

THE EFFECT OF TAX EVASIONS ON REVENUE GENERATION IN NIGERIA

(A CASE STUDY MINISTRY OF FINANCE ILORIN)

**BY
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CERTIFICATION

This research project has been read and approved as meeting part of the requirement for the Award of Higher National Diploma (HND) Department of Accountancy, Institute of Finance and management Studies in Kwara State Polytechnic, Ilorin.

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DEDICATION

I Give Thanks To Almighty God for the Wisdom and Knowledge for the Completion of This Project and Opportunity to Carry Out This Project Research and Findings.

The Project Is Especially Dedicated To My Beloved parents, Lectures, Course Mate And Loved Ones For Giving Me A Parliamentary Support And Encouragement During The Period Of This Research. May the Blessing of God Be With Them All and Always (Amin).

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND TO THE STUDY

A well-organized society, for instance a country or state government owe to the people it governs some fundamental obligations. These obligations are in the forms of provisions of basic social amenities such as good roads, health, security of lives and properties, shelter, good water etc. The citizens on their own part owe the government by making equitable contributions in the form of levy on tax. It is against these background that government levy taxes on its citizen to pursue the above stated objectives it owns to the people (Ola, 2008). Kolawole (2006) Define tax as a compulsory Levy imposed by the government on individuals and business organizations and paid by them to the government. One of the responsibilities of a good citizen as usually state in the constitution is tax payment, but saddens to note that many shy away from this responsibility, in other words, individuals and business organizations device different illegal strategies in order not to pay tax.

Tax evasion is a deliberate attempt not to pay tax. is there for an illegal act and the evader is regarded as Criminal in law kolawole (2006). This is one of the most universal social malaise entering adequate revenue generation, thereby affecting the proper administration of government at various levels.

The acid rest of an efficient government is its ability to generate sufficient revenue to finance its enormous expenditure, and all things being equal tax should

be in the forefront in government revenue generation, but on the contrary tax as always contributed miserly to government revenue. Undoubtedly there has been the aftermath of excessive tax evasion. Empirical evidence have shown that the uncooperative and unprogressive attitude of our citizen towards tax payment result in major financial problems of government. Obviously it is an agreed fact, that payment of taxes is among the basic things needed for the survival of any society.

The hallmark of technology advancement, economic growth, social satisfaction, the people's need and value to the society center exclusively within the armpit of taxation. (Nnamdi 2017). A decline in the price of oil in recent years has led to decrease in the funds available for distribution to the Federal Government and to the state government.

The name for state and local government to generate adequate revenue from internal sources has therefore become a matter of extreme urgency and importance. This need underscores the eagerness on the part of state and local government and even the Federal Government to look for new source of revenue or to become aggressive and innovative in the mode of collecting revenue from existing sources (Aimurie (2012). Aguolu (2004) State that though taxation may not be the most important source of revenue to the government in terms of the magnitude of revenue derivable from taxation, however, taxation is the most important source of revenue to the government from the point of view of certainty and consistency of taxation.

Further mentioned that taxation is hence the most important source of government revenue. Owing to the inherent power of the government to impose taxes, the government is assured at all times of its tax revenue no matter the circumstances. Tax evasion is generally referred to as illegal practice to escape from taxation. To this end, taxable income, profit liable to tax or other taxable activities are concealed, the amount or the source of income are miss represented or tax reducing factor such as deduction, exemption or credit are deliberately overstated (Alm.vazquez.chiumya (2001) and (2006).

Tax evasion and its sister tax avoidance hockey fundamental problems of tax administration in a developing country like Nigeria because, all forms of taxes in Nigeria to some extent avoided or evaded because the administrative machinery to ensure effectiveness is weak. As a result of diversities and complexity in human nature and activities, no tax law can capture everything hence, loopholes will exist and can only be reduced or eliminate true policy reform. Aguolu (2004).

1.2 STATEMENT OF RESEARCH PROBLEM

Although tax evasion is a problem that faces every tax system, the Nigerian situation seems unique when viewed against the scale of corrupt practices prevalent in Nigeria, the threat of tax evasion is the greatest puzzle facing the Nigerian tax system. Under direct personal income taxation as practiced in Nigeria, the major problem lies in the collection of the taxes especially from the

self-employed such as the businessmen, contractors, professional practitioners like as observed by Ayua (1999), persons blatantly refusing to pay by reporting losses every year. According to him, many of these Professionals like lawyers, doctors, accountants, architects and traders in shops among others. Many of these professionals live a lifestyle inconsistent with reported income, which is usually unrealistically low for the nature of their businesses. Civil Servants and other salaried workers are the only class of people that actually pay income tax in Nigeria.

However, even among the salaried workers, many have turned the statutory personal allowances and relief into a fertile ground for tax evasion. Almost all Nigerian taxpayers claimed to have married with four children. Similarly, despite the tax provision meant to plug loopholes through which taxable persons can minimize tax liability the self-employed persons employ all kinds of avoidance schemes to minimize or escape tax liability and this makes you wonder whether there are still any tax officials working in that capacity.

If tax evasion and avoidance is high, there is the likelihood that the amount of tax collected will fall short of the target and this results in low IGR and inability of the states to meet their financial obligations at any time. A lot of research have been conducted in this field by many Scholars, however there are still a lot of inconsistencies from their previous finding. Hence this study seeks to explore the effect of tax evasion on revenue generation in Nigeria.

1.3 RESEARCH QUESTION

- Does false declaration of income or profit affect the revenue generation in Nigeria?
- Does falsifying records by taxpayers affect revenue generation in Nigeria?
- Does underpayment of taxes effect of revenue generation in Nigeria?

1.4 OBJECTIVE OF THE STUDY

- a) To examine the effect of false declaration of income or profit on revenue generation in Nigeria.
- b) To find out the effect of falsifying Records by taxpayers on revenue generation in Nigeria.
- c) To investigate the effect of underpayment of taxes on revenue generation in Nigeria.

1.5 RESEARCH HYPOTHESIS

- a) HO: There is no significant relationship between false declaration of income or profit and revenue generation in Nigeria.
- b) HO: There is no significant relationship between falsifying records of taxpayers and revenue generation in Nigeria.
- c) HO: There is no significant relationship between underpayment of taxes and revenue generation in Nigeria.

1.6 SIGNIFICANCE OF THE STUDY

This work will be relevant to individuals in the society but the thanks prayers and potential ones. Secondly, it will enable the government in fashioning the state. Similarly, to tax officials the suggestion to be made out of this work will assist and improve the techniques of generating revenue through taxation. Also to prospective students who want to research on similar topics this research will serve as a good base. In conclusion this study will suggest recommendations on how to improve on tax collection and how to at least reduce or eradicate the rate of tax evasion.

