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An Appraisal of Tax Administration in Nigeria

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Abstract

A good law is important to a good tax system. A good administration (and enforcement) are sing qua non to the attainment of the overall good of the system. Unlike the practice in the United Kingdom, where responsibility for administration of tax is entrusted to the Board of Inland Revenue, tax administration is divided between the Federal Government, State Governments and Local Governments, with each setting up its administrative machinery as provided for under enabling statues. On the backdrop of which this article examines the institutions responsible for the administration and implementation of taxation in contemporary Nigeria. It appeals its readers with certain relevant challenges faced by these institutions. In particular, this work canvassed for a paradigm shift in the machinery for tax assessment and collection and also in the sensitization of taxable persons on the duty they owe their nation, if we must achieve our goals and aspirations as a nation. Fundamentally, we must not only rebrand our laws, organs and physical image, rebranding must begin from our perception and orientation about morals in general and taxation in particular. Corruption has become cancerous eating into all spheres of society and until we reverse this trend Nigeria will continue to sink in the quagmire of underdevelopment.

Keywords:
Good administration, Good tax system, Governments

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Background to the Study

A good law is important to a good tax system. Also, every citizen is civilly dutified to honestly declare his income to appropriate and lawful agencies and promptly pay his/her tax hence the provision of section 24(f) of the Constitution of the Federal Republic of Nigeria 1999 (as amended)[1]. A good administration (and enforcement) are sine qua non to the attainment of the overall good of the system. Unlike the practice in the United Kingdom, where responsibility for administration of tax is entrusted to the Board of Inland Revenue, tax administration is divided between the Federal government, state governments and local governments, with each setting up its administrative machinery as provided for under enabling statutes.

Nigeria being governed by a Federal system, government's fiscal power is based on a three-tier tax structure divided among the Federal, State, and Local governments, each of which has different tax jurisdictions. The Nigerian tax system is lopsided. The federal government controls all the major sources of revenue like import and excise duties, mining, rents and royalties, petroleum profit tax and company income tax, value added tax, among other revenue sources. State and local government taxes are minimal, hence, this limits their ability to raise independent revenue and so they depend solely on allocation from Federation Account.

Administration

Administration is a process common to all group effort - public or private, civil or military, large-scale or small scale. Although it may vary in form or objects, and although administration of public and private affairs has many facets, there is an underlying similarity, if not identity in the process wherever observed[2].

Administration is inevitable in any given situation where a piece of work has to be done, and this piece of work requires the efforts of more than one person to accomplish[3]. We are involved in administrative behaviour when we co-operate with other people to accomplish such objectives as erecting a community town hall, constructing and managing schools, churches, hospitals, vehicles, assembly plants etc. In the words of Duru and Tandu, administration is the capacity to coordinate and execute many and often conflicting social demands in a single organism so perfectly that they should all operate as a unit[4]. Administration is also “the coordination of men and materials within organizations for the accomplishment of identifiable purposes[5]. Similarly, Simon defined “administration” as activities of groups cooperating to accomplish common goals”[6]. The word administration

[1] This is further given impetus by the provision of section 44 (2)(a) of the Nigerian Constitution

[2] Okoli, F.C. and Onah F.O. (2002), Public Administration in Nigeria: Nature, Principles, and Application. Enugu: John Jacob's Classic Publishers Ltd.

[3] Enemuo, F. (2005),”Principles and Practice of Administration in Nigeria” in Anifowose, R. IndEnemuo, F (eds), Introduction to Politics. Lagos: Sam Illoanusi and BrothersPublishers Ltd.

[4] Duru, E.J.C. and Tandu, E.O.(2005), “Tax Policy and Administration in Nigeria: The way Forward in Obi, E.A, Okdie, A.M. and Obikeze, S.O (Eds), State and Economy,Onitsha: Book Point Publishers Ltd.

