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ASSESSMENT ON THE EFFECT OF NON-COMPLIANCE OF TAX PAYMENT ON THE ECONOMIC GROWTH IN NIGERIA: EVIDENCE FROM THE BAUCHI STATE INTERNAL REVENUE SERVICE

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ABSTRACT
The aim of this study was to examine the effect of non-compliance of the tax payment on the economic growth in Nigerian, while looking at the specific objectives which include: To investigate and analyze the adverse affect tax evasion and tax avoidance on government revenue, to examine how poor system of tax collection and remittance affect economic growth in Nigeria, to ascertain the extent to which the government of Nigeria prosecute or penalize tax evaders and tax avoiders. Ex -post facto and survey research designs was adopted in the work to investigate reasons for consistent low tax contributions to GDP in Nigeria over a period of four (4) years from 2017-2020. Secondary data were obtained through record of payment of personnel income tax from Bauchi State of Internal Revenue Service for the purpose of this research. The method of data analysis are descriptive statistics, correlation analysis and regression analysis through the use of Statistical Package for Social Science (SPSS) to examine the individual effects of tax revenue proxies of Expected Tax Revenue (ETR), Actual Tax Revenue (ATR), Tax Evaded and Avoided (TEA) and the Gross Domestic Product (GDP). Government need to reposition the tax administrative system and sufficiently equip them to deal with complexities of technological advancement in global commerce, enforce compliance and track all taxable persons in order to generate sufficient revenue needed to foster economic growth in Nigeria.

Keywords: *Expected Tax Revenue, Actual Tax Revenue, Tax evasion and avoidance and Gross Domestic Product*

INTRODUCTION

Effective tax administration is an issue as old as taxation itself. The balancing act between maximizing tax revenues and minimizing the impact on the populace in which the state must engage was evident as early as 2350 BC. The responsibility shouldered by the government of any nation, particularly the developing nations, is enormous. The need to fulfill these responsibilities largely depends on the amount of revenue generated by the government through various means. Taxation is one of the oldest means by which the cost of providing essential services for the generality of persons living in a given geographical area is funded. Globally, governments are saddled with the responsibility of providing some basic infrastructures for their citizens.

Taxation is a major source of government revenue all over the world and governments use tax proceeds to render their traditional functions, such as: the provision of roads, maintenance of law and order, defense against external aggression, regulation of trade and business to ensure social and economic maintenance (Appah&Eze, 2013). The primary function of a tax system is to raise enough revenue to finance essential expenditures on the goods and services provided by government; and tax remains one of the best instruments to boost the potential for public sector performance and repayment of public debt as enunciated by (Okoye & Raymond, 2014).

In spite of this benefit from tax, most people still indulge in tax evasion and avoidance. Attempt to avoid some portion of liability or not to pay tax will affect the revenue of the government, which is the reason why the government frown at the issue of tax evasion and avoidance, and uses its authorities to enforce compliance. aronomole and oluwalayode(2006:39), defined tax avoidance as legal ways by which a tax payer reduces in tax liabilities. Tax evasion is a deliberate act on the part of tax payers to reduce their tax liabilities through illegal means or an attempt not to pay tax due. The distinction between tax avoidance and tax evasion is that; tax avoidance is not considered as a criminal act whereas tax evasion is a criminal offence.

According to Azubike (2009), a system of tax avails itself as a veritable tool that mobilizes a nation's internal resources and it lends itself to creating an environment that is conducive for the promotion of economic growth. Therefore, taxation plays a major role in assisting a country to meet its needs and promote self-reliance. In Nigeria, tax revenue has accounted for a small proportion of total government revenue over the years compared with the bulk of revenue needed for development purposes that is derived from oil (Uremadu & Ndulue 2011). The serious decline in the prices of oil in recent times has led to a decrease in the funds available for distribution to the federal, state and local governments as noted by (Nzotta, 2007). Consequently, dependence on oil as a particular or main source of revenue in Nigeria has become risky and not beneficial for sustainable economic growth.

It is worse for Nigeria where there are fluctuations in prices in the oil market; thereby creating concerns amongst Nigerians and indeed the Nigerian government on the need to diversify the economy. Naturally, and globally, there is a paradigm shift to taxation revenue as an alternative source of revenue. Nigeria is not an exception. The machinery and procedures for implementing a good tax system in Nigeria are inadequate; hence tax evasion and avoidance of the self-employed individuals and organizations whose data base is not captured in the relevant tax authority's data system poses a great challenge and impediment to national economic growth as submitted by (Angahar& Alfred, 2012). In the findings of (Edemode 2009), the need for the government to generate adequate revenue from internal sources has therefore become a matter of extreme urgency and importance.