1.7 LIMITATION OF THE STUDY

This research work was carried out simultaneously with other class work and examinations and this research was completed within a very short period of less than a year. Due to financial and time constraints the research work is limited to Kwara State. The Kwara State internal Revenue Service (Kwi-rs) will be sampled and examined accordingly. It is assumed that the respondent would cooperate with the researcher by filling and the return of questionnaire weeding a reasonable period of time to do anybody work to be carried out functionally and without encumbrance or at least reduce such occurrence.

1.8 DEFINITIONS OF TERMS

1. **Taxation:** A levy on individuals or corporate bodies by the central or local government in order to finance the expenditure of that government and also

as a means of implementing its fiscal policy. Payment for specific services rendered to or for the payer are not regarded as taxation.

2. **Evades:** To get away from trickery or avoid cleverness.
3. **Tax evasion:** Minimizing tax liabilities illegally, usually by not disclosing that one is liable to tax or by giving false information to the authorities. Evasion is liable to severe penalties.
4. **Direct tax:** This is tax on income of property of a tax payer. The effect of these tax is felt or borne by the person or organization that pays it.
5. **Tax system:** Process of taxation involving a set of rules and regulation and procedures with organs of administration interacting with another to generate fund tax government.
6. **Tax liabilities:** The tax of any individual corporation sole and execution of estate of the deceased person etc.

1.9 HISTORICAL BACKGROUND OF THE AREA OF STUDY.

The Kwara State Government, in its efforts to increase and diversify its revenue base for financial freedom and bolstered efficiency in governance, on June 22nd 2015 signed the Kwara State Revenue Administration Law No.6 of 2015 (as amended). With the signing of this law, the Kwara State Internal Revenue Service was given birth to and the old Kwara Board of Internal Revenue became defunct.

Kwara State Internal Revenue Service (KW-IRS), as established by this Law, becomes the sole entity responsible for the effective and efficient administration

of tax and other related matters on behalf of the Kwara State Government with the following mandates:

1. To maintain the integrity of the tax laws and processes by eliminating all instances of multiple taxation;
2. To assist the State Government to attain specific economic and social policies, systems and targets; and
3. To stimulate voluntary compliance so as to advance maximum representation of the populace in executive decision making.

In keeping with the mandate for the KW-IRS, and charged with the care and management of the taxes covered by the Internal Revenue Law the KW-IRS set out to pursue the vision; “To mobilize revenue for the strategic development of Kwara State” with a mission “to serve the residents of Kwara State using the most convenient strategies that will add value and integrity to the revenue mobilization process and actualize the developmental objectives of the Government”.

The Management is led by Shade Omoniyi who was appointed as the Executive Chairman on October 1, 2019.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

In an attempt to provide a sound literature to this study a review was made under a tri-dimension concept such as conceptual, theoretical, and empirical study. However a guide to distinct the previous studies with current study was also identified. In conclusion, the definition and theory adopted and as well as benefits of the study of the theory to the study, why the theory fit the study was stated clearly in this chapter.

2.2 CONCEPTUAL FRAMEWORK

2.2.1 TAXATION

Kolawole (2006) State that tax is the transfer of payment from the private sector to the public sector.it constitutes the Principal source of revenue to finance government expenditure and also act as an instrument of fiscal policy. He further define tax as a compulsory levy imposed by the government on individuals and businesses organization and paid by them to the government. It is a special kind of payment in that it is compulsory and benefits for payment do not necessarily correspond (in magnitude) to the amount of tax paid.

2.2.2 OBJECTIVE OF TAXATION:

Kolawole (2006) states the following reason for imposing taxes.

- a) He states that the main purpose of imposing taxes is to generate Revenue for financing government activities. Just as individuals must end income in

order to meet their expenditure the government must raise revenue in order to finance its expenditures

- b) Taxes can also be an impulse to control the economy. For example, if a country is experiencing inflation the government can increase taxes. This will lower disposable income and hence aggregate demand. On the other hand, if our economy is experiencing a recession the government can lower taxes. This will increase disposable income and hence with their demand for goods and services.
- c) Taxes can also be used to redistribute income. Under a progressive tax system, more money is taken from the rich than from the poor. The money collected is used to finance projects which will benefit the poor and the rich equally.
- d) Taxes are also imposed to discourage the consumption of certain goods. High import duties on every car will discourage the implications of such cars while high taxes on alcohol will discourage the consumption of the commodity.

2.2.3 EFFECT OF TAXATION

Kolawole (2006) state the following effects of taxation.

- a) It reduces the income available to individuals (disposable incomes) for spending.

- b) Company tax is often regarded as double taxation, in the sense that the company as a unit is taxed and the shareholders also pay tax on their dividends.
- c) Export duties can lead to discouragement of production. If the Producers as an individual pay income tax, and their firms pay company tax, they are then subjected to export duties.
- d) It is likely to diminish the incentive to invest. Since taxation reduces the Income available to individuals leaving them with less money at their disposal.

2.2.4 WAY TO IMPROVE EFFECTIVE TAXATION

According to Appah (2010) the following are possible ways to improve effective taxation.

(A) Standardized Assessment: This is not a real kind of assessment but merely a method of fixing chargeable income of self-employed sons and it appears to be a long-term solution to the problem of self-employment taxation.

(B) Penalty and Prosecution: Stiffer penalties should be imposed for tax officers. Similarly prosecution of defaulters should be geared up and punishment in the lights. The power of revenue to place lies on the bank account or property of the defaulter without any recurrence to the account should be sincerely looked into.

(C) Advance Payment: The law should make provision for advance payment of tax payers for those who have the cash and for easy assessment.

(D) Advance Equipment: The government should provide advanced equipment that will make the collection and assessment of tax fees easy for the tax offices.

(E) Enlightening the Taxpayer: The taxpayer should be educated on the importance of tax payment and also to be made to see the act as a civil responsibility in order for them to provide social amenities such as electricity and good road free education e.t.c.

2.2.5 CLASSIFICATION OF TAX

Kolawole (2006) State that can be classified either from the angle of Burden distribution or equity.

