unpredictable by virtue of its nature. The study found that informal employment makes up 48% of non-agricultural employment in North Africa, 51% in Latin America, 65% in Asia and 72% in Sub-Saharan African. The study added that if agricultural employment is included then the percentages in some countries like India and many Sub-Saharan African countries will rise beyond 90%.

Rationale for Taxing Informal Sector

Greenidge, Holder and Mayer (2009) observed that the informal sector causes the government to lose a lot of revenue through non-payment of taxes. This loss of revenue causes a decline in the provision of public goods and services that would have otherwise benefitted the general public. The existence of this sector constitutes a major problem to policymakers as it distorts economic information by overstating key ratios such as unemployment and debt-to-GDP and understating growth rates. There is need to change this narrative. Wedderburn, *et al.,* (2009) noted that tax compliance by players in the informal sector will serve as source of information about their activities thereby helping the government to determine how to provide them with technical and financing opportunities, create for them a legal environment and entrepreneurship base that will improve their standard of living. In the opinion of Joshi, Prichard and Heady (2013), taxation of the informal economy appears to be a potentially important source of government revenue given its relative large size. If the informal sector is well organized, it would yield reasonable amount of revenue needed to finance developmental projects. The study further noted that the payment of taxes by players in the informal sector, will embolden them to hold the government to account thereby promoting good governance and political accountability of the state.

Dube (2014) shared this view when it noted that the need to generate adequate revenues has encouraged many governments in developing countries to seek ways of harnessing and bringing the large number players in the informal sector into the tax net. The study considered not taxing them as unfair to taxpayers with similar levels of income in the formal sector. By not paying taxes, those in the informal sector will not have the moral and legal right to demand for accountability from the government. In the opinion of Udoh (2015), there is need to tax the informal sector in order to increase revenue generation, assist the government in closing the existing resource gap created by the fall in oil prices, improve public sector investments and promote economic growth that will lead to poverty alleviation, good governance and accountability.

Despite the huge number of people it engages, the informal sector's contribution to GDP is estimated at 24% in sub-Saharan Africa, 22% in Asia and 23% in Latin America. Compared to its size and contribution to GDP in developing countries, the informal sector appears to be a potentially important source of government revenue (Dube, 2014; Ogunwede, 2018; Udoh, 2015). Increased revenue will enhance investment in infrastructure required to drive the process of economic growth and development. The infrastructure provided will ease the cost of doing business for micro-enterprises, support job creation and the development of wider tax base in the long-run. The expanded taxation on informal economy will improve public sector revenue, fiscal expenditures or reduction of the massive fiscal debt (Wedderburn, *et al.*, 2009).

Approaches to Taxation of Informal Sector

Self-Assessment System/Scheme

Self- assessment is a tax system which requires the tax payer self-determine his tax liability based on earned income. In other words, the tax payer carries out the computation of his tax liability, usually on a prescribed form and accompanies it with the payment of the tax due, in part or in full, to the tax authority, latest by the due date as provided in the tax law (Appah & Ogbonna, 2014; Somorin, 2012). Jaidi, Ahmad, Noordin and Kassim (2003) views self-assessment as an assessment procedure which assumes that all information reported by the taxpayer is correct and need not be validate by the tax authority. It is a system which requires the taxpayer to be responsible by ensuring that the information provided in the Income Tax Form (ITF) are correct and true, as the Inland Revenue would accept them on trust. It is in this respect that Gambo, Mas'ud, Nasid and Oginni (2014:2) observed that tax compliance is based either on trust or power of authorities. In their view, "where tax compliance is established on trust, it is seen as voluntary tax compliance, but if tax compliance is centered on power, it is simply an enforced compliance".

Self-Assessment system (SAS) of tax administration has gained wide acceptability globally and most African countries have embraced this practice to enhance revenue generation. (Gambo, *et al.*, 2014). Mas'ud, Alkali and Aliyu

(2015) opined that self-assessment scheme has received global acceptance by both developed and developing countries. In their view, the motive behind this is the desire to shift the tax computation and assessment responsibilities from tax authority to taxpayers. When the burden of tax assessment is shifted from the tax authority to the taxpayer, efficiency in tax administration would improve. The Self-Assessment system has been widely applauded as effective in Canada, India, Japan, New Zealand, Pakistan, Sri-Lanka and USA as well as in African countries (Somorin, 2012). Although, many countries have put in place self-assessment principles in the income tax law, the legal authority is not being consistently applied (Okello, 2014).