Statement of Research Problem

The revenue accruing to the federal Government of Nigeria from taxation over the years has remained grossly insufficient to meet the expanding social and public spending required in fostering economic growth and development in the country. In the opinion of Ayua (1996), the tax system is grossly inefficient as it is characterized by tax evasion, avoidance and record falsifications which have led to consistent low tax revenue inflow. Gross inefficiency and leakages have hampered the amount of revenue realized from tax sources over the years which has been affecting the economy negatively. It has been noted that tax system in Nigeria has come to play a significant role, as a major source of revenue to the government by way of imposing taxon tax payers and it is for them to pay up the tax. The following are the problems facing the revenue department in collecting and assessment of tax:

Taxation being the major source of government revenue is very important for economic growth. But individuals as well as corporate bodies run from remitting their tax dues to Government. Tax avoidance generates investment distortion in the form of the purchase of assets exempted from tax or under-valued for tax purposes. The taxpayer indulges in evasion by resorting to various practices. These practices erode moral values and build up inflationary pressures.

Poor system of tax also affect economic growth in Nigeria due to administrative challenges, poor taxation drive by tiers of government, bad governance, compliance challenges, corruption, etc. The inability of government to poster measures on individuals as well as the corporate bodies who evade and avoid tax will continually increase the rate of tax evasion and avoidance and also diminish the country's growth in Nigeria because the government of the federal republic of Nigeria depends on tax to make their budget for the fiscal year.

Objective of the Study

- To investigate and analyze the adverse affect tax evasion and tax avoidance on government revenue.
- To examine how poor system of tax collection and remittance affect economic growth in Bauchi State.
- To ascertain the extent to which the government of Bauchi prosecute or penalize tax evaders and tax avoiders.

LITERATURE REVIEW

Taxation

According to World Bank (2000), taxes are compulsory transfer of resources to the government from the rest of the economy; it was also made known that no single tax structure can possibly meet the requirements of every country. The best system for any country should be determined taking into account its economic structure, its capacity to administer taxes, its public service needs, and many other factors. Nonetheless, one way to get an idea of what matters in tax policy is to look at what taxes exist around the world. This is with a view to meet or provide for the common good, as noted by Miller and Oats (2006), that taxation is required to finance public expenditure. The National Tax Policy defines tax as "a financial charge or levy imposed upon an individual or legal entity by a State or a legal entity of the State; it is a pecuniary burden laid upon individuals 32 or property to support government expenditure." The World Bank (2000) reiterated that taxes are compulsory transfer of resources to the government from the rest of the economy. It may also be defined as a compulsory levy imposed by the government of a state for effective management of the government activities (Lawrence 2000).

Adeyeye (2004) described tax as liability on account of tax payer as contribution in some quantum measure to the fund available for use by government in providing necessary infrastructure for her citizens. Taxes are compulsory levy by the subject (government) through her designated agent on the tax object (the tax payers). However, Miller and Oats (2006) defined tax as the statutorily mandatory determinable sum, demanded by a legal authority from the productive activities of a person or body corporate, for the provision of general goods and services.

The payment of tax however does not guarantee specific benefit for the tax payer in the opinion of Nightingale (2000), while Osunkoya (2009) asserted that tax payment does not mean that government must do something within the locality of the tax payer. The revenue collected from tax depends on the willingness of the people to pay taxes. In the opinion of Popoola (2009), people do not pay taxes because of the culture of give and take. This has resulted to insufficient tax revenue income in Nigeria. Akintoye and Tashie (2013), posited that the willingness of citizens to pay tax is very important and cannot be ignored. It is suggested that government should pay attention to the factors that influence the willingness of citizens to pay tax and improve on them.

But going by the assertions of Nzotta (2007), that four issues, which are; that tax is a compulsory contribution; it is obligatory ;does not confer equivalent benefit, and there may not be any specific service rendered to the tax payer or member of his family, tax payment naturally becomes imperative. So the mood or psychology of the payer pales into insignificance in the face of effective and efficient administrative set up. The ability and capability of tax authorities to effectively and efficiently harness all sources of tax revenue will therefore go a long way to determine the amount of revenue inflow. Sanni (2005) noted that an effective and efficient tax system will contain the following: "Tax Policy, Tax Law and Tax Administration.

Tax Avoidance:

Tax avoidance means legally reducing one's tax liability and it is another term for tax planning. Tax planning describes the techniques which tax payer minimizes or escape tax liability. The tax payer seeks to take full advantage of all exemptions, deductions, concessions, rebates, allowances and other tax reliefs or benefits permitted by law.