A. Burden Distribution:

This classifies starts in terms of incidence. If the incidence of tax falls on the person who bears the impact such is a direct tax but if it can be shifted to other economic units (final user) it is an indirect tax. Kolawole (2006) according to him the direct tax is a tax levied directly on the income of individuals and business firms. Examples of direct tax are as follows;

1. **Income Tax:** This is the tax on the income of individuals after off allowance have been deducted. The income-tax then falls on the remainder which is called the taxable income.
2. **Company Tax:** This is tax imposed on the profit of a company.

3. **Capital Gain Tax:** This is the tax on the appreciated value of an asset that has been disposed. An asset can appreciate (i.e. increase in value) overtime. The capital gain tax is a tax on the increased value of an asset.
4. **Property Tax:** This is the tax on the property of an Individual.
5. **Value Added Tax:** This is a tax levied on the value added to goods and service at each state of production.

Indirect taxes attacks and goods and services. They usually come in two forms: specific and Advalorem. A specific tax is a fixed tax imposed on a commodity per unit why ad Advalorem tax is a tax imposed as a percentage of the cost of commodity (Kolawole (2006). The following are example of direct tax:

1. **Sales Tax:** This is a tax levied on the sense of commodity. The tax varies according to the amount of commodity sold.
2. **Excise Duty:** This is a tax on goods manufactured within a country.
3. **Import and Export Duty:** These are taxes levied on imported and exported goods.

B. Equity Classification

Kolawole B.A (2006), State that this classifies tax in terms of the proportion of income paid as well as its fairness to tax payers.

1. **Proportional Tax:** According to him a proportional tax is a tax which takes less from the poor (in absolute terms) than the rich, but in which both the rich and the poor pay the same percentage of their income in taxes. For example, let individual A and B earn #1000 and #2000 respectively. If the

tax rate is 5%, A pays #50 and B pays #100. The percentage of income paid as tax is the same but B has a greater ability to pay the 5% than A. Such a tax system is said to be proportional.

2. **Progressive Tax**; According to him, a tax is said to be progressive if it takes more from the rich than the poor. Let A earn #1000 and B #2000 and let his tax be #200, (Its tax rate is 10%). In this example, the burden of the tax falls on the individuals with higher income.
3. **Regressive tax**; According to him a regressive tax takes a smaller portion as income rises. In other words, as income increases, the amount of tax paid decreases.

2.2.6 TAX EVASION

Tax evasion is a deliberate attempt not to pay tax. It is an illegal act and the evader is regarded as Criminal in law (Kolawole 2006). He further states that, tax evasion is among the self-employed individuals, people who frequently move their businesses from one place to another evade tax by failing to register with the appropriate body. Tax evasion takes the following forms after being assessed:

- a) Refusing to pay tax liability
- b) Failing to disclose all sources of income like rent, dividend etc.
- c) Fraudulent claim for incorrect allowance and reliefs.

2.2.7 CAUSES OF TAX EVASION

According to Kolawole (2006), the following are some of the causes of tax evasion.

A: The disappointing performance of the government in the execution of social projects and the management of public funds. This discourages people paying tax.

B: The low level of income warrants low-tax ability. In addition, the poor state of the economy makes it difficult for people to pay with some of their incomes.

C: Inadequate staff to enforce tax laws. This relates to the inability of the government to employ more tax experts.

D: There is indiscipline and corruption on the part of the tax officials. Tax officials do collide with taxpayers to defraud the government of tax revenue.

E: Most people could not be accessed for that purpose because of lack of identifiable means of livelihood.

2.2.8 METHOD OF DEALING WITH TAX EVASION KOLAWOLE B.A, (2006)

1. The system of pay as you earn (PAYE) among salary earners.
2. The use of a tax clearance certificate as proof, to be the most effective weapon in Nigeria.
3. Tax deduction at source. Tax on dividend, capital gain, interests and rent are deducted at source of payment.

2.3 THEORETICAL FRAMEWORK.

In an attempt to provide a sound theoretical review to the study, this study adopt the ability to pay, benefit received and distribution Theory.

A. ABILITY TO PAY

As the name suggests it says that the taxation should be levied according to an individual's ability to pay. it says that the public expenditure should come from (him that hath) instead of (him that hath not). The principle originated from the sixteenth century, the ability to pay principle was scientifically extended by the Swiss philosopher Jean Jacques Rousseau (1712-1778), the French political economist Jean-Baptize (1767-1873) says, this is indeed the basis of progressive tax as the tax rate increases by the increase of the taxable amount. The principal is indeed the most equitable tax system and, been widely used in industrialized economics.

The usual and most supported justification of ability to pay is on grounds of sacrifice. The payment of tax is viewed as a deprivation to the taxpayer because he surrendered money to the government which he would have used for his personal use. However, there is no solid approach for the measurement of the Equity of sacrifice in this theory as it can be measured in absolute proportional or marginal tax.

B. PRINCIPLE OF BENEFIT

According to the benefit principle which was initially developed by Knut Wicksell (1896) and Erik Lindahi (1919), two economics of the Stockholm School, the burden of taxation should be divided among the people in proportion to the benefits received from the state. The benefit principle is very much similar to the cost of service principle. Here also, the government acts just like a businessman. People paid to the business man according to the commodity purchased from him. Similarly, they should pay the government according to the goods and services received. The person receiving equal benefits from the state should pay an equal amount of taxes, and those who received Greater benefits should pay more as taxes than those getting less benefits.

THEORY OF DISTRIBUTION

The theory of distribution was propounded by David Ricardo in 1817, this theory involves three distinguishable sets of questions. First, how is the national income distributed among persons?, what are the influence governing the wages rate for a specific kind of labor?, Why is the general wage level of a country not lower or higher than it is?, Thirdly, how is the national income distributed proportionally among the factors of production?, what determines the share of labor in the national income, the share of capital, the share of land?.

2.4 EMPIRICAL REVIEW

1. Mohammed .A, Suraya .S, (2019); Examine the relationship between tax and economic growth.

The study examines the relationship between tax and economic growth from the theoretical side and the empirical side. The main aim of this paper is to add to the current debate on this relationship. The paper reveals that neither the theoretical literature nor the empirical literature provides conclusive evidence of the nature of this relationship. There are three points of view in the theoretical literature: the positive effect, negative effect, and nonlinear effect of taxation on economic growth. However, although the majority of empirical studies support the negative impact, empirical evidence for increased nonlinearity is increasing.

In general, the theoretical and empirical literature gives different results due to various factors such as the selection of countries' samples, the development level of countries, the period of time, the control variables included, and the methodology used. Therefore, in order to obtain more reliable results, the most advanced methods should be used in future research.

