A PERCEPTION STUDY OF TAX EVASION AND REVENUE GENERATION IN BORNO STATE, NIGERIA

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Abstract

This study examined the perception of tax administrators on tax evasion on internally generated revenue in Borno state. A cross-sectional survey design was employed. Data collected from primary source through administration of questionnaires to 86 respondents drawn from a population of 109 tax officials selected using simple random sampling technique; 76 respondents returned valid copies were analyzed using percentages, mean and standard deviation. Hypotheses were tested using Chi-Square with the aid of SPSS version 20. The study revealed significant dependence of tax evasion on internally generated revenue in the state. This study recommends the government to have political will to implement tax policies, recruit qualified staff, enforce tax laws, provide comprehensive database of taxpayers through modern software-driven-database facilities. The implication of this study is that evasion thrives where tax administrative machinery inefficiency exists which leads to abandoned projects and programs and if overhauled, it will be reduced to the barest minimum in the state.

Keywords: Tax evasion, Tax liability, Tax laws and State Board

Introduction

A well-organized society, say a state government or a nation owes some basic obligations to the citizens it governs. These obligations are in the form of provisions of basic social amenities as good roads, health care, security of lives and properties, shelter and good water among others. The citizens on their part owe the government by making impartial contributions in the form of taxes or levies. It is against this background that government impose taxes on its citizenry to pursue the above stated objectives it owes to them. Borno State is perceived to have low internally generated revenue by Nigerians, the incidence of tax dodging is very high. In 2012, the total internally revenue generation for the year was N2, 444,613,205.43 (National Bureau of Statistics (NBS), 2014). There were tax evasions especially among some Nigerians who hide under the cloak of dubious tax officials. Borno State government revenue is being seriously affected by tax irregularities as postulated by Olabisi (2010), whom argued that Nigerian tax structure is not efficient and successful in its totality; there is no existing database of all taxable persons, the method in place for the assessment and collection of taxes are not sufficient and there are no firm measures in place.

The present tax system being used offered room for loopholes, the fraudulent tax officials, the lack of sufficient data and many more have worsened the condition. In addition, a decrease in tax rate is even not an optimal solution to the problem, since some people would still try to evade
taxes no matter the rates of taxes. In order to re-awaken the consciousness of Nigerians, Borno government, tax administrators’ and scholars on the consequencesof tax evasion dependence on revenue generation in Borno state and considering the huge financial and human resources committed by the government in a quest to expand the tax database reach; there is an inalienable need for this study at this point in time.

Nigerians believe that payment of income tax is a means whereby government raises tax revenue at the cost of their sweat. The issue of tax dodging and its consequence on the Nigerian economy and revenue generation has recently drawn concerns to many Nigerians. However, the growing concern on the extent of tax evasion has induced many studies in different nations on the amount of unreported revenues and factors influencing this phenomenon especially in the developing economies. The enforcement machinery of the Nigerian tax laws seems so absorbent that taxpayers go against them effortlessly. It is undoubted whether the tax system in Nigeria is characterized by economic agents who often evade taxes. One of the arguments provided in taxation literature is that the Government of Nigeria rarely utilize proceeds of taxation in providing social amenities for the benefits of taxpayers but rather, has its focus mainly on generating revenue (Ogbonna, 2012). The lack of clarity and transparency in tax revenue generation and it expenditure on fairly commensurate capital project are some of the problems identified that needs to be reinvestigated.

Ross and McGee (2012), Yalama and Gumus (2013), Gupta (2009), Mughai and Akram (2012), Abbasi and Heidarymadi (2012) andHove (2013) found that, attitudes towards justifiability of tax evasion did vary by demographic variability factors; and that economic factors, domain factors, administrative factors, and other factors significantly influenced tax evasion behavior. Also, they argued that the most significant variables affecting tax evasion are education level, employment status, gender, and residential location of the respondent. Nevertheless, studies conducted by Sylvester (2016), Abiola and Asiweh (2012), Obafemi (2014), Olabede (2012), Onyeka and Nwankwo (2016) and Adebesi and Gbegi (2013) concentrated more on factors responsible for tax evasion in Nigeria supported their assertions. Conversely, other studies conducted at state levels in Nigeria by Angahar and Alfred (2012) Enahoro and Jayeola (2012), Wambai (2013), Jamala et al (2013), Akinyomi and Okpala (2013), Asur and Nkereuwum (2013), Imam et al (2014) Chukwudi (2016) Mansur (2016), found out that; low quality of the service in return for tax paid, tax system and view of fairness, low transparency and answerability of public organizations and high level of corruption significantly influenced tax evasion while tax administration affected tax revenue generated showed significant relationship between tax administration, tax policy and tax laws respectively at state level. There is an apparent lack of consensus in findings are some of the problems identified that needs to be investigated.