[5] Ezeani, E. E. (2005),*Fundamentals of Public Administration*, Enugu: Zik-Chuks Pub.; lgboyi, L.S. (2008), Principles and Practice of Taxation in Nigeria. Jos: Wiloth Nigeria Ltd.

[6] Ibid

comes from the Latin word "administrate" which is a combination of meaning "to" and ministrare signifying to "minister" or serve. Later, the word assumed the meaning "to govern." In another sense, it was defined as "activities connected with keeping records and information processing, paperwork and activities concerned with applying rules, procedures and policies determined by others."[7]

With the above definitions, one can say that the same thing has been said in different ways. They are unanimous in their views of administration as a group effort directed towards the attainment of a common goal.

Tax Administration

Tax administration implies tax policy making and execution[8]. That is, it involves planning, organization, commanding, coordination and control. The purpose of tax administration is to fully implement tax laws, programmes and proposals. In the long-run, this means collecting all the legislated tax with minimum cost[9]. In the short-run period, it implies optimizing the revenue collectible with the resources the government makes available to the administrator[10]. The achievement of the two objectives requires the development of a master plan which includes both the strategy of long run planning and tactical current year operational plan or programs that are consistent with the long run plan[11]. The test of a tax system is the implement ability and the manner in which it is implemented. A tax system that ignores the administrative aspect of a tax policy or takes tax implementation for granted is deemed to remain a good system only on paper[12]. This is indeed an incisive analysis of tax administration. In many respects, it did capture the objectives of tax administration, but it was weak by not pointing out that greater commitment of government in the provision of adequate resources for the administration ensures that the required revenues are collected.

The overall responsibility of the administration of government revenues is the responsibility of the Ministry of Finance[13]. Thus, the day-to-day functions of revenue collection, however, are dispersed over a number of departments and agencies, including[14]:

1. A Customs and Excise Department that is responsible for the collection of indirect taxes on imports, exports, and locally manufactured and traded goods.
2. An income tax department (or Inland Revenue Service that collects direct taxes from commercial organizations and individuals.

[7] Sapru, R.p (2009), *Administration and Management Theories*. New Delhi: Sterling Publishing and Printing Company.

[8]Duru, E.J.C. and Tandu, E.O.(2005), "Tax Policy and Administration in Nigeria: The way Forward in Obi, E.A, Okdie, A.M. and Obikeze, S.O (Eds), State and Economy,Onitsha: Book Point Publishers Ltd.

[9] Ibid

[10] Ibid

[11] Ibid

[12] Ibid

[13]Kiragu, K. (2005), "Public Financial Management" in Ademolekun, L. (ed), Public Administration in Africa. Ibadan: Spectrum Books Limited

[14] Ibid

3. Ministries, departments and agencies that collect some user charges, fees, and fines on behalf of the Ministry of Finance[15].

Kiragu in his write up, recognizes the importance of revenue to the government and highlighted the various administrative agencies which collect different types of taxes for the government. He however, did not see the need to comment on how to strengthen the agencies in this onerous task[16].

Rosen bloom et al, examined the administrative feasibility of different forms of taxation[17]. They also considered the bottlenecks involved in the collection of such taxes as property tax which involves examination of interiors of houses[18]. They equally held the view that administration of income tax may be cumbersome in economies where payment for fees in cash is the form[19]. They summed up their opinion with the assertion that it will be more efficient to collect taxes through payroll withholding than by billing individuals once or twice a year[20]