2. Asap .H, Nila .A,Atik .A(2022);Strategy to improve taxpayer compliance of micro and medium enterprises in Indonesia.

This research examines the strategies which can increase the MSMEs' compliance level regarding the amount of payment and tax return report. This

study uses the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) as a guide for conducting a systematic literature review of articles meeting the predetermined criteria. This study shows that the research model on the strategy to improve MSMEs' compliance is dominated by quantitative studies, qualitative studies, mixed-methods, literature reviews, and experimental studies. This study suggests ten strategies to be used by the tax authority to improve MSME taxpayers' compliance. The ten strategies are providing tax education and training, service modernization, applying the same sanctions to all non-compliant taxpayers, tax reform, increasing public trust in tax authorities and government to increase voluntary compliance, improving MSME tax morale, maintaining and increasing engagement with taxpayers, increasing awareness and tax knowledge of taxpayers about the penalties and sanctions, supporting MSME business actors, and applying behavioral insights approach. This study recommends that tax authorities should identify factors that affect MSME taxpayers' compliance and create strategies to improve the MSME taxpayers' compliance.

3. Adegbola .O,Tony .I,Damilola E.I(2021);E-tax system effectiveness in reduction of tax evasion.

This study examined how the electronic tax system (E- tax system) reduces tax evasion in Nigeria. The survey sample was drawn from Federal Inland Revenue Service (FIRS) staff and small and medium-scale enterprise

taxpayers registered in F.C.T., Abuja, Nigeria. Primary data was derived from a questionnaire administered to a population of 60 officials and employees of the FIRS and taxpayers at a small and medium-scale enterprise registered in F.C.T., Abuja, Nigeria. The secondary data used was extracted from the tax revenue collection report on the FIRS platform for 2000–2019 (20 years). The conclusive research design was used. General linear model and linear regression were used to analyze the data collected.

The E-tax system was measured using actual tax revenues and the level of electronic tax services. In contrast, tax evasion was measured using tax compliance and the mind-set of taxpayers towards the E-tax system. Taxpayers' attitudes towards the E-tax system, actual tax revenue, tax compliance and the level of electronic tax services were used as mediating and control variables; thus, results established a significant relationship, and this relationship is an adverse one. The work shows that an effective electronic tax system will significantly reduce tax evasion. Therefore, the proper implementation of the electronic tax system helps mitigate the problem of tax evasion that causes economic and social determinants in the tax administration system.

4. Onuoha, Akintoye, Oyedokun,(2019): Role of tax education and enlightenment on tax revenue growth in Nigeria. Tax revenue growth is considered as a necessary imperative for attainment of sustainable economic

growth. This requires an environment where both taxpayers and tax officials have appropriate knowledge of their roles and responsibilities. This study was aimed at establishing the effect of tax education and enlightenment on total tax revenue. The survey design was adopted and through a close-ended questionnaire primary data were collected and analyzed using descriptive and inferential regression analysis. The results showed that tax education and enlightenment positively and significantly affected the total tax revenue. Radio and television were revealed as the strongest tax education channels. The study recommended that the Federal Government of Nigeria should set up and sufficiently fund an autonomous department to handle all tax education and enlightenment issues as this can enable the unit to function more vigorously. *The study can be of beneficial significance to Nigeria's tax policy makers, the national economic planners and academic researchers.*

5. Kadiri, kayode,(2019): Boosting on internally generated revenue of Nigeria through enforcement of adequate tax payment by corporate citizen and organization. Oil has been the main source of revenue in Nigeria while the internally generated revenue (IGR) has taken the second position, more so it is a panacea for state development. Many states and local governments depend on their monthly allocations from the central vault to carry out their businesses. Studies were carried out on the tax evasion basically to increase internally generated revenues of Nigeria through enforcement of immediate and constant payment of tax by corporate citizens and organizations. This

research is very crucial by determining the causes of tax evasion and how to solve the problem. Both primary and secondary data were connected, the research instrument used in collecting the data is questionnaire, oral interview and others through consultation of textbooks, related journals and magazines. We could observe that the problem facing IGR increase in Nigeria especially through adequate tax payment cannot be overlooked, so as to persuade the government to improve on providing qualified tax officials and provide necessary facilities needed for administration of tax.

6. Olabisi J.(2018);Tax revenue and economic growth in Nigeria. The study examined the relationship between tax revenue and economic growth in Nigeria. The study adopted a descriptive and historical research design; secondary data for twenty-two years (1994 -2015) were collected from various issues of the Central Bank of Nigeria (CBN) statistical bulletin and annual reports. Tax revenue as an independent variable was measured with Value Added Tax (VAT);Petroleum Profit Tax (PPT); Company Income Tax (CIT) and Custom and Excise Duties (CED) while the dependent variable was Economic Growth (EG) proxies by the Gross Domestic Product (GDP).Analysis was performed on data collected using Auto Regressive Distributed Lag (ARDL) Regression and other post estimations (Jarque-Bera test; Breusch-Godfrey LM and Ramsey Reset Test) to determine the existence of relationship between the variables. The results of the study showed that

VAT and CED had a significant relationships with economic growth ($p < 0.05$), while CIT was negative.

7. Prof.Oyedokun.E, (2016); Relevant of tax audit and tax investigation in Nigeria. The present work aims to analyze the macroeconomic relations between tax evasion and public and private investment and their implications for economic growth through a stochastic growth model in discrete-time. Taxation is important for many aspects of growth. Tax evasion creates negative impacts on the economy such as the fall in government revenues that fund public infrastructure, education and other services. When private capital and public spending are substitutes in the productive sector, tax evaded can be used by private agents to raise funds to finance private domestic investment, in order to mitigate the negative externalities of tax evasion on productive public spending. We use the stochastic dynamic programming approach to derive the optimal plans for consumption and tax evasion rate. Therefore the effect of tax evasion on economic growth is ambiguous because the trade-off between the gain from tax evasion to disposable income and the loss because of the lower productivity due to lower public input. Also, we did the comparative dynamics on optimal values of consumption and tax evasion rate. Changes in the tax rate and penalty have ambiguous effects on optimal consumption and depend on the enforcement parameters of the tax authority, while the effects on optimal tax evasion rate are mostly positive and consistent with theory