Tax Evasion:

According to Anyafa (1996:138), tax evasion is an attempt to escape tax (wholly or particular) by breaking the law. It is essentially a criminal act since it is achieved principally by making false declaration such as under reporting income or over reporting relief and allowances. The Red Cliff commission defined tax evasion 'as a situation which donates all those activities which are responsible for a person not paying the tax that are existing change on his income.

Causes of Tax Avoidance and Evasion

The practices of tax avoidance and evasion are not pearl or new in Bauchi state and Nigeria as a whole. It is a phenomenon found everywhere. Naturally, man is always pleased to receive but always unwilling to give. Therefore, a tax payer will do everything within their tax liability (liman 2003). The reasons or causes of tax evasion and tax avoidance are numerous, but the relevant ones that occur in Bauchi state and Nigeria as a whole are listed below, they are;

1. **Tax Rate:** Even though the rates in Bauchi state and Nigeria as a whole are not high compared to other countries, tax payers will still complain of high rate of taxes and its liabilities Ayodele (Op cit).
2. **Greed And Selfishness:** On the part of some tax payers, even though many Nigerian tax payers live from hand to mouth, there are these that by an international standard they are rich. Those people who are rich in order to make themselves richer and to ensure that the wide gap between them and the poor is not only maintained but further

widened, so that they will continue to control and manipulate the masses through the power of money JJB (Op lit).

3. **Loopholes in Tax Law:** This also encourage the practice of tax avoidance. Tax payers take the advantage of the loopholes in the tax laws to minimize their tax liabilities in the belief that it is a law act.
4. **Lack of Qualified Personnel:** According to Rabiu (1984) and (2003), rising of correct assessment and prompt collection of tax largely depends on quality and efficiency of the staff of the revenue departments. In most revenue departments, qualified and competent staff are inadequate tax payers, who do not want to pay their taxes will be happy to see a revenue officer who cannot raise correct assessment.
5. **No Punishment for Evaders:** Though tax evasion is said to be a criminal act, evades are supposed to be punished when caught but it has not been the practice in Nigeria. This situation does not only make tax evades to continue in the act but also encourage other tax payer to emulate themselves (Adenale 1999).

The Impacts or Effects of Tax Evasion and Tax Avoidance on the Economy

It has been pointed out earlier that taxation is the most important of all sources of revenue to any state like Bauchi state and to its economic development. Annual expenditure budgets are based largely on the projected tax revenue of the state. Where tax evasion and avoidance are the order of the day, relevant tax authorities finds it difficult to meet their target collection resulting in less revenue to the state and details, and this has serious effect on the state's economy. There are two (2) effects of tax evasion and tax avoidance identified in Bauchi state, and they are as follows;

1. **Inadequate Supply Of Basic Service:** The Bauchi state government finds it difficult to execute its socio-economic programme like the provision of social amenities such as portable water supply, electricity, security, (etc.) for the general well-being of the people.
2. **Decrease In Revenue:** This is a drastic decrease in the amount of money that would have been realized by the government of Bauchi state as revenue through taxation. The revenue loss owing to tax evasion and avoidance is enormous, although it cannot

be accurately estimated.

Theoretical Framework

Theories are propounded to explain the reasoning behind people's actions and reactions to tax compliance and tax rules which invariably impact the pool of revenue available to the government for the execution of policies and programmes. Various theories exist to explain reasons for insufficient tax revenue income, among which are;

Deterrence Theory

The classical school of thought based its reasoning on deterrence theory to explain why people may not want to comply with tax regulations. This represents economists' initial attempt to gain an understanding of tax compliance. This theory is based on economic analysis of maximizing the perceived gains of tax evasion, encouraged by the fact that they were not caught to serve as deterrence to others. Whereas psychological factors may equally exert some influence, the classical school of thought is based on deterrence theory which states that tax payer is assumed to maximize the expected utilities of the tax evasion gamble, tax evaders weigh the benefits of tax evasion against the possibility of being caught and punished by tax authorities (Alabede, 2011). This simply means the more inefficient and porous the tax administration is, the greater the level of tax evasion and the lesser the amount of revenue collected.
Recent studies however seems to puncture the classical argument in the face of empirical evidence that deterrence alone will not justify peoples reluctance to pay adequate tax, hence attention shifted from why people avoid tax to why people pay tax. Alm, James, Matinez-Vazquez and BernoTorgler (2010). Dissatisfied with the outcome of the deterrence theory empirical result, the behavioral school of thought emerged, which involved more than the simplistic cost-benefit rationalization of tax evasion to include all other factors that influence the behavioral pattern of people.