It is against these background and considering Borno state being the only state in Nigeria that shares three international boundaries with Republic of Chad to the North East, Republic of Cameroun to the South East and Niger Republic to the North coupled with insecurity challenges and also considering the sensitiveness of tax evasion and revenue generation in Borno state that this study examines the Perception of tax administrators on tax evasion and internally generated revenue in Borno State.
Objectives of Taxation
According to Soyode and Kajola (2006), the objectives of taxation are as follows:

(a) Revenue Generation
The main objective of a modern tax system is generation of tax revenue to help the government to finance ever-increasing government expenditure.

(b) Provision of Merit Goods
An important objective of tax system is the promotion of social, economic and good governance through provision of merit goods. Examples of merit goods are health and education. These must not be left entirely in the private hands though, private participation should be encouraged. Private enterprises will push the cost of providing education and health care services beyond the reach of masses if left entirely in their hands.

(c) Provision of Public Goods
Revenue generated from tax revenue can be used to provide commonly consumable goods and services for which an individual cannot be levied the cost of the goods or a service consumed is one of the functions of government. Examples of public goods include: internal security through maintenance of law and order by police and other security agencies; external security through defense against external aggression by Army, Navy and Air Forces and provision of street lights and roads.

(d) Discouraging Consumption of Demerit Goods
Tax can be used to discourage consumption of harmful goods like liquor and cigarette. This is done to reduce external costs to the society. These external costs include health risks and pollution.

(e) Redistribution of Income and Wealth
Tax system is a way of ensuring the redistribution of income and wealth to reduce poverty and promote social welfare. For example, taxation can be used as economic regulator for promotion of economic stability and sustainable growth through fiscal policy. Government also has responsibility for fighting rise in prices, unemployment and creating a sound infrastructure for business. A tax system is one of the means of achieving this.

(f) Harmonization of Economic Objective
Harmonization of different trade or economic objectives of diverse countries is one of the modern objectives of tax systems. For example, tax system can be used to achieve the philosophy of the single market in ECOWAS or Africa so as to offer for the free movement of commodities and services, capital and people between member states.

Characteristics of a Good Tax System
According to Anyanfo (1996), the principles of taxation mean the appropriate criteria to be applied in the development and assessment of the tax structure. Such ideologies are essentially an application of some concepts resulting from welfare economists. In order to attain the broader objectives of social justice, the tax structure of a country should be based on sound ideologies. Jhingan (2004), Bhartia (2009) and Osiegbu et al. (2010) listed the principles of taxation as equality, certainty, convenience, economy, simplicity, productivity, flexibility and diversity.

(i) Equity Principle: states that every taxpayer should pay the tax in ratio to his income. The rich should pay more and at a higher rate than the other person whose income is less (Jhingan, 2004). Anyanfo (1996) states that it is only when a tax is based on the tax payer’s ability to pay can be considered equitable or just. Sometimes this theory is interpreted to imply proportional taxation.
(ii) **Certainty Principle** of taxation states that a tax which each person is bound to pay must be certain, and not arbitrary. The time of payment, the mode of payment, the quantity to be paid ought to all be clear to the contributor and every other person (Bhartia, 2009).

(iii) **Convenience Principle** of taxation states that the time and method should be convenient to the taxpayer. According to Anyanfo (1996), this principle of taxation provides the rationale for Pay - As - You - Earn (PAYE) system of tax payable system of tax collection.

(iv) **Economy Principle:** states that every tax should be cost-effective for the state to collect and the taxpayer to pay (Appah, 2004; Jhingan, 2004; Bhartia, 2009). Anyanfo (1996) argues that this principle implies that taxes should not be imposed if their cost exceeds benefits.

(v) **Productivity Principle:** states that a tax should be productive in the sense that it should bring large revenue which should be sufficient for the government. This is the major reason why governments in all parts of the globe continuously employ tax reforms.

(vi) **Simplicity Principle:** states that the tax should be plain and simple to common taxpayer. Anyanfo (1996) argue that there should be no hidden agenda in the tax law.

(vii) **Flexibility Principle** of taxation implies that there should be no stringency in taxation.

(viii) **Diversity Principle** of taxation states that there should be different variety of taxes. Bhartia (2009) argue that it is risky for state to depend upon too few a source of public revenue.