8. Ravi .M.V, (2018),A comparative study of Indian tax policy with bricks countries tax policy. The New Government an urge of attracting more Foreign Direct Investments through innovative schemes, policies like Make in India, Digital India, Startup India, Stand up India, One Country One Market, Smart City Projects etc. Indian Taxation have been in force from time immemorial, formerly it was passed in the year 1961.The complexity of the Act has increased year by year with the issuance of notifications, circulars, and judgments offered in various suits. CEOs of Fortune companies meeting in silicon city USA opinionated that India has Complex tax policy, delay in policy making, Intellectual Property Rights, Lack of bankruptcy and trade policy. In order to cater to the present day requirements of the economy, a need has been long felt to Compare Indian Tax policy with BRICS Countries Tax Policies. For The purpose of study secondary data has been collected, processed and presented in the form of tables and figures and the analysis was made with help of relevant statistical and mathematical tools such as percentage Mean, Standard Deviation, ANOVA and Tamhane Test.
9. Matthew .M, (2018); Effect of tax evasion in the United States. This study identifies, highlights and approaches the economic impact imposed by tax evasion. Tax evasion is overlooked as a common matter, but the economic consequences of not alleviating evasion can be deadly. This paper utilizes a collection of research to define tax evasion. From the literature it will provide a history of income taxation in the United States as it relates to tax evasion.

The effect of tax havens on the amount of tax evasion is approached according to literature. Specific cases of evasion are mentioned to further evaluate the effect of tax evasion on the United States economy. An explanation of why tax evasion is a concern for citizens of the United States is discussed. The findings suggest a negative economic impact of tax evasion being ignored. Solutions are presented that will aid our country in neutralizing this impact.

10. Renyan, Nigatu, Lu Zhang, (2023); Tax evasion, psychological egoism and revenue collection performance: Evidence from Amhara region, Ethiopia. Tax evasion is the illegal withholding or underpayment of taxes, typically accomplished by intentionally providing false or no evidence to tax authorities. Tax evasion has had a severe detrimental influence on the economy of the Amhara National Regional State, Ethiopia. The Amhara Regional State lost tax revenue in recent years due to tax evasion. The objective of this study was to see how tax evasion, taxpayers' psychological egoism, and other relevant factors affect tax revenue collection performance in the Amhara Region, Ethiopia. Data were collected from 395 VAT-registered taxpayers through a structured questionnaire. The structural equation model and multiple regression analysis method were utilized for empirical test based on the software's of SPSS and AMOS. This research revealed that tax evasion and psychological egoism negatively affect tax revenue collection performance. Tax education and technology significantly and positively affected tax revenue collection performance. Meanwhile, the

relationships between the above factors (tax evasion, tax education, and technology) and the tax revenue collection performance are reliably mediated by taxpayers' psychological egoism. Those findings can give clues to researchers, tax experts, and policymakers for improving the tax revenue collection performance in Amhara Region. The government can enhance public education to reduce tax evasion and such misbehavior caused by taxpayers' psychological egoism. Meanwhile, the most up-to-date tax invoicing technologies, like artificial intelligence and machine learning technology should be adopted.

11. Dr. Dagwon .B, (2017); Contribution of tax revenue for national development in Nigeria. This study examines the contribution to tax revenue for national development in Nigeria. Specifically, the study looks at how the various major sources of tax revenue, such as petroleum profit tax (PPT), companies' income tax (CIT) –direct taxes, and custom and excise duties and value added tax – indirect taxes affect real Gross Domestic Product (GDP) in Nigeria using time series data for the period 1981 to 2013. Error correction model (ECM) is used in analyzing the data. The study carried out a test of stationarity of the variables using Augmented Dickey Fuller unit root test and test of long run relationship amongst the variables using Johansen Co-integration test. The study's findings show that tax revenue has little contribution to national development in Nigeria, with some of the taxes having a negative relationship with real GDP. All variables of the study are co-integrated and have a long-

run causal relationship that 74.87% of the short run disequilibrium is corrected yearly. The study recommends amongst others that more financial control and value for money audit should be carried out to minimize wastage, inefficiencies and corruption in Nigeria tax system.

12. Joao .L, (2019). The effect of tax evasion on economic growth: A stochastic growth model approach. The present work aims to analyze the macroeconomic relations between tax evasion and public and private investment and their implications for economic growth through a stochastic growth model in discrete-time. Taxation is important for many aspects of growth. Tax evasion creates negative impacts on the economy such as the fall in government revenues that fund public infrastructure, education and other services. When private capital and public spending are substitutes in the productive sector, tax evaded can be used by private agents to raise funds to finance private domestic investment, in order to mitigate the negative externalities of tax evasion on productive public spending. We use the stochastic dynamic programming approach to derive the optimal plans for consumption and tax evasion rate. Therefore the effect of tax evasion on economic growth is ambiguous because the trade-off between the gain from tax evasion to disposable income and the loss because of the lower productivity due to lower public input. Also, we did the comparative dynamics on optimal values of consumption and tax evasion rate. Changes in the tax rate and penalty have ambiguous effects on optimal consumption and depend on the enforcement parameters of the tax authority,

while the effects on optimal tax evasion rate are mostly positive and consistent with theory

13. Enoch .K.A, (2023); The effect of Tax evasion on the development of Ghana.

Generally, the private sector is regarded as the primary engine of economic development, as it generates jobs and wealth. Using time series data and a vector error correction model, this study assessed the impact of tax evasion on Ghana's economic development from the perspective of the private sector. Data from the world development indicators for 54 African nations were analyzed for data spanning 2002 to 2021. Using a technique of convenience sampling, 42 countries were sampled for the analysis. In both the long and short periods, the data demonstrate that the private sector has a significant association with development. Additionally, tax evasion has severe short- and long-term effects on development. In addition, it was determined that policymakers should concentrate on constructing a resilient macro economy and stronger institutions to encourage the private sector's development. To promote growth and development, it is necessary to implement tax policies that allow the successful expansion of start-ups.

CHAPTER THREE RESEARCH METHODOLOGY

3.1 INTRODUCTION

This research methodology outlines the procedure that will be used to investigate the effect of tax evasion on revenue generation in Nigeria. The purpose of this study is to provide insight into the extent to which tax evasion affects the government's ability to generate revenue and provide essential services to citizen. The research methodology will cover the research design, data collection method, sampling techniques, data analysis and ethical consideration.

3.2 RESEARCH DESIGN

The research design for this study will be a quantitative research design. A survey questionnaire will be used to collect data from tax officials. This survey questionnaire will be designed to gather information on the level of tax evasion in Kwara State, The impact of tax evasion on revenue generation and the measures that can be taken to reduce tax evasion. Furthermore, research design is a plan of work that specifies the source and type of information required that are relevant to the research problem.