Presumptive Tax System

Presumptive taxation is an indirect way of ascertaining the tax liability of a taxpayer. This system differs from the extant practice of using the taxpayer's audited annual returns via self-assessment. Under this system, the government estimates or presumes the income of the taxable person on which taxes will be levied instead of the actual income of taxpayer. Presumptive tax is administered based on presumed, rather than actual, income of the taxpayer. It is a concept of taxation which involves the use of indirect means to ascertain tax liability (Dubie & Casale, 2017; Idogun, 2019; Ogunwede, 2018; Ohaka & Zukbee, 2015; Olaitan, 2016).

Presumptive tax was introduced mainly to capture informal businesses that have remained outside the tax net and to also lessen the burden on the formal sector whose taxes are regular and accurate (Utaumure, Masiri, & Mashindi, 2013). Dube (2014) established that the most popular way of taxing the informal sector in sub-Saharan Africa is through presumptive taxation. Its adoption has spread to many developing states. Some of the countries with presumptive tax legislation in the third world countries are Angola, Brazil, Cameroon, Ethiopia, Ghana, Uganda and Vietnam. It is on record that presumptive taxation system has been in place for several years, both in developing and developed states but extensively used in the third world countries where the informal sector constitutes a very large portion of the taxable population (Olaitan, 2016).

The study of Kayaya (2007) noted the following shortcomings in presumptive tax. Firstly, an individual who is on the margin between subsistence and market economy may be pushed back to the subsistence economy entirely by presumptive taxation. Secondly, such a system is a crude tool that does not take into account the taxpayer-specific conditions such as family size or exceptional losses in a given year that would normally be accounted for in conventional tax methods. Thirdly, numerous enterprises in the small but "modern" business sector are unable or unwilling to keep proper accounting records. The study further noted that presumptive taxation may give room to corruption and favoritism on the part of tax assessors. Discretion can also lead to inconsistencies, with taxpayers at similar income levels ending up with substantially different tax burdens, or taxpayers at very different income levels having to pay similar tax liabilities. In such cases, rather than enhancing horizontal equity, presumptive assessments may end up worsening it.

Deloitte (2015) noted that it would be difficult for presumptive tax to succeed when taxable person's identification is not known. Most artisans and self-employed persons in the informal sector have no record with the government. While a large proportion of taxable persons exist within the informal sector who have records, most of them refused to file tax returns. Also, Dubie and Casale (2017) reported that by imposing the same tax liability on those at different income levels, presumptive taxes violate the principle of vertical equity. Also, presumptive taxes may violate the principle of horizontal equity because they tend not to have tax-free minimum income thresholds as is the case under most personal income tax (PIT) regimes. Consequently, those in the informal sector may bear a higher tax burden than their counterparts in the formal sector who are exempted from taxation at low incomes.

Withholding Tax

Withholding taxes are related to taxing indirectly, but with the important difference that these taxes can be credited against the tax liability of tax compliant firms, hence providing an incentive for non-compliant firms to become tax compliant (Joshi, 2014). A withholding tax on imports acts like a tariff on non-compliant firms, while it is credited back to compliant firms, thus increasing revenue from the informal sector without distorting trade. The disadvantage of withholding taxes is that it can later become administrative burdensome for tax administration in most developing countries. Soyingbe (2016) declared that withholding tax is not a form of tax, but a method of collection or payment in advance of amount due from a taxpayer who gets paid immediately on completion of an assignment.

Many developing countries embarked on the adoption of withholding tax in the informal sector using the method of taxation on goods imported. Withholding tax has been seen as a useful tool to tax transactions that are likely to escape taxation and is implemented to increase the cost of non-compliance. It is levied on imports and/or domestic transactions and are later credited against the tax liability of those firms or individuals that are tax compliant (Dube, 2014). Furthermore, the study added that withholding taxes on imports are well embraced in many developing countries including Argentina, Benin, Burkina Faso, Central African Republic, Gabon, Guinea, Jordan, Pakistan and Uganda. Revenues are well generated through the tax system. Nevertheless, despite the amount raised by the governments of some sub-Saharan African countries, dependence on these taxes can discourage more fundamental reform. In addition, many of firms registered to collect this form of tax have been found to be corrupt.