Behavioral economics

The theory of planned behavior focuses on the psychological foundations of a particular course of action (Loewenstein, 2007). Here the classical economic model is expanded to expose the psychological properties of preferences and judgment which erodes rationalization and benefit maximization. The impact of non-economic factors such as fairness, equity, honesty and utility of benefits derived are given due consideration. The behavioral school of thought posits that taxpayers' orientations, education and simplicity of tax rules will encourage voluntary compliance, as opined by: (Adegbie&Fakile, 2011), (Ola 2001, Naiyeju, 2010). Other scholars believe that a sense of fairness or tax justice will encourage full disclosure and total compliance (Akintoye, 2013). This theory serves as the bedrock and basis for making our conclusion after necessary findings that tax payer's education is an important aspect of tax administration that must be look into by the Joint Tax Board.

Risk Management Theory

The European Commission's (2006), described risk management as taking deliberate action to improve the odds of good outcomes and reducing odds of bad outcomes. Risk managements evolve from the concept of uncertainty and possibility of loss occasioned by the degree of vulnerability, magnitude and frequency. It focuses on why tax payers behave in a particular way. An understanding of the reasoning behind a planned behavior will enable tax authorities to choose the best strategy to treat such behavior. Furthermore, Risk management will equally mitigate occurrence of poor performance on the part of tax authorities, a porous, corrupt and inefficient system will automatically lead to deluge of non-compliance resulting in revenue loss.

Most of these theories however, focus on the tax payers as the author and finisher of low tax revenue income, without paying due attention to the performance and administrative capabilities of tax administrators to encourage voluntary compliance and discourage non-compliance. Therefore this study builds on the responsive regulation to proffer solutions to inefficient tax administration that result into abysmal low tax revenue income. This study is cursory evaluation of the value of efficient and effective tax administrative system in generating greater revenue from tax sources.

Empirical Review

Tax evasion and tax avoidance on gross domestic product in Nigeria.

Tax evasion and avoidance have adverse effect on gross domestic product (GDP) which affects government revenue. Tax avoidance generates investment distortion in the form of the purchase of assets exempted from tax or under-valued for tax purposes.Avoidance takes the form of investment in arts collection, emigration of persons and capital. (Klabel andNwokah, 2009). And as observed by Toby (1983) the taxpayer indulges in evasion by resorting to various practices. These practices erode moral values and build up inflationary pressures. This point can be buttressed with the fact that because of the evasion of tax, individuals and companies have a lot of money at their disposal and companies declare higher dividends and individuals have a high take home profit. This increases the quantity of money in circulation but without a corresponding in\crease in the goods and services, this then build up what is known as inflationary trends where large money chases few goods (Toby, 1983).

The importance of taxation in governance albeit good governance cannot be overemphasized, the realization of this has a long history in Classical Economics. Beginning from Adams Smith, through other classical economists like David Richardo and John Stuart Mill, the place of taxation in the running of successful government, has been recognized. Sowell (1974) quoted David Richardo as having argued that an economic principle could only be considered useful if it directs Government to the right measures of taxation. lie equally said that, it is in order to emphasize the prominence of taxation, that both Richardo and Mill, put revenue first, in the division of public finance into three viz "revenue, expenditure and public debt" Therefore it could be seen that, government through effective taxation carry out developmental and growth policies that impact positively the life of its citizens.

Revenue generation is viewed as the primary and most important role of taxation. Taxation is however not only a means of revenue generation for Government, it can also be used to stimulate other sources of Government revenue and develop other areas of the economy from which Government can realize revenue. However, when there are leakages in tax collection through evasion, no development can take place, thus in most countries where, there is high rate tax evasion and avoidance, it is usually associated with high unemployment. Therefore, this study seeks to investigate the effect of tax evasion and avoidance on Nigeria's economic growth.

Tax Collection and Remittance effect on Economic Growth

Some empirical studies (Solimano, 2003; World Bank, 2006) suggest that remittances may have the potential to positively affect a country's economic growth. A group of studies (Aggarwal et al., 2006; Giuliano and Ruiz-Arranz,

2005) also confirm the significant positive impact of remittances on both bank deposits and bank credit to the private sector. They argue that remittances act as substitutes to other financial means such as credit and insurance, which do not necessarily exist in developing countries. Stimulating consumption and investment, remittances may have the potential to reduce the size of a recession in certain countries and to boost the local economy. Outside of the normal day today consumption, remittances could possibly allow households to engage in more profitable economic and high-risk activities. Recently, Ratha (2013) reports that remittances raise domestic savings and improve financial intermediation, which could in turn improve the growth prospects of the origin countries. Correspondingly, Yasseen (2012) shows a positive correlation between remittances and the development of financial systems in developing or emerging countries, mostly in the Middle East and North Africa.