3.3 POPULATION OF STUDY

The population of the study comprise of the star of Kwara State internal revenue service (KW-IRS).The tax entity in Kwara State has the same measure with other scattered all over the Federation of Nigeria and since they all have similar

characteristics in nature, aims and objectives, duties and responsibilities, all towards effective revenue generation. The population size of the study is 30.

3.4 SAMPLE SIZE AND SAMPLING TECHNIQUES

The study was carried out in Kwara State in which samples are drawn randomly from the society. The selection was based on random sampling. This random sampling is a method of selecting a sample from a population so that all members of the population have an equal chance of being selected. Therefore, to determine the sample size of the study Taro Yamane formula will be applied i.e

$$n = N / (1 + N(e^2))$$

Where:

n = required sample size

N = population size

e = acceptable margin of error (expressed as a proportion)

Let's assume you have a population of 30 and want to determine the sample size with a desired margin of error of 5% (0.05) and a 95% confidence level. In this case, the formula becomes:

$$n = 30 / (1 + 30(0.05^2)) \text{ Simplifying the equation:}$$

$$n = 30 / (1 + 30(0.0025))$$

$$n = 30 / (1 + 0.075)$$

$$n = 30 / 1.075$$

$$n \approx 27.91$$

Based on the Taro Yamane formula, the sample size for a population study of 30, with a desired margin of error of 5% and a 95% confidence level, would be approximately 27.91. Since you cannot have a fractional sample size, you would

typically round up to the nearest whole number. Therefore, sample size for this study is 28.

3.5 SOURCE AND METHOD OF DATA COLLECTION.

The data of this project work was purely obtained from primary source because information from such sources is usually authentic and reliable. The primary source data are gathered or collected using questionnaires. Questionnaires are often used for studies which involve human beings and their social activities. It could be oral or written. Questionnaire is self-administered from the standpoint of the respondent.

DATA COLLECTION METHOD.

The data collection method that will be used in this study is a survey questionnaire. This survey questionnaire will be administered to tax officials in Kwara State Internal Revenue Service (KW-IRS) Ilorin Kwara state, Nigeria. The questionnaire will be designed to gather both qualitative and quantitative data on the research variables. The survey questionnaire will be pretested to ensure that it is clear, concise and easy to understand.

3.6 INSTRUMENT FOR DATA COLLECTION

Research instrument generally is the device used for collection of data. By this nature, the type of research and data to be collected determines the research instrument to be used. In the case of this study the instrument used in the questionnaire in which questions are drawn on the area of the subject topic and

distributed to the staff of the tax office is visited randomly. The questionnaire was divided into two parts. Part A and B. Part A will be based on personal topics and part B will be based on the subject matter.

3.6 TECHNIQUES FOR DATA ANALYSIS.

The data collected shall be analyzed using a simple percentage table, simple proportion and ratios for easy calculation and understanding. Chi-square method will be utilized to show the relationship between the variables. Summary, conclusion and recommendation shall be based on the result of the analysis. The simple fraction will be taken as 100%.

CHAPTER FOUR

PRESENTATION ANALYSIS AND INTERPRETATION OF DATA

INTRODUCTION

This chapter is designed to present and analyze responses received from the respondent through the use of administered questionnaires with the view of testing the hypothesis formulated. In this chapter, the data collected through the use of questionnaires are presented in two part. Part A is for personal data while part B is for other variable question relating to the subject matter. The total number of questionnaire was 28 why 22 we're collected and 6 were not returned.

4.2 RESPONDENT CHARACTERISTIC AND CLASSIFICATION

Personal data section A of the Questionnaire Question in the following: the main occupation in the board of internal revenue, Age, Sex Martial Status, Education qualification and work experience. 100% of respondents were tax administration and collector. 49% respondents represent the age group between 20-30year, 44% respondents represent age between 31-40years and 7% respondents represent age 41 years and above. 67% of the respondents were female, while 33% were mate. 44% of respondents are single while 56% are married. This indicates a high level of solace responsibility. 16% of responses showed staff holding B.SC / HND, 7% for holding M.SC/MBA and 11% for holding ACCA/CIBN/CIMA. This show that greater percentage are in ladder of administration.

93% of the respondents say yes, while 7% say No to training in taxation, Finance and Accounting. 56% of the response to 1-5 years' work experience, 33% of the response to 6-10 years and 11% of the respondents to 10 Years and above work experience. This indicate that the tax officials have good knowledge of tax evasions. However, since they constitute the minority their inclusion is unlikely to have any impact on the result. Respondents profile is summarized and presented graphically in the table below.

SN	VARIABLE	RESPONDANT	NO OF RESPONSE	PERCENTAGE
1.	Gender	Male	15	67
		Female	7	33
		TOTAL	22	100
2.	Educational Qualification	WASSCE/ GCE	4	16
		OND/NCE	5	22
		B.SC/HND	10	44
		M.SC/MBA	2	7
		ACCA/CIBN/CIMA	1	11
		TOTAL	22	100
3.	Occupation	Tax Administration and collector	22	100
4.	Age	20-30years	10	49
		31-40years	9	44
		41 years and above	3	7
		TOTAL	22	100
5.	Marital Status	Single	10	44
		Married	12	56
		TOTAL	22	100
6.	Training in Taxation, Financing Accounting.	Yes	20	93
		No	2	7
		TOTAL	22	100

7.	Work Experience	1-5 years	12	56
		6-10years	7	33
		Above 10years	3	11
		Total	22	100

4.3 PRESENTATION AND ANALYSIS OF DATA ACCORDING TO RESEARCH QUESTION OR RESEARCH HYPOTHESES.

81% of the respondents agreed that yes false declaration of income or profit affect the revenue generation in Nigeria. While 19% response No.73% of the respondents agreed that Yes falsifying records by tax payers affect revenue generation in Nigeria. While 27% response “No” 93% of the respondents agreed that “Yes” underpayment of table affect revenue generation in Nigeria while 7% response “No” 43% of the respondent agreed that “Yes” there is no significant relationship between false declaration of income or profit and revenue generation in Nigeria, while 57% Response “No” 37%

Of respondents agreed “Yes” that there is no significant relationship between falsifying records and revenue generation in Nigeria while, 63% response “No” 22% of the respondents agreed that “Yes” there is no significant relationship between underpayment of taxes and revenue generation in Nigeria while 78% response “No”. The presentation and analyzing of data according to research question and research hypothesis is summarized and presented in the table below.