Further, realizing the administrative bottlenecks involved in extracting income tax in cash dependent economies as well as the difficulty involved in the collection of property tax, Rosenbloom et al recommended payroll withholding to ease tax collection. They however were silent on how to prop up the administration of these taxes for better service delivery. According to Bird and Oldman, in their framework for tax analysis x-rayed a wide range of issues in tax administration[21]. These include: incidence of taxation-which is an analysis of who bears the burden of tax, commodity tax, income tax, tax on labour, partial factor tax etc.[22] They examined the effect of tax on efficiency, equitable taxation, optimal commodity taxation, tax evasion and tax avoidance[23]. Continuing, they treated exemptions and deductions, tax expenditures, impact of tax exemption on the tax base, rate structure and; taxes and inflation. In conclusion, they examined personal taxation on behaviour, corporate taxation as well as fundamental tax reforms which explained the effects of taxes on consumption and wealth[24]. Much as exhaustive as, Bird and Oldman were in their work, they did not factor in such important issues as tax collectors welfare and the need for the provision of the needed facilities to ease tax collection[25].

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[15] Ibid

[16] Ibid

[17]Roseloom, et al (2009), *Public Administration: Understanding Management, Politics and Law in the Public Sector*, Boston: McGraw- Hill Higher Education.

[18] Ibid

[19] Ibid

[20] Ibid

[21]Bird, R. and Oldman, o. (2000), *Tax Administration in Underdeveloped Countries*: Washington D.C., John Hopkins Press.

[22] Ibid

[23] Ibid

[24] Ibid

[25] Ibid

Functional Bodies Operated by the Federal Government

1. The Federal Inland Revenue Service
2. The Body of Appeal Commissioners
3. The Joint Tax Board
4. Tax Appeal Tribunal and;
5. Voluntary Asset and Income Declaration Scheme.

It should be noted that each State has a Board of Internal Revenue. Let us now examine them seriatim.

First Inland Revenue Service (FIRS)

The First Inland Revenue Service (FIRS) was established in 2007 under the Federal Inland Revenue (Establishment) Act, 2007. It establishment made defunct the Federal Board of Inland Revenue which then operated as a department in the Federal Ministry of Finance. By the Act[26], FIRS is a body corporate with perpetual succession and common seal; and is responsible for the management, conduct, direction, and supervision or the execution and application of tax laws and tax conventions as it relates to the Federal Government. It is further charged with the development and formulation of the Federal tax policy relating to existing or proposed revenue laws, related statutes and tax conventions.

The operation of the FIRS is overseen by a ten-member board made up of players in key sectors of the Nigerian economy. They thus include:

1. The Executive Chairman who shall be experienced in taxation and is to be appointed by the president subject to confirmation by the Senate
2. Six members with relevant qualifications to be appointed by the President and in reflection of the Federal Character
3. A representative of the Attorney General of the Federation
4. The Governor of Central Bank or his representative
5. A representative of the Ministry of Finance
6. The Chairman of the Revenue Mobilization, Allocation and Fiscal Commission or his representative
7. The Group Managing Director of the Nigerian National Petroleum Company or his representative
8. The Comptroller General of the Nigerian Custom Service or his representative
9. The Registrar-General of the Corporate Affairs Commission or his representative and;
10. The Chief Executive Officer of the National Planning Commission or his Representative

Supervised by the Board constituted as above, the FIRS is empowered under section 8 of the Federal Inland Revenue (Establishment) Act, to among others, carry out the following functions:

1. Assess, collect, account and enforce payment of taxes as may be due to the government or any of its agencies

[26] That is, the Federal Inland Revenue Service (Establishment) Act, 2007

2. Collect, recover and pay to the designated account any tax under any provision of the Act or any other enactment or law
3. Review the tax regimes and promote application of tax revenues to stimulate economic activities and development in collaboration with the relevant ministries and agencies
4. Adopt measures to identify, trace, freeze, confiscate or seize proceeds derived from tax fraud or evasion
5. Carryout and sustain rigorous public enlightenment campaign on the benefits of tax compliance within and outside Nigeria

As a tax authority, the FIRS is charged with the powers of collecting the following types of taxes:

i. Company Income Tax (CIT)
ii. Petroleum Profit Tax (PPT)
iii. Value Added Tax (VAT)
iv. Capital Gain Tax (COT) on residents of Federal Capital Territory, Abuja; corporate entities and non-resident individuals
v. Withholding Tax (WHT) on companies, residents of Federal Capital Territory, Abuja; and non-resident individuals
vi. Personal Income Tax (PIT) in respect of members of the Armed Forces of the Federation; members of the Nigerian Police Force; residents of the Federal Capital Territory, Abuja; staff of the Ministry of Foreign Affairs as well as, non-resident individuals.