Notwithstanding these positive views of remittances' impacts, evidence of remittances' potential to sustain national economic growth or employment seems to be inconclusive. For example, Stratan et al. (2013) show that even in the case of Moldova, where remittances varied from 14 per cent to 19.1 percent of GDP between 2006 and 2011, the correlation between remittance incomes and national growth is still ambiguous. While Barajas et al. (2012) argue that the volume of remittances may vary depending on the economic downturns in sending countries, Giuliano and Ruiz-Arranz (2005) find remittances impact positively on GDP growth when the financial markets are relatively underdeveloped. Chami and Fullenkamp (2013) indicate that the broader net economic impacts of remittances on national growth will strongly rely, on the one hand, on government policies to enhance their potentials and, on the other hand (and even more importantly), on how recipients use them. As has been mentioned, remittances could produce negative incentives if they are perceived as a permanent source of income.

Indeed, Jadotte (2009) demonstrates such negative effects in Haiti on both working hours and labour market participation. Accordingly, remittances may reduce the recipients' likelihood to work, and increase the private consumption of (generally imported) goods instead of financing domestic investments or savings (Azam and Gubert, 2006; Chami et al., 2003). A relevant observation by Alper and Neyapti (2006) in their study of Turkish remittances is that while consumption refers to the short-term motives for remitting, the long-term investment aspirations may come much later. In the same vein, de Haas (2007) emphasises the temporal aspect of remittances' impacts, claiming that the full development potential of migration and hence remittances should not be expected within the first or second decade following the onset of large-scale migration. Additionally, some (Barajas et al., 2011; El-Sakka, 1999) have observed that the growing consumption of recipients may increase the local market price and appreciate the exchange rate. As a result, the macroeconomic mechanism known as 'Dutch Disease' may yield the failing of the tradable sector of domestic economy, the rising of current account deficit, and inflation with weaker monetary control (Kireyev, 2006).

Meanwhile, the growing pressure on wages may lead to job losses in the tradable sector, while the sudden rise of prices would increase the labour costs in the non-tradable sector, thus leading to the loss of national competitiveness. Such findings have been observed in Latin America and Cape Verde (Bourdet and Falck, 2006). Given these adverse effects of remittances, local governments should be aware of the pitfalls induced by the consumptive behaviours of recipients and put in place business incentives that will foster long-term investments, which in turn may yield greater benefits for society as a whole.

3. METHODOLOGY

Research design

Quantitative research method will be used for the purpose of this study. According to Otokiti (2010) he posits that research design is a plan, structure, and strategy of investigation put in place to obtain answers to research questions or problems already hypothesized. Research design involves defining the methodological structure or apparatus within which research is to be experimented (Bayo Oloyede 2002).

Population of the study

The population for this research study is the Personal income tax payers in Bauchi state which constitute an entire number of 109,522 according to report gotten from the Bauchi state internal revenue service by the researcher. But thirty two (32) personal income tax payers would be used as the population for this study because the Bauchi state internal revenue service said that the maximum information about personal income tax payers that can be given is only thirty two (32).

Sample and sampling techniques

A sample size refers to a portion of the population which has been selected for analysis; that is, a subset of the population or observation under investigation. For the purpose of this research work, the sample size is limited to Personal income tax payers of Bauchi state Internal Revenue Service which was thirty (30) and from which hopes to get the required information is based. There are many ways of choosing a sample design for data analysis. For the purpose of this research work, a simple random sampling technique suits the study. In a simple random sample, individuals are chosen at random and not more than once to prevent a bias that would negatively affect the validity of the result of the experiment.

Method of data collection

This study would use secondary source of data which would be sourced from Bauchi internal revenue. Furthermore, it will be more objective to analyze data from the published accounts of the Bauchi state Internal Revenue Service to eliminate personal opinion. This will, to a large extent, guarantee the validity and reliability of the empirical data and further analysis of the research work. The secondary method was used for this study. It was obtained through the record of payment of personnel income tax from the Bauchi board of internal revenue.

Method of data analysis

For the data analysis, time series will be used. The method of analysis will be quantitative in nature, using Descriptive statistics which will analyze or show the mean, standard deviation, etc. and regression and correlation analysis will also be used. Correlation analysis will be used to analyze the relationship among the variables while regression analysis will be used to analyze or show the impact of the independent variables which is non compliance of tax on the dependent variable which is economic growth.