S/N	RESEARCH QUESTION AND HYPOTHESIS	OPTION	NUMBER	PERCENTAGE
1.	Does false declaration of income or profit affect the revenue generation in Nigeria.	Yes No Total	17 5 22	81 19 100
2.	Does falsifying records by tax payer affect revenue generation in Nigeria?	Yes No Total	16 6 22	73 27 100
3.	Dots underpayment of taxes affect revenue generation in Nigeria.	Yes No Total	20 2 22	93 7 100
4.	There is no significant relationship between false declaration of income or profit and revenue generation in Nigeria.	Yes No Total	10 12 22	43 57 100
5.	There is no significant relationship between falsifying records and revenue generation in Nigeria.	Yes No Total	8 14 22	37 63 100
6.	There is no significant relationship between underpayment of taxes and revenue generation in Nigeria.	Yes No Total	5 17 22	22 78 100

4.4 Analysis of the Data.

The critical position occupied by data presentation and analysis was clearly perceived and given values consideration from the grounds that conclusion and recommendation concerning the research are derived from the data presented and analyzed. The analysis of responses obtained from the respondents is contained

in this section. The data is presented and analyzed in tabular forms for easy interpretation and assimilation.

4.5 Test of Hypothesis

In carrying out this research project, two levels were used to test the research question posted.

The aim of topic is to test the validity of the hypothesis formulated in the introductory chapter to this study, to carry-out this test, the chi-square test will be used.

HYPOTHESIS ONE

H₀. There is no significant relationship between false declaration of income or profit and revenue generation in Nigeria.

H₁. Does false declaration of income or profit affect the revenue generation in Nigeria.

Using chi-square $DO^2 = (O - e)^2$ where, O= The observed frequency B=The expected frequency. The degree of freedom is given as $(r-1) \times (c-1)$. Assuming a level of significant to be $5\% = 0.05$.

To test this hypothesis, response to 1 and 4 of the data presented in table 4.3 above will be use.

STATEMENT NO	YES	NO	TOTAL
1	10	12	27
4	17	5	22
Total	27	17	44

STATEMENT NO	O	E	O-E	(O-E) ²	(O-E)/E
1	10	13.5	3.5	12.25	0.9
2	12	8.5	3.5	12.25	1.4
3	17	13.5	3.5	12.25	0.9
4	5	8.5	3.5	12.25	1.4
				X ²	4.6

To calculate the chi-square tabulated using the formula below X² tabulated

$X > dv$. Where d=level of significance of 5%= 0.05, $dv = (2-1) \times (2-1) = 1$

X² table = 3.84, Calculated X²=4.6

DECISION RULE

Since the chi-square calculated is greater than tabulated, reject the null hypothesis and accept alternative hypothesis, which state means false declaration of income or profit affect the revenue generation in Nigeria.

HYPOTHESIS TWO

HO. There is no significant relationship between falsifying records by taxpayer and revenue generation in Nigeria.

H1. Does falsifying records by taxpayer affect the revenue generation in Nigeria.

To test this hypothesis, response to and 5 of the presented in table 4.3 above will be use.

STATEMENT NO	YES	NO	TOTAL
2	16	6	22
5	8	14	22
TOTAL	24	20	44

Statement No	O	E	O-E	(O-E) ²	(O-E) ²
1	16	12	4	16	1.3
2	6	10	4	16	1.3
3	8	12	4	16	1.3
4	14	10	4	16	1.3
				X ²	5.2

$$df = (2-1) \times (2-1) = 1 \times 1 = 1$$

$$X^2 \text{ table} = 3.84, \text{ calculated } X^2 = 5.2$$

DECISION RULE

Since the chi-square calculated is greater than tabulated, reject the null hypothesis and accept alternative hypothesis, which means that “falsifying records by taxpayer affect the revenue generation in Nigeria.

HYPOTHESIS THREE

H₀. There is no significant relationship between falsifying records by taxpayer and revenue generation in Nigeria.

H₁. Does falsifying records by taxpayer affect the revenue generation in Nigeria.

To test this hypothesis, response to and 5 of the presented in table 4.3 above will be use.

STATEMENT NO	YES	NO	TOTAL
3	20	2	22
6	5	17	22
TOTAL	25	19	44

Statement No	O	E	O-E	(O-E) ²	(O-E) ²
1	20	12.5	7.5	56.25	4.5
2	2	9.5	7.5	56.25	4.5
3	5	12.5	7.5	56.25	4.5
4	17	9.5	7.5	56.25	4.5
				X ²	18

$$dv = (2-1) \times (2-1) = 1 \times 1 = 1$$

$$X^2 \text{ table} = 3.84, \text{ calculated } X^2 = 18$$

DECISION RULE

Since the chi-square calculated is greater than tabulated, reject the null hypothesis and accept alternative hypothesis, which means that “falsifying records by taxpayer affect the revenue generation in Nigeria.

4.6 SUMMARY OF FINDINGS

The above stated hypothesis was calculated using chi-square method. The chi-square formula is used to determine whether there is a significant difference between observed and expected frequencies in a categorical data set. As such a calculated chi-square values was compared with a tabulated chi-square value. Since the calculated chi-square value is less than the tabulated value we accept the null hypothesis. But in the case where calculated chi-square is greater than the tabulated chi-square we reject the null hypothesis and accept alternative hypothesis.

In the second findings after determine the tabulated chi-square and the calculated chi-square of the second hypothesis we find out that the calculated chi-square is greater than the tabulated chi-square which math the research reject the null hypothesis and accept the alternative hypothesis while state that “Falsifying records by taxpayer affect the revenue generation in Nigeria. The calculated chi-square is also greater than the calculated chi-square in the hypothesis three which lead to the rejection of null hypothesis and accept the alternative hypothesis that state that underpayment of taxes affect the revenue generation in Nigeria.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

SUMMARY OF THE STUDY

This paper enlightens citizens, it helps them to see tax as part of their civic responsibility and that government can only be functional and effective if all the taxpayers voluntarily remittances to the state coffers as at when due without hesitation. Chapter one laid the foundation of the topic. It explained to us the effect of tax evasion on the revenue generation. It further explained the historical background of the study. Lastly on this base, chapter one, the research questions, research hypothesis, objectives of the study, significance of the study, scope and limitation of the study and definition of terms was stated.

In chapter two literature reviews of some scholars were stated and it also made more elaboration on types of tax, objectives of taxation, effect of taxation, ways to improve the effect of taxation, tax evasion, causes of tax evasion and the seriousness of tax evasion. In addition chapter three emphasis on the instrument for data collections, and also on the validity and reliability of the instrument used in collecting the data. Also mentioned are the examined research methodology, which explained the method of data collection used which is the questionnaire, the sources of data and the research design. Taro Yamane formula was used to determine the sample size.