Collection through Trade Union (Associational Taxation)

A tax collection strategy that is related to presumptive tax is associational taxation and this is useful in context of developing economies (McKerchar & Evans, 2009). Its effectiveness in the third world countries is hinged on the fact that the leaders of unions of players in the informal sector such as union of transport workers, street vendors, mechanics and traders, have detailed knowledge of the activities of their members. Besides, they regularly hold association meetings. Through these unions, taxes can be collected without resistance from their members and remitted to the government (Rachmawati, 2014). For instance, the study of Joshi and Ayee (2002) provided evidence of the Ghana Private Road Transport Union (GPRTU) that has been effective in the collection of taxes from its members (that is, transport owners, owner/drivers, trainers, lorry park guards and porters) who are the informal workers and then remit same to the government. This system has effectively been in place since 1987 in Ghana. Similarly, Dube (2014) advocated that Ghana's Internal Revenue Service applied a system called identifiable grouping taxation (IGT) in 1987 to encourage informal sector associations to collect taxes from their members, and pass them on to the tax authorities. This system allowed the tax authority to keep its collection costs at 2.5 per cent of the total revenue collected because this was paid to the informal sector associations as a collection fee.

Methods of Taxing Informal Sector in Nigeria

Collection through Task Forces and Special Groups

Enugu Platform on Tax Justice (2017) stated that, several initiatives were put up by the Nigerian government aimed at bringing the informal sector into the tax net. In order to increase tax revenue, both governments at sub-national and local government introduced new and multiple levies. They established task forces and special groups to collect them in order to improve the tax revenue from the sector.

Self-Assessment Taxation

Self-assessment method of payment of taxes was actually introduced in Nigeria in 1992 following the enactment of the appropriate law in 1991 (Appah, & Ogbonna 2014). Mas'ud, Alkali and Aliyu (2015) stated that, legal frame work for the implementation of Self-Assessment Scheme in Nigeria can be traced to section 24 (f) of the Constitution of Nigeria 1979. Subsequently it was introduced into Nigeria Tax Laws through Finance (Taxation and Miscellaneous Provisions) Act of 1991 which became effective in 1992. The system was adopted to address the observed weakness in tax administration in Nigerian as well as to promote tax compliance among the self-employed persons.

There are mixed findings in the achievements of Self-Assessment System (SAS) in Nigeria. Appah and Ogbonna (2014) recorded that since 1992, voluntary compliance has not taken root through the self-assessment scheme, probably because it was run side by side with government assessment. This dual system was adopted because of the gray areas in the tax laws and the absence of appreciable efforts of taxpayer enablement. In the opinion of Mas'ud, *et al.*, (2015), the implementation of SAS has positively impacted Nigeria's tax administration in a number of ways: it reduced the man-hours spent in the issuance of assessment notices and related human errors associated with misplacement of files; it reduced the delays in servicing assessment notice; it made taxpayers key stakeholders in the determination of their tax liability thereby increasing taxpayers' knowledge.

Olurankise and Oladeji (2018) observed that effecting tax compliance through SAS may be difficult since the tax payers in the category are the ones who compute their tax liabilities themselves and there is the likelihood that they may default in paying the correct tax. For the smooth running of the SAS, Jaidi, Ahmad, Noordin and Kassim (2003) recommended several factors such as computerized system, building of public confidence in the tax system, enactment of understandable tax law to be supported by law enforcement and auditing. The study cited developed countries such as America and Australia whose taxation successes are attributed to computerized system.

Presumptive Taxation

Presumptive taxation is another measure put in place for taxing informal sector in Nigeria. It was introduced in Nigeria in 2011 through an amendment to the Personal Income Tax Act (PITA) which provided for new sub-sections 6 to 36 of the Principal Act. Its framework was expected to be prescribed by the Ministry of Finance (Olaitan, 2016; Ogunwede, 2018).

The Nigerian National Tax Policy (NNTP) categorizes Presumptive Income Tax Assessment (PITAS) as one of the strategies for creating a tax system that encourages compliance with the provisions of the tax laws (Deloitte, 2015). According to the study, "PITAS would help the tax authorities deal effectively with the taxable persons who have historically failed to comply with the tax laws due to their size or lack of business address and this category of taxable individuals appear to be predominant in the informal sector" (Deloitte, 2015: 1) The attention of the Nigerian government has been drawn to the massive size of the informal sector from which little or no taxes are being collected. In order to resolve this problem, presumptive tax regime was put in place to tax the firms in the informal sector (Olaitan, 2016). However, Ogunwede (2018) observed that despite the implementation of presumptive tax, the contribution of informal sector to tax revenue has not changed markedly in Nigeria.