**Tax Evasion**

According to Black’s Law Dictionary (8th Edition) as cited in (Agbonika, 2012), tax evasion is defined as the act of illegally paying less in taxes than the law permits; committing fraud in filing or paying tax. The term is also described as any form of fraud, willful default or neglect to reduce the tax liability or escape the payment of tax altogether. Tax evasion therefore connotes willful neglect or refusal to pay the tax due or reduction of tax liability in apparent violation of the provision of the law. Tax evasion entails taxpayer’s deliberate misrepresentation or concealment of the true state of their affairs to the tax authorities to reduce their tax liabilities and this includes dishonest tax filing called cooking the books e.g. by under declaring income, profits or gains or overstating deductions. From the foregoing, the following elements are deductible as basis for determining liability for tax evasion: the statute must have stipulated payment of tax, the tax has become due on the taxpayer, he has completely and deliberately ignored it or has under declared his income so as to enable him pay less tax, the act is illegal and punishable.

According to Farayola (1987), tax evasion is the deceitful, dishonest, intentional distortion or concealment of facts and figures with the intention of avoiding the payment of or reducing the amount of tax otherwise payable. Tax evasion is attained by deliberate act of omission or commission which in them constitutes criminal acts under the tax laws. These acts of omission or commission might include: failure to pay tax e.g. withholding tax; failure to submit returns; omission or misstatement of items from returns; understating income; documenting fictitious transactions; overstating expenses and failure to answer queries.

Tax evasion is therefore an outright dishonesty whereby the taxpayer endeavors to reduce his tax liability through the use of unlawful means. The most common form of tax evasion in Nigeria is through failure to render tax returns to the relevant tax authority. A tax evader may be charged to court for criminal offences with the consequent fines, penalties and at times imprisonment being levied on him for evading tax (Faseun 2001). Sosanya (1981) observed that, tax evading has
become the favorite crime of the Nigerian, so popular that it makes armed robbery seem like minority interest. No doubt, tax evasion had robbed the Nigerian government of substantial tax revenue. According to the Nigerian Stock Exchange, 85 percent of corporate tax revenue in the country accrues from the 196 companies listed on the exchange compared to the 30,000 companies registered with the Corporate Affairs Commission. This is a serious indictment of the administrative machinery and capacity of the tax authorities in Nigeria.

Tax Evasion in Nigeria
The enforcement machinery of the Nigerian tax laws seem so absorbent that taxpayers go against them effortlessly. Those responsible for tax administration seem ill-equipped as if they do not possess the requisite skills and capabilities to perform. Hence, they become cynical, discouraged, exasperated and are therefore unproductive (Ogbonna, 2012). It is undoubted whether the tax system in the country is characterized by economic agents who often evade taxes. One of the arguments provided in taxation literature is that the Government of Nigeria rarely utilize proceeds of taxation in providing social amenities for the benefits of taxpayers but rather, has its focus mainly on generating revenue. The system has consequently been characterized with high rate of forgery of tax documentations and other official receipts including tax clearance certificates as well as non-accountability for taxes collected on the part of tax officials (Ogbonna, 2012).

The aim was to provide an improved tax policy blueprint capable of reducing and possibly eliminating tax evasion. The inquiry spanned into 2004 when a private sector-driven Working Group was also constituted. These groups (The Study and Working) addressed both macro and micro economic challenges in tax policy and administration ranging from multiple taxation and higher tax burden, non-availability of comprehensive tax payers database, lack of accountability for tax revenue and its expenditure; lack of clarity on taxation powers of government at all levels; lack of skilled manpower and inadequate funding; aggressive and unorthodox tax collection methods; non-refund of excess taxes paid by economic agents; non-review of tax legislations; lack of specific policy direction for tax matters amongst others. This National tax policy which suffered unnecessary delay before it was eventually approved for implementation by the Federal Executive Council in January 22, 2010 still find the Nigerian tax arrangement significantly characterized by tax evasion practices (Muhrtala and Ogundeji, 2013).