Moreso, with the aid of questionnaires some data were collected and analyzed through the chi-square method. Findings were based on the response received from respondents. We also went on to discuss the presentation, analysis and the interpretation of data. It pointed out the views of respondents and all the data gathered were analyzed and hypothesis tested using chi-square (χ^2). This contains the summary of major findings, conclusion and recommendations based on the major findings. It also shines more light on areas that need paramount attention.

CONCLUSION

The effect of tax evasion on the Kwara State economy cannot be overemphasized. The revenue of the government has been greatly affected. The current tax system being used gives room for loopholes, the corrupt tax officials, the lack of adequate data and many more have worsened the situation. In addition, a reduction in tax rate is even not an optimum solution to the problem, simply because some people would still attempt to evade or avoid taxes no matter the rates of taxes. Therefore, there should be a complete overhaul of the Nigeria tax system. The existence of a substantial number of tax evaders in Kwara State should be a matter of concern to the policy makers and tax administrators. All the tax laws should be further codified and harmonized.

After a crucial analysis of collected data and of relevant literature, the findings expose certain factors that deserve paramount attention of the administration of

tax in Nigeria and the economy as a whole. From the findings made and evidence of tested hypotheses. It is appropriate to conclude that;

I: That tax evasion has caused considerable damage to the state finance funding.

II: That concrete measure has been taken by the government to curb the continuation of the phenomenon.

III: That the government, from all indications, did not generate enough revenue due to the prevalence of tax evasion.

IV: There is a high level of corrupt officials which aid tax evasion.

V: There is a big gap between the taxpayers and tax authority, giving room to tax evasion.

5.3 RECOMMENDATION

In the process or cause of writing this research work the following recommendations were made to help the practice of tax evasion and to increase the level of revenue generation in the state.

- a) **Enforcement of modern machinery:** Tax enforcement machinery should be strengthened, in order to enhance the collection of revenue to the government and reduce the act of tax evasion.
- b) **Creation of public awareness:** There should be a continuous education for the citizens. These have to be embarked upon and steps have to be taken

to convince the taxpayers that the money collected in the form of taxes is the judiciary.

- c) **Standard Punishment:** The level of punishment should also be stricter and the legal provisions for doing this should be clearly stated. Any taxpayer or tax authority officials found wanting should be punished appropriately.

d) Staff Motivation

Workers should be encouraged so that they can put in their maximum services when this is done, there will be an increase or solid improvement in revenue collection. Training of workers for knowledge enhancement should be one of such motivational factors.

- e) **Supply of social and economic services:** Efforts of the government should not only be directed towards the revenue generation alone but also to the provision of social services like good roads, basic health facilities, environmental sanitation, town halls, street lights, water supply e.t.c.this will make the citizen more submissive in terms of payment of taxes without hesitation since they can see what the government use the money for.

- f) Furthermore, the state board of internal revenue and the revenue collecting officers at the local government must wake up to their duties.

- g) Database for tax administration at all levels of government should be promptly computerized to ensure that the system of information storage processing and retrieval is efficient.
- h) Tax clearance should be presented where an individual wants to transact business with government agencies.

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Section A

Please tick (✓) appropriate

1. Main occupation (Please State)

2. Age: (a) 20-30years () (b) 31-40years ()
(c) 41years and above ()
3. Sex: (a) Male () (b) Female ()
4. Marital Status: (a) Single () (b) Married ()
(c) Divorced () (b) Widowed ()
5. Educational Qualification: (a) WASSCE/GCE ()
(b) OND/NCE () (c) B.Sc /HND () (d) M.Sc /MBA ()
(e) ACCA/CIBN/ICMA ()
6. Do you have training in taxation, finance and accounting
(a) Yes () (b) No ()
7. Work Experience _____ (a) 1-5years () (b) 6-10years ()
(c) Above 10years ()

Section B

8. Would you say tax evasion occurs in Kwara State?
Strongly Agree () Agree () Undecided () Disagree () Strongly
Disagree ()
9. Is tax evasion of serious concern to the authority?
Strongly Agree () Agree () Undecided () Disagree () Strongly
Disagree ()
10. What class of people would you say are more involved in tax evasion?
Strongly Agree () Agree () Undecided () Disagree () Strongly
Disagree ()
11. Are there any measures in place to check tax evasion?
Strongly Agree () Agree () Undecided () Disagree () Strongly
Disagree ()
12. Is the control in place effective?
Strongly Agree () Agree () Undecided () Disagree () Strongly
Disagree ()
13. Does a relationship exist between tax evasion and revenue
generation? Strongly Agree () Agree () Undecided () Disagree ()
Strongly Disagree ()

14. Does tax evasion affect revenue generation in Kwara State?
Strongly Agree () Agree () Undecided () Disagree () Strongly Disagree ()
15. Would you say that the chosen revenue generation machine is effective? Strongly Agree () Agree () Undecided () Disagree () Strongly Disagree ()
16. What factors affect revenue generation at any given time?
(a) Rate of collection ()
(b) The taxation population ()
(c) Level of investment ()
(d) Standard of living ()
(e) Government policies ()
(f) Economic situations ()
(g) Others (please specify) ()
17. Is there any obvious loophole in revenue generation?
Strongly Agree () Agree () Undecided () Disagree () Strongly Disagree ()
18. What are the factors that bring loopholes in revenue generation to warrant tax evasion?
(a) Government policies () (b) Ineptitude of the personnel ()
(c) Erratic legislation () (d) Economics situation ()
(e) All of the above ()
(f) Other (please specify)
-
19. What are the ways of plugging the loopholes?
(a) Removal of bad eggs in the system ()
(b) Decisive actions taken by government ()
(c) Absolute appraisal and restructuring of tax outfits ()
(d) Effective use the media ()
20. Which of these methods is the common way by which tax is evaded?
(a) Failure to furnish a return statement of information or to keep records required ()
(b) Making an incorrect return by omitting or understanding any income liable for tax ()
(c) Refusing or neglecting to pay tax ()
(d) All of the above ()

(e) Other (please specify)

21. Would you attest that revenue generation personnel are really committed to their duties? Strongly Agree () Agree () Undecided () Disagree () Strongly Disagree ()
22. Would you say that bureaucracy affects the level of effectiveness of tax collection and consequently tax evasion? Strongly Agree () Agree () Undecided () Disagree () Strongly Disagree ()