No doubt, the legal framework covering FIRS is robust. The service however is not without any challenges. Such challenges include but not limited to political interference and inadequate facilities cum logistic support hence the call to direct political will to further strengthen the body.

The Body of Appeal Commissioners

Under Section 53(1) of the Company Income Tax Act CAP (2) LFN (2004), the Minister of Finance may establish by notice in the Federal gazette a body to be known as Body of Appeal Commissioners. The body is constituted by not more than twelve persons, none of whom must be a public officer. The Act provides detailed rules for the appointment and disqualification of Appeal commissioners. The body is charged with the duty of hearing and determining appeals from any company which may be aggrieved by an assessment made on it and has failed to agree with the Board of Inland Revenue. The body may confirm, reduce, increase or annul the assessment complained of or make such order thereon as it deems fit.

The Appeal Commissioners at the hearing must admit all lawful evidence whether oral or documentary adduced by the Appellant company or the Board. In addition, the Board may make use of or produce in evidence any return correspondence, accounts, plans, statement or other documents to which it has had or may have lawful access for the purpose of taxation. An award of judgment by the Body of Appeal Commissioners shall be enforceable as if it were a judgment of the Federal High Court. In the event of any dissatisfaction of the body's ruling, either of the parties can appeal to the Federal High Court.

Tax appeal Tribunal (TAT)

Tax Appeal Tribunal (TAT) is established in accordance with Section 59(1) of the Federal Inland Revenue Service (Establishment) Act 2007. TAT formally took off pursuant to the Tax Appeal Tribunals Establishment Order 2009 issued by the Minister of Finance, Federal Republic of Nigeria as published in the Federal Government Official Gazette No 296, Vol. 96 of 2nd December, 2009. By this enactment, TAT replaces the former Body of Appeal Commissioners (BAC) and Value Added Tax (VAT) Tribunals[27].

Accordingly, TAT adjudicates on all tax disputes arising from operations of the various Tax Laws as spelt out in the Fifth Schedule to the FIRS Establishment Act and is established in eight zones to cover the six geo-political zones in Nigeria. Specifically, it is located in the following cities: Abuja, Lagos, Ibadan, Benin, Enugu, Kaduna, Jos and Bauchi; while the Coordinating Secretariat located in Abuja, FCT, Nigeria is the central coordinating office which renders support services and facilitates the operations of the respective zones.

On March 10th, 2017, the Court of Appeal in Appeal Nos CA/L/1144/2015 and CA/L/1145/2015 — CNOOC Exploration & Production Nigeria Ltd. & Anor v. Nigerian National Petroleum Corporation & Anor upheld the jurisdiction of the Tax Appeal Tribunal (TAT) to determine tax disputes. The appeals arose from disputes over petroleum profits tax and tertiary education tax assessments issued to the Appellants by FIRS. In the course of resolving the tax disputes between the Appellants and FIRS, the Tax Appeal Tribunal (TAT) made orders joining NNPC as a party. At the TAT, NNPC objected to the orders joining it as a party and also challenged the jurisdiction of the TAT to hear the disputes on the ground that the subject matter of the dispute was within the exclusive jurisdiction of the Federal High Court. The TAT however ruled that it had jurisdiction to determine the disputes butstruck out NNPC as a party. NNPC then appealed against the rulings of the TAT striking it out as a party, contending inter alia that the TAT did not have jurisdiction to determine tax matters, as such matters were within the exclusive jurisdiction of the Federal High Court. The Federal High Court agreed with NNPC's arguments and held that the TAT lacked the jurisdiction to hear and determine tax disputes in view of Section 251(1) of the 1999 Constitution (as amended).