Causes and Effects of Tax Evasion in Nigeria
According to Nzotta (1995), many factors are responsible for tax evasion in Nigeria and they are: The increased level of corruption by government officials at every level and lack of fiscal transparency. This affects the willingness of taxpayers to pay tax in the sense that they believe that the tax will go to top government officials’ private pockets; corrupt practices of some tax officials encourage tax evasions who sometimes collude with tax defaulters; complexity of tax laws and bye-laws in Nigeria contribute to tax evasion. There have been instances of multiple taxes by two-tiers at the same time. This gives room for tax evasion; absence of strong deterrent punishments and willingness to prosecute tax offenders whether mighty or poor contribute to rampant tax evasion; nature of administration by many tax officials hampers the task of assessment, investigation and administration of taxes.
However, Agbonika (2012) sees the various reasons for wanting to dodge tax could be social, economic or political, but will all contribute to the troubles of tax administration;

5. Social Factors
Lack of Justification for taxpayers’ Money: Failure by the government to justify the huge sums collected as taxes from Nigerians has been recognized as the main reason that encourages tax evasion. There government on its part failed to provide social and other amenities (the principal reason for which taxes are collected); inadequate distribution of resources - infrastructural development and provision of amenities is usually politicized in Nigeria where only communities that have representatives serving in government benefit from amenities. Provision of social amenities is based on nepotism rather than equity which create tax apathy from communities that feel marginalized.

6. Economic Factors
Poverty: Because of the increased level of poverty in the country, where scarce resources compete with legion of needs, people are increasingly finding it difficult to feed properly let alone paying tax; Evasion by Rich Persons: It is true that wealthy persons hardly pay tax in Nigeria. Whenever a wealthy person pay tax with impunity, the poorer taxable persons become discouraged and he devises means of saving his lean resources compared to the wealthy man who has beaten the revenue to the game; High Rate Taxes: High rate of taxes may encourage evasion. However, the rate of Personal Income Tax in Nigeria is considered rather too low. This factor is therefore inapplicable under Personal Income Tax with the upper limit of personal income tax rate of 24%.

7. Political Factors
It is unusual to evade tax for political reasons; however, there are rare instances where tax is evaded for political considerations. For instance, where a particular part of the country, state, local government or region feels marginalized, the tendency is that they may refuse to pay tax. It is important to note that whatever the reason for refusal to pay tax, it remains an offence once that person can be brought within the tax provision.

Government Effort to Solve the Problems of Tax Evasion in Nigeria
According to Deloitte (2017), The Acting President, Prof. Yemi Osinbajo on 29 June 2017 signed an Executive Order backing the implementation of the Voluntary Asset and Income Declaration Scheme (VAIDS), effective from 1 July 2017 and lasts till 31 March 2018 pursuant to the approval granted by the National Executive Council in respect of the implementation of VAIDS earlier 2017 which will be jointly executed by the Federal and State Governments and will cover both corporate and individual taxpayers. The Government expects to raise at least $1billion in tax revenues with estimated four million additional taxpayers through the scheme. It also aims to raise tax awareness and compliance, and decrease the incidences of tax evasion in Nigeria.

At the formal launch, the Acting President declared every Thursday as “Tax Thursday”, to enlighten Nigerians on their tax obligations and also announced that Nigeria is now party to the new global standard on Automatic Exchange of Information (AEOI), which will take effect from 2018 and would ease apprehension of tax evaders. VAIDS offers taxpayers in Nigerian (individuals and corporate organizations) not compliant with their tax responsibilities to normalize their tax affairs by providing a soft-landing, which includes forgiveness of penalties and interest, immunity from tax investigation and prosecution and protection of secret
information. VAIDS comes on the back of a renewed global movement to tackle the problem of unlawful financial flows which includes tax evasion. Nigeria has joined the countries that have signed up to the automatic inclusion of information which comes into effect in 2018. It means that Nigeria will automatically enjoy having information needed to successfully hunt tax evaders all over the world. As part of this practice, Nigeria will have access to information of the beneficial owners of property held overseas including those in tax havens.

VAIDS takes into consideration all categories of existing and potential tax-payers that are liable to tax in Nigeria (i.e. individuals and companies) and will be executed by both Federal and State Governments through their respective Tax Authorities, while the Federal Inland Revenue Service (FIRS) takes an expected lead role at the Federal level, the various State Boards of Internal Revenue Service (SBIR) are equally supportive of this scheme.

Consequences of Failure to Comply
Tax-payers who did not take the advantage of the Scheme prior to its expiration will be regarded as willful tax evaders and would face the full force of the law. Such taxpayers would be required to pay the full amount of tax outstanding with interest and penalty and face criminal prosecution for tax offences. The Order specifically states that the following, amongst others, as consequences of failure of any defaulting taxpayer to honestly and promptly take advantage of the Scheme: Liability to be prosecuted in accordance with relevant existing laws for tax offences and withdrawal of any reliefs, which may have been granted to the participant.