DISCUSSION OF RESULT

In this section, the research data was presented, analyzed and interpreted. The research data presented, analyzed and interpreted was gotten from the Bauchi state Internal Revenue Service. The data which included the expected tax revenue, actual tax revenue, tax evaded and avoided and the gross domestic product of the Bauchi state Internal Revenue Service. The research data was analyzed using descriptive statistics, correlation analysis and regression analysis through the use of Statistical Package for Social Science (SPSS).

Descriptive statistics

Table 2: Descriptive Statistics

	N	Minimum	Maximum	Mean	Standard Dev.
ETR	30	5.0	167.90	47.491	37.342
ATR	30	3.0	155.00	35.059	30.038
TEA	30	1.0	47.90	13.689	10.511
GDP	30	-1.60	6.30	2.525	2.810
Valid N (listwise)	30				

This data covered four (4) years period from 2015-2018

Interpretation of Descriptive statistics

Table 2 shows the descriptive statistics which provides an insight into the nature of the data used and also tries to give us further analysis in the study. Expected tax revenue (ETR) has a mean of 47.491 and a standard deviation of 37.342. From the value of the standard deviation, it can be deduced that Expected tax revenue (ETR) is spread around the mean of the data under study meaning that it is spread from 37.342 to 57.640 (i.e. 47.491 - 37.342 + 47.491). Moreover, the minimum value is 5.0 and the maximum value is 167.90.

Actual Tax Revenue (ATR) has a mean of 35.059 and a standard deviation of 30.038. From the value of the standard deviation, it can be deduced that Actual Tax Revenue (ATR) is spread around the mean of the data under study meaning that it is spread from 30.038 to 40.079 (i.e. 35.059 -30.038 + 35.059). Moreover, the minimum value is 3.0 and maximum value is 155.00.

Tax Evaded and Avoided (TEA) has a mean of 13.689 and a standard deviation of 10.511. From the value of the standard deviation, it can be deduced that Tax Evaded and Avoided (TEA) is clustered around the mean of the data under study meaning that it is clustered from 10.511 to 16.867 (i.e. 13.689 - 10.511 +

13.689). Tax Evaded and Avoided (TEA) also has a minimum value of 1.0 and a maximum value of 47.90.

Gross domestic product (GDP) has a mean of 2.525 and a standard deviation of 2.810. From the value of the standard deviation, it can be deduced that Gross domestic product (GDP) is tightly clustered around the mean from 2.525 to 2.810, invariably the contribution of Bauchi state internal revenue service to gross domestic product of Nigeria on a yearly basis is not that different. Gross domestic product (GDP) also has a minimum value of -1.60 and a maximum value of 6.30.

In conclusion, highest value of standard deviation is perceived in Expected Tax Revenue (ETR) while the lowest standard deviation is recorded in Gross Domestic Product (GDP). ETR, ATR and TEA in the descriptive statistics table indicate positive minimum and maximum values while GDP indicate a negative minimum value and a positive maximum value. As per the constructed value, lowest average value of gross domestic product (GDP) is indicated or caused by the level of expected tax revenue.

Test of hypothesis

Table 3: Correlation Analysis

		ETR	ATR	TEA	GDP
ETR	Pearson correlation	1	.889**	.921**	-.061
	Sig. (2-tailed)		.000	.000	.510
	N	30	30	30	30
ATR	Pearson correlation	.889**	1	.751**	-.122
	Sig. (2-tailed)	.000		.000	.185
	N	30	30	30	30
TEA	Pearson correlation	.921**	.751**	1	-.043
	Sig. (2-tailed)	.000	.000		.641
	N	30	30	30	30
GDP	Pearson correlation	-.061	-.122	-.043	1
	Sig. (2-tailed)	.510	.185	.641	
	N	30	30	30	30

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

Regression analysis

Table 4: Model summary[b]

Model	R	R square	Adjusted R square	Std. error of the estimate	R square change	F Change	df1	df2	Sig.F Change	Durbin Watson
1	.162[a]	.026	.001	2.80868	.026	1.045	3	116	.375	1.985

a. Predictors: (Constant), ETR, ATR, TEA
b. Dependent Variable: GDP

Table 5: ANOVA[a]