Dissatisfied with the judgments of the Federal High Court, the Appellants further appealed to the Court of Appeal, the Appellants represented by Adedapo Tunde Olowu, argued that the TAT's jurisdiction to determine tax disputes did not encroach upon the exclusive jurisdiction of the Federal High Court as conferred on it by section 25 1(1)(a) and (b) of the 1999 Nigerian Constitution (as amended). The Appellants explained that institution of tax appeals at the TAT before approaching the Federal High Court was merely a condition precedent to approaching the Federal High Court and that in any event; the decisions of the TAT could be reviewed and quashed by the Federal High Court upon an application for judicial review or appeal to that Court. The Court of Appeal agreed with the Appellants' arguments and held that the TAT has jurisdiction to adjudicate over tax related disputes.

[27] https://www.vanguardngr.corn/2017/04/appeal-court-upholds-tax-appeal-tribunal-jurisdiction-determine-disputes/ (Accessed on 14/04/2018 1:47pm)

There is always a need for the law to be clear, certain and easily applicable to every given circumstance. With the decision of the Court of Appeal giving credence to the Tax Appeal Tribunal and indeed its enabling legislation, the Federal Inland Revenue Service (Establishment) Act, 2007, the process of appeals against tax assessment has now got a roadmap. It is needless to state that the decisions of the Court of Appeal caused an avoidance of potential catastrophe in the revenue laws of this country, as a different decision could have seen an explosion of unquantifiable litigations on tax appeals that had been determined and settled by the Tax Appeal Tribunal. Having given credence to the jurisdiction of the Tax Appeal Tribunal as set out in the FIRS Act, perhaps the next call is for the court to determine whether appeals to the Federal High Court from the Tax Appeal Tribunal should indeed be limited to points of law alone. This is more so, as the Tax Appeal Tribunal is not indeed a judicial body, but serves only as the first point of call for an aggrieved person to ventilate his tax assessment issues.

More so, being that the Tribunals are constituted of human beings, they could be prone to human errors in respect of factual evidence, and an aggrieved party should be at liberty to require the Federal High Court to ascertain factual errors, just at it has over points of law, albeit under the circumscribed circumstances which permit an appellate body to interfere with the factual findings of a lower tribunal or court.

Joint Tax Board

The Joint Tax Board consists of one officer from each state and one nominee of the Federal Public Service. The joint tax board is concerned with the administration of income tax generally under the Income Tax Management Act 1990. In particular, it coordinates the various aspects of taxation as between states as well as promoting uniformity in personnel taxation. It also advises the Federal Government on request in respect of double taxation arrangements with any other country and in respect of rates of capital allowances as well as on matters connected with the introduction of amendments to the Income Tax Act. It also considers and approves benefits and pension schemes valid for income tax purposes throughout the country.

Voluntary Asset and Income Declaration Scheme (VAIDS)

A seismic change began in the country's tax system on 29 June, when an Executive Order signed by Vice President Yemi Osinbajo (then Acting President) gave life tothe Voluntary Assets and Income Declaration Scheme (VAIDS)[28]. The scheme provides a platform for tax defaulters to regularize their tax statuses and as expressed in the policy, VAIDS, an initiative of the Federal Ministry of Finance in collaboration with federal and state tax authorities, was conceived to rectify almost all anomalies and issues of defective orientation to taxation in Nigeria. It also reflects the Federal Government's desire to widen the tax net while offering certain benefits to tax defaulters, who voluntarily declare their assets and pay their tax liabilities.

[28] https://www.vanguardngr.com/2017/09/vaids-tax-game-changer/ (Accessed on 14/04/2018 @ 3:50pm)

Benefits accruable to entities, who voluntarily declare their assets and income, include immunity from prosecution for tax offences and tax audit, waiver of interest and penalties. They also include the option of spreading payment of outstanding liabilities over a maximum period of three years as may be agreed with the relevant tax authority.