The Federal Inland Revenue Service is optimistic that PITAS would help to promote voluntary compliance amongst taxable persons in the informal sector and lead to increase in tax revenue (Deloitte, 2015). Despite this optimism, Utaumure, Masiri and Mashindi (2013) observed that the measures instituted to capture the revenue inflows from the informal sector have not produced the desired results. The study attributed this trend to low compliance because a large number of business owners do not see the need to pay income tax. In Nigeria, most companies complain that they privately source their own water, electricity and at times, maintain the roads leading to their business premises in order to make their business move smoothly. These help to discourage them from paying taxes in addition to reducing the confidence and trust the taxpayers have in the presumptive system of taxation (Olaitan, 2016). Similarly, Ogunwede (2018) noted that most operators in the informal sector believe that their businesses do not directly get support from the government and that the growth and success of their trades or commerce are due to their own efforts. In their view, the impact of the government should be felt on their businesses if the government expects to collect high revenues through presumptive taxation.

What the results of these various studies show is the Nigerian government has introduced a lot of measures ranging from use of task forces, special groups, self-assessment scheme to presumptive taxation to promote compliance and enhance tax revenues from the informal sector but with little success. The large gap still subsists between those who pay income taxes in the formal sector and those self-employed taxable persons in the informal sector. While efforts are on to redress this trend, the point must be made that measures taken in certain parts of Nigeria that were successful may not necessarily succeed in others. The Enugu Platform on Tax Justice (2017) observed that many of the measures taken in Nigeria were not only unsuccessful in some areas but also, they proved to be counterproductive. This often results in multiple taxations by the different tiers of government and the application of unethical tax collection methods which sometimes, involve the use of force, violence and extortion and the collection of illegal monies from persons in this sector by unauthorized persons. This often creates a harsh environment for small scale business owners. Aina, Aderibigbe, Adigun and Oyedokun (2018) also stated that in the case of Nigerian tax system, the states have designed various techniques to involve the actors in the informal sector in taxation. However, the implementation of these methods were flawed. For instance, there is no uniformity in the application of some of these methods thereby resulting in multiple taxation. There is therefore the need to reform the tax system so as to make it responsive to the yearnings of players in the informal sector. Pursuant to this, Abiola and Asiweh (2012) noted that modern technology is needed by Nigerian tax administration to promote tax compliance and enhance tax revenue in the country. In the same vein, Leyira, Chuckwuma and Asian (2012) endorsed the combination of computer technology with political will to enforce tax compliance for greater revenue generation.

METHODOLOGY

The study was carried out using a survey design because of the large population involved and the heterogeneous nature of the informal sector. Primary data were collected directly from the players in the informal sector in twelve states of Nigeria. The research instruments used for the study, include questionnaire and interview guide. The population of this study was 19,383,447 and the sample size was 409 which was determined using the Taro Yamane formula. 409 copies of questionnaire were administered to the operators of informal sector in the twelve states (two states from each geopolitical zone) in Nigeria. 381copies of questionnaire were retrieved indicating a response rate of or 93%. Few workers in the 6 selected State Internal Revenue Service (SIRS) were interviewed. The data obtained were analyzed using inferential statistics.

DATA ANALYSIS AND FINDINGS

E-taxation and the Enhancement of Tax Compliance in Nigeria

The first question in Table 1 sought to assess the role of e-taxation in achieving tax compliance in Nigeria. Three hundred sixty eight (368) respondents, representing 96.6% agreed that computer technology should be combined with the political will to enforce tax collection so as to yield greater revenue for the government. Only ten (10) respondents out of the total responses, representing 2.6% disagreed with this view and five (5) representing 1.3% were neutral. From this, it can be inferred that computer technology would complement political will in tax collection.

On the second question, two hundred and eighty eight (288) respondents, representing 75.6% agreed that, the implementation of electronic tax payment would make it difficult for taxable persons to evade taxes. Eighty five (85) respondents, representing 22.3% disagreed with this view while eight (8) respondents, representing 2.1% were undecided. The inference that can be drawn from is that the adoption electronic tax payment would substantially help to eliminate tax evasion.