Model		Sum of squares	Df	Mean square	F	Sig.
1	Regression	24.740	3	8.247	1.045	.375[b]
	Residual	915.085	116	7.889		
	Total	939.825	119			

a. Predictors: (Constant), ETR, ATR, TEA
b. Dependent Variable: GDP

Table 6: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.803	.429		6.539	.000
	ETR	.023	.028	.312	.848	.398
	ATR	-.032	.020	.347	-1.602	.112
	TEA	-.019	.068	-.070	-.274	.785

a. Dependent Variable: GDP

Discussions of findings

Table 3 which is the **correlation analysis** clearly shows the relationship among all pairs of variables. Form the output, it can be found that the correlation coefficient between Expected tax revenue (ETR) and Actual tax revenue (ATR) is 0.889** which is significant at 1% level. Based on that, conclusion can be made that there is a strong positive correlation between Expected tax revenue (ETR) and Actual tax revenue (ATR) at 1% significant level which means that actual personal income tax revenue is paid based on the expected personal income tax revenue. The correlation coefficient between Expected tax revenue (ETR) and Tax evaded and avoided (TEA) is 0.921** which is significant at 1% level. Based on that, conclusion can be made that there is a strong positive correlation between Expected tax revenue (ETR) and Tax evaded and avoided (TEA) at 1% significant level which means that when the personal income tax expected to be paid is high, there will also be high rate of tax evasion and avoidance. The correlation coefficient between Expected tax revenue (ETR) and gross domestic product (GDP) is -0.061 which is significant at 5% level. Based on that, conclusion can be made that there is a weak negative correlation between Expected tax revenue (ETR) and gross domestic product (GDP) at 5% significant level which means that there is no correlation or relationship between Expected tax revenue (ETR) and gross domestic product.

The correlation coefficient between Actual tax revenue (ATR) and Expected tax revenue (ETR) is 0.889** which is significant at 1% level. Based on that, conclusion can be made that there is a strong positive correlation between Actual tax revenue (ATR) and Expected tax revenue (ETR) at 1% significant level which means that actual personal income tax revenue is paid based on the expected personal income tax revenue computed. The correlation coefficient between Actual tax revenue (ATR) and Tax evaded and avoided (TEA) is 0.751** which is significant at 1% level. Based on that, conclusion can be made that there is a strong positive correlation between Actual tax revenue (ATR) and Tax evaded and avoided (TEA) at 1% significant level which means that for the personal income tax revenue actually paid to be known, the rate of tax evasion and avoidance must also be known. The correlation coefficient between Actual tax revenue (ATR) and gross domestic product (GDP) is -0.122 which is significant at 5% level. Based on that, conclusion can be made that there is a weak negative correlation between Actual tax revenue (ATR) and gross domestic product (GDP) at 5% significant level which means that no correlation exist between Actual personal income tax revenue paid and gross domestic product of Nigeria.

The correlation coefficient between Tax evaded and avoided (TEA) and Expected tax revenue (ETR) is 0.921** which is significant at 1% level. Based on that, conclusion can be made that there is a strong positive correlation between Tax evaded and avoided (TEA) and Expected tax revenue (ETR) at 1% significant level which means that when there is a high rate of tax evasion and avoidance, the personal income tax rate expected will be very low. The correlation coefficient between Tax evaded and avoided (TEA) and Actual tax revenue (ATR) is 0.751** which is significant at 1% level. Based on that, conclusion can be made that there is a strong positive correlation between Tax evaded and avoided (TEA) and Actual tax revenue (ATR) at 1% significant level which means that when there is a high rate of personal income tax evasion and avoidance for that period, the personal income tax that will be actually generated for that period will be low. The correlation coefficient between Tax evaded and avoided (TEA) and gross domestic product (GDP) is -0.043 which is significant at 5% level. Based on that, conclusion can be made that there is a weak negative correlation between Tax evaded and avoided (TEA) and gross domestic product (GDP) at 5% significant level which means that there is no correlation between Tax evaded and avoided (TEA) and gross domestic product of Nigeria.

The correlation coefficient between Gross domestic product (GDP) and Expected tax revenue (ETR) is 1.061 which is significant at 1% level. Based on that, conclusion can be made that there is a strong positive correlation between Gross domestic product (GDP) and Expected tax revenue (ETR) at 1% significant level which means that the level of the contribution to gross domestic product depends on compliance on the part of the personal income tax payer to pay the tax expected to be paid. The correlation coefficient between Gross domestic product (GDP) and Actual tax revenue (ATR) is -.122 which is significant at 5% level. Based on that, conclusion can be made that there is a weak negative correlation between Gross domestic product (GDP) and Actual tax revenue (ATR) at 5% significant level which means that, no correlation or relationship exist between gross domestic product and personal income tax revenue actually generated. The correlation coefficient between Gross domestic product (GDP) and Tax evaded and avoided (TEA) is -0.043 which is significant at 5% level. Based on that, conclusion can be made that there is a weak negative correlation between Gross domestic product (GDP) and Tax evaded and avoided (TEA) at 5% significant level which means that no relationship exist between Tax evaded and avoided (TEA) and gross domestic product of Nigeria.