"The Voluntary Asset and Income Declaration Scheme is specifically targeted at taxpayers, who have not been fully declaring their taxable income/assets; have not been paying the tax due at all; have been underpaying or under remitting; are under a process of tax audits or investigations with the relevant tax authority; are engaged in tax disputes with the relevant tax authority, but are prepared to settle the tax dispute out of court; are new taxpayers who are yet to register with the tax authorities; and are existing registered taxpayers who have new disclosures to make," explained Finance Minister, Mrs. Kemi Adeosun[29]. She explained that it does not matter whether the tax default arose from undeclared assets within or outside the country, saying VAIDS provides a once in a lifetime opportunity to declare outstanding taxes and resolve such for good.

Voluntary compliance under VAIDS, however, does invalidate accrued interests or penalties already imposed by a court order on a tax defaulter. The Executive Order that gave life to VAIDS, as widely agreed by experts, is a far-reaching regulation and applies to all tax entities and country's extant tax laws. This, therefore, implies that individuals and corporate entities, who earned income but have failed to register, registered but defaulted or underpaid their taxes to the federal and state governments, can take advantage of the scheme.

The idea of tax amnesty was proposed by the Organization for Economic Cooperation and Development (OECD) in 2010. Since it was proposed seven years ago, over 47 countries across the world have implemented the variants of the programme. They include South Africa, India, Indonesia and Turkey. VAIDS offers a time-limited opportunity to taxpayers to regularize their tax status relating to past periods, in terms of registration, filing of returns, assessment and payment of all taxes due. Thus, the scheme offers companies and entrepreneurs, whose tax affairs are out of joint, a window to make amends between 1st July 2017 to 31st March 2018. The time bar has however been extended to the end of June, 2018 due to popular plea.

While the window remains open, taxpayers will have the opportunity to voluntarily declare all previously undisclosed assets and income, thereby straightening out their tax affairs over a period of three years. VAIDS applies to all tax-paying individuals, companies, executors and trusts and covers all taxes collectible by federal and state tax authorities. These include Company income Tax (CIT), Personal Income Tax (PIT), Capital Gains Tax (CGT), Value Added Tax (VAT) and stamp duty. Through VAIDS, the Federal Government desires to raise the percentage of non-oil tax revenue from the current 6% to 15 % by 2020, improve tax collection and encourage voluntary tax compliance. The country expects to earn $1 billion from the implementation of VAIDS.

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[29] Ibid

In addition to raising revenue, VAIDS will boost investment and economic activities and create job opportunities, including 7,500 employment places for tax liaison officers by at the Federal Ministry of Finance, under the N-Power Scheme. The community tax liaison officers will be trained to educate on and sensitize Nigerians to the importance of paying tax and the country's tax system. Tax education and enlightenment has also received a huge boost with the Tax Thursday initiative, under which the Federal Government has declared every Thursday from 29th June 2017 as a day for tax awareness and to welcome new taxpayers.

Experts believe that VAIDS provides the perfect opportunity for individuals and corporate bodies, who have previously under-declared or failed to declare their assets and income, thereby awakening the tax culture and widening the base in line with global initiatives designed to tackle illicit financial flows and tax evasion. Many other experts also believe that diligent deployment of information obtained via the AEOI Standard will complement the VAIDS by assisting to uncover previously concealed assets and revenue sources. Tax experts have equally pointed out that the agreement to share bank information, under Common Reporting Standard (CRS), with countries such as Argentina, Indonesia and Italy, which operate programs similar to VAIDS, will help in tracking Nigeria's taxes taken abroad. In addition, said experts, the support VAIDS is enjoying from internal revenue agencies at the sub-national level under the Joint Tax Board (JTB) is crucial to its success.