The third question sought to find out from the respondents if they believe that the full introduction of modern technology would make for easy computation of data and rendering of tax services as well as improve the level of tax compliance in Nigeria. Three hundred and fifty two (352) respondents, representing 92.4% agreed with this view while only seventeen (17) respondents, representing 4.4% disagreed. Twelve (12) respondents, representing 3.1% remained neutral. Majority agreed that modern technology would facilitate easy computation of data and retention of data base of taxpayers, which would bring most tax payers into the tax net.

Table 1: Assessment of respondents' perception on E-taxation and Tax Compliance

S/N	Question Items	SA	A	D	SD	U	Mean	St.D
1.	Computer technology must be combined with the political will to enforce tax collection and yield greater revenue for the government	158 (41.5)	210 (55.1)	5 (1.3)	5 (1.3)	3(.8)	3.3517	.65468
2	Implementation of electronic tax payment would make it difficult for taxable persons to evade taxes.	120 (31.5)	168 (44.1)	69 (18.1)	16 (4.2)	8 (2.1)	2.9869	.92471
3	Full introduction of application of modern technology for easy computation of data and rendering of tax services would improve the level of tax compliance in Nigeria	189 (49.6)	163 (42.8)	12 (3.1)	5 (1.3)	12 (3.1)	3.3438	.86444

Findings

The objective of this study was to determine how the implementation of e-taxation influences tax compliance in Nigeria. This study finds alignment between e-taxation and tax compliance. There is agreement that the application of computer technology would complement tax collection; the implementation of electronic tax payment would make it difficult for taxable persons to evade taxes; and the full introduction of modern technology for easy computation of data and rendering of tax services would improve the level of tax compliance in Nigeria. With the modern technology, database of the citizens can be easily assessed and every individual brought into tax net. The results of this study agree with the findings of Al Baaj, Al Marshedi and Al Labana (2018) in Iraqi that there was a strong inverse relationship between electronic taxation and tax evasion. In other words, an increase in e-taxation will lead to lower tax evasion and vice versa. In Iraq, e-taxation had help in smoothening and reducing the time spent by taxpayers to process tax to a minimum, reduced tax evasion, lessened personal dealings between taxpayers and tax authorities and created easy accessibility. Madumere and Ubani (2020) also established a link between electronic taxation and tax evasion. The study found that electronic tax filing system has a transposed connection with tax evasion; electronic tax payment system has an inverse association with tax evasion; also a connection exists between electronic tax filing system and electronic tax payment system. The study noted that, the use of technology had encouraged tax avoidance but reduced tax under-invoicing. On the other hand, Akpubi and Igbekoyi (2019) found cooperation between electronic tax components and tax compliance, which reveal that "one-time improvement in the components of electronic tax will lead to an increase in tax compliance". The study affirmed that electronic taxation has caused increase in the tax compliance level of SMEs in Lagos state Nigeria.

Conclusion and Recommendations

There is an association between electronic taxation and tax compliance. The implementation of e-taxation within the framework of electronic governance in Nigeria would make collection of taxation more effective, address issue of manual taxation and checkmate the lack of accountability which currently dominates the collection and utilization of tax in Nigeria. With e-taxation in the Nigeria tax system, equal parameters will be used to determine tax rate for players in the informal sector throughout the states of the federation. With e-taxation, the database of all taxpayers within the informal sector can easily be assessed and brought into the tax net. Once their records are registered, it would be difficult for them to evade tax. As a result, tax compliance will be achieved. E-taxation would reduce much reliance on manual method of payment and collection of taxes in Nigeria. When the database of individuals is gotten through national identification number, many players would be harvested into the tax net. Therefore, e-taxation would encourage compliance in Nigeria since this encourages seamless payment, on-line accessibility of data, eliminates tax evasion, stress and traditional methods of tax collection.

It is therefore recommended that the Tax Administrators in Nigeria should fully adopt e-taxation as the study has found that e-taxation is much better than manual taxation. Full adoption of e-taxation would strengthen the internal control system and checkmate tax evasion and leakages in the Nigerian tax system. In addition, payment and collection of taxes will be made easier with e-taxation as operators in the informal sector can pay taxes at their convenience through e-payment platforms provided. It is also recommended that Administrators of the Nigerian tax system should combine e-taxation with the political will for the enforcement of tax collection in the informal sector. Tax officials should be trained on the modalities for effective implementation of e-taxation in the country.

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