Table 4 which is model summary shows the impact of independent variables on the dependent variable. According to the model summary, it has an adjusted R square of 0.001 which means that there is 1% positive impact of the independent variable on the dependent variable. It indicates that non compliance of tax payment has a 1% positive impact on gross domestic product of Nigeria which indirectly means that when tax payers do not comply with the payment, it will result to a (99%) negative effect on gross domestic product of Nigeria. Which also means that the null hypothesis should be rejected and the alternate hypothesis which states that there is an adverse effect of non compliance of tax payment on the gross domestic product of Nigeria should be accepted. The second null hypothesis should also be rejected and the alternate hypothesis which states that there is poor system of tax collection and remittance that affect economic growth in Nigeria should be accepted. The third null hypothesis should also be rejected and the alternate hypothesis which states that the government of Federal Republic of Nigeria through the tax authorities do prosecute or penalize tax evaders and tax avoiders should be accepted.

Table 5 which is the ANOVA table shows the differences among the mean values of the variables. If the F significant is less than 0.05, it is significant but if the F significant is more than 0.05, it becomes insignificant. From the output in table 5, the F significant is 0.375 which makes it insignificant.

Table 6 illustrates the coefficient value of regression analysis. It clearly shows what extent each independent variable impact on gross domestic product. Based on that, the p value for beta coefficient of ETR is 0.023 with a standard error of 0.028, a beta value of 0.312, a t value of 0.848 and a significant value of 0.398 which significant at 5%. It means that ETR significantly impact on gross domestic product. At the same time, the p value for beta coefficient of ATR is -.032 with a standard error of 0.020, a beta value of 0.347, and a t value of -1.602 and a significant value of 0.112 which is significant at 5%. It means that ATR significantly impact on gross domestic product. The p value for beta coefficient of TEA is -0.019 with a standard error of 0.068, a beta value of -

0.070, a t value of -0.274 and a significant value of 0.785 which is significant at 1% which makes it significant. Therefore it can be concluded that ETR and ATR has a positive impact on gross domestic product while TEA has a negative impact on gross domestic product.

CONCLUSION AND RECOMMENDATION

Conclusion

The present study has been undertaken to examine the impact of non compliance of tax payment on gross domestic products and explanatory variables such as Expected tax revenue (ETR), Actual tax revenue (ATR), Tax evaded and avoided (TEA) and Gross domestic product (GDP) for the period 2015 to 2018 were used. The result revealed that Expected tax revenue (ETR), Actual tax revenue (ATR), Tax evaded and avoided (TEA) were significantly correlated with gross domestic product at 1% significance level. From the regression analysis, it can be concluded that Expected tax revenue (ETR), Actual tax revenue (ATR), Tax evaded and avoided (TEA) has the significant impact on gross domestic product at 1% significance level. At the same time ETR and ATR also have a positive significant impact on gross domestic product at 5% significance level while tax evaded and avoided (TEA) has a negative significant impact on gross domestic product at 1% significant level.
Finally, conclusion can be made that non compliance of tax payment has both negative and positive significant impact on gross domestic product of Nigeria and non compliance of tax payment is significantly correlated with gross domestic product in Nigeria.

Recommendation

a. Since tax evasion and tax avoidance has a negative effect on gross domestic product of Nigeria, Penalties for tax evasion such as monetary fines, jail terms or a combination of both should be adopted by the tax authorities of Bauchi state internal revenue service and other higher authorities concerning tax revenue collections on people who purposely try to evade filing and payment of their income taxes. For tax avoidance, tax authorities should look for measures to close the loopholes with which tax avoiders use to limit their tax liability.

b. The overriding objective of any tax system should be to achieve economic growth and development. As such, the system should allow for stimulation of the economy and not stifle growth. Thus, this study recommends that government policies and measures as it pertain fiscal policies in Nigeria should be streamlined to stimulate economic growth and development by ensuring that there tailored towards growth of the economy.
c. This study recommends that there should be strict adherence to the tenets of fiscal federalism, which will include the basic understanding of which revenue functions and agencies are best centralized, which should run concurrently and which are better placed under the sphere of decentralized levels of Government.
d. Essentially, since taxpayers are the single most important group of stakeholders in the tax system as they are the bedrock of the tax system and the source of all revenue generated by tax authorities. The study recommends that in other to ensuring growth of the Nigerian economy, fund generated from tax revenue should be strictly employed to creation of employment opportunities to Nigerians.
e. Government should provide infrastructural facilities like water, good roads and electricity for those tax payers which might reduce the rate of tax evasion and avoidance.

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