However, in the event of refusal to take advantage offered by the amnesty period, defaulters will face consequences specified in Section 8 of the Executive Order. These include the full payment of outstanding tax liability and criminal prosecution. And for businesses, which comply but fail to fully declare the extent of their tax liabilities, whatever sum is paid on the declared liabilities may be considered as part payment of the outstanding sum later discovered by the authorities.

State Board of Internal Revenue

The administrative organization of the state revenue department is basically the same throughout the country except for slight variations in designations and devolution of responsibility. The head of the revenue department is called Director of Board of Internal Revenue and he is assisted in the execution of his duty by the deputy directors, chief inspector of taxes, principal inspector of taxes, senior inspector of taxes, principal executive officers, senior executive officers and other tax officials of lower ranks. States internal revenue collection is not solely limited to personal income tax, but includes those revenues accruing to and collected by the state internal revenue departments.

Procedure in Nigeria

(a) Identifying the Tax payer

Quite often the tax statute identifies taxable persons that come under it. The tax journey moves to the requirement that the tax payer should file a return. Quite often the tax payer does not know what is meant by a return. In some statutes these returns are filed at the end of every year of assessment.

(b) Assessment

At this stage of the tax process the tax payer would have been identified and a return would also have been filed. The tax office usually, the Federal Inland Revenue Service or its states counterpart verifies the authenticity of the information contained in the returns filed. As a result of the dearth of record keeping in Nigeria, resort is often made to the "best of judgment" assessment which is a double-edged sword. It may either favour the taxpayer or the revenue office.

(c) Collection

Once an assessment is agreed upon, a tax payer who is desirous of obtaining his Tax Clearance Certificate would readily pay for assessment. One problem encountered in this respect is collecting from employers, tax withheld from their employees under the Pay As You Earn (PAYE) scheme. Where a tax payer is dissatisfied with the assessment and an amicable settlement is not reached with the revenue office, he may appeal to the respective appellate body.

Problems Besetting Tax Administration in Nigeria

Writing on the problems of tax administration in Nigeria, Duru and Tandu identified poor attitude of tax officials as militating against tax administration in the country[30]. It is their believe that tax officials lack the courage and capacity to exploit available sources of revenue such as shops and kiosks which according to them litter our urban areas[31]. According to them, the operators of these businesses connive with the tax officials to evade taxes and in some cases under charged[32]. It is their view that problems of tax administration can be addressed in a number of ways[33]. They believe that improvement in voluntary tax compliance can be made possible through improved utilization of tax proceed[34]. One of the ways of achieving this is by adopting the participatory approach to both public sector activity and economic development. The assumption is that if people at the grassroots level benefit from government projects it will not be too difficult to persuade them to pay taxes. Above all, government should be prudent in financial management.

One of the major problems of tax administration in Nigeria is inadequate manpower. What is needed here is a body of personnel capable of understanding and interpreting the tax laws to the tax payers, and enforcing them without fear or favour. This calls for recruitment, training and retention of qualified staff for the purpose of effective and efficient tax administration. The other problems are attributed to: provision of adequate administrative tools including maps, records, machines etc. others are provision of a single code of tax laws and regulations as well as the need for adequate tax statistics.

[30] Duru, E.J.C. and Tandu, E.O.(2005), "Tax Policy and Administration in Nigeria: The way Forward in Obi, E.A, Okdie, A.M. and Obikeze, S.O (Eds), State and Economy, Onitsha: Book Point Publishers Ltd.

[31] Ibid

[32] Ibid

[33] Ibid

[34] Ibid

The problems of tax administration stems from the following factors[35]:

1. Inability of Nigerian tax system to satisfy the principle of economic justice that is in a situation where government cannot live up to expectation, there is bound to be problem of tax evasion and avoidance.
2. Inadequate information: He is of the view that in an economy like Nigeria where activities have not been fully monetized, there will be room for tax evasion and avoidance.
3. The nature of the manufacturing sector in Nigeria: Most companies in Nigeria have their parent companies abroad and in addition, they depend on foreign input, which is an opportunity for them to evade tax by over invoicing.
4. Unpatriotic attitude of tax collectors and tax payers: For their own personal benefits/gain, tax collectors will always like to collude with tax payers to evade tax.
5. Problems of porous economy: Because of this reason our borders are not effectively policed as a result smuggling activities take place at will thereby depriving the government of a chunk of revenue.

The problems of tax administration in Nigeria have been compounded by[36]:

1. Poor disclosure and sharing of information: He argued that there is need for mutual cooperation among different government agencies and parastatals, this collaboration should enhance exchange of information and reduce the incidence of tax evasion as well as fraudulent tax practices.
2. Beneficial/welfare schemes: To elicit voluntary compliance, the government should be more responsive to the welfare needs of the citizens. Nigerian tax system can effectively generate more revenue, when the citizens have the trust and confidence in the authority. Lagos state in recent time is generating huge revenue due to the fact that many corporate bodies and individuals feel that they can visibly feel the development impact of the administration.
3. Patriotism and positive tax culture: There is a need to enhance positive tax culture. This can be done through the rebranding efforts of the ministry of education. In most developed countries, tax payment is considered as a moral and civic responsibility, thus tax avoidance is frowned at.
4. Hot lines: Problems of tax administration has been made worse by absence of hot lines. They should be dedicated lines or e-mails where issues, observations and tax informants can conveniently reach the authority; this has the potential of reducing tax fraud and avoidance.
5. Poor disclosure and sharing of information: He argued that there is need for mutual cooperation among different government agencies and parastatals, this collaboration should enhance exchange of information and reduce the incidence of tax evasion as well as fraudulent tax practices.

[35] Sarawu, R. D. (2005), *Essentials of Public Finance*, Ile fe: Obafemi Awolowo University Press Ltd.

[36] Oloyede, O. (2010), "Repositioning the Nigeria's Tax System: Suggested Policy Measures" – Available @http://www.Unilorin.edu.ng/unilorinpublication/looloyode/repositioning%20the%20nation.doc. (Assessed on 14/04/2018 @ about 4:00pm)

6. Beneficial/welfare schemes: To elicit voluntary compliance, the government should be more responsive to the welfare needs of the citizens. Nigerian tax system can effectively generate more revenue, when the citizens have the trust and confidence in the authority. Lagos state in recent time is generating huge revenue due to the fact that many corporate bodies and individuals feel that they can visibly feel the development impact of the administration.
12. Patriotism and positive tax culture: There is a need to enhance positive tax culture. This can be done through the rebranding efforts of the ministry of education. In most developed countries, tax payment is considered as a moral and civic responsibility, thus tax avoidance is frowned at.
13. Hot lines: Problems of tax administration has been made worse by absence of hot lines. They should be dedicated lines or e-mails where issues, observations and tax informants can conveniently reach the authority; this has the potential of reducing tax fraud and avoidance.
14. Improving our data base: In Nigeria, a potential improvement in our tax revenue can be enhanced through a regularly updated, comprehensive data base. This would enable the country to be able to track all potential tax payers as well as reducing the incidence of tax avoidance.

Conclusion

This work examined the institutions responsible for the administration and implementation of taxation in contemporary Nigeria. It appraised its readers with certain relevant challenges faced by these institutions. In particular, this work canvasses for a paradigm shift in the machinery for tax assessment and collection and also in the sensitization of taxable persons on the duty they owe their nation, if we must achieve our goals and aspirations as a nation. Fundamentally, we must not only rebrand our laws, organs and physical image, rebranding must begin from our perception and orientation about morals in general and taxation in particular. Corruption has become cancerous eating into all spheres of society and until we reverse this trend Nigeria will continue to sink in the quagmire of underdevelopment.