According to the FAQs of the Federal Ministry of Finance (2017), those who fail to utilize the advantage of the Scheme and are later found to have under declared their incomes or assets shall be treated as deliberate tax evaders and would therefore face the full force of the law. Specifically, the ministry has engaged on retainer-ship, one of the world’s leading asset tracking and recovery firms who will track the true assets of those who have not participated but are believed to have underpaid their taxes. This is supported by criminal prosecution, and recovery of taxes due with full penalties and interest and it also plans a “Name and Shame” program that will reveal the identities of tax evaders.

Furthermore, the relevant tax authorities are in the process of profiling certain categories of noncompliant taxpayers for ongoing audits and investigations, in line with the tax compliance reforms. As such, taxpayers are encouraged to make the most of the time-limited opportunity available under the Scheme to declare their incomes and assets, and pay outstanding tax liabilities to avoid the adverse consequences inherent in the tax enforcement processes to be implemented by the relevant tax authorities at the end of the Scheme.

Abiola and Asiweh (2012) examined the Nigerian tax administration and its capacity to reduce tax evasion and generate revenue for development desire of the common people. This study adopted a survey research design. The population of the study was the eligible individual taxpayers and organizations in both the formal and informal sectors in Nigerian economy. The study found among other things, that increasing tax revenue is a function of effective enforcement strategy which was the pure responsibility of tax administration. In the same vein, Olabisi, (2010) examine the causes and effects of tax evasion in Lagos state. The taxpayers considered were those
in employment, either self-employed or otherwise and the respondents were at least twenty (20) years of age.

The Benefit Theory
According to this theory about taxation, individuals may be required to submit their taxes in proportion to the utility being enjoyed from the services provided by the government. This should be based on the postulation that there is an exchange relationship between the taxpayer and the government. Government deliberates some benefits to the taxpayers by providing different services and other so-call social goods. Moreover, this theory professes and advocates that equity or fairness in taxation stresses that an individual would be required to submit a tax in proportion to the welfare he receives in return from the services provided by the government. Despite the theory is seen as interchange relationship between taxpayer and the government, a lot of difficulties were identified in applying the theory. The major problems confronting this principle of utility or benefit approach is how to quantify and measure the enjoyed benefit by taxpayers from the services provided by the government. For example, on which scale taxpayer benefit would be measured for enjoying national security and education, maintaining law and order and other social infrastructure—all provided by government. Furthermore, various expenditures incurred by government in rendering services, their benefits are indivisible which course the expenditures also not possible to be divided.

This could only show that people are always encouraged by paying taxes to the government for the continuity of the community prosperity. However, the theory can only be really applied in a situation where the beneficiaries are easily and clearly traceable. Therefore, this principle can only render restricted solution to the issue of equity and fairness in the domain of taxation as cited in Gurama, Mansur and Pantamee (2015). This study therefore adopts the ability to pay, the benefit and the equal distribution theories, as they are relevant to this work.

Methodology
This study adopted descriptive and survey research design using a population of 109 tax administrators of Borno State Board of Internal Revenue Service. The study was structured to examine the perception of tax evasion and government internally generated revenue in Borno State. Data were collected from primary source using questionnaire. A structured questionnaire was designed and administered on 86 respondents selected using simple random sampling techniques who are tax officers, out of which 76 were used for analysis. The data collected were analyzed using both descriptive statistics, specifically frequency tables and percentages; while Chi-Square test was used as inferential statistics to test or measure the extent of association between tax evasion (independent variable) and government internally generated revenue (dependent variable) accruing to Borno State.

The questionnaires were designed to collect data using Five-point Likert Scale ranging from Strongly Agree (5), Agree (4), Neutral (3), Disagree (2) and Strongly Disagree (1) to collect the views of respondents. The Likert-style rating method of questionnaire design enables the researcher to ask respondents on how strongly they agree or disagree with a statement or series of statements and it is justified by the fact that it enables numerical values to be assigned to cases for easy quantitative analysis (Sanders, Lewis & Thomhill, 1997). The choice of Likert scaled 5
points is justified by the fact that it is a means of measuring attitudes in a scientific way (Uebersax, 2006)

The target population for this study comprised of the entire tax officials in six (6) technical directorates in Borno State Board of Internal Revenue Service who are also tax payers. This population is appropriate because it consist of tax administrators directly involved with tax assessment, tax auditing or tax collection and accounting targeted for conducting the study. The population according to technical directorates was categorized as: Personal Income Tax (PIT), Large Tax, Road Taxes, Collection and Accounting, Tax Audit and Investigation and PAYE and therefore tabulated as follows:

**Table 3.1: Population of the study**

<table>
<thead>
<tr>
<th>S/N</th>
<th>Directorates</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Personal Income Tax (PIT)</td>
<td>43</td>
</tr>
<tr>
<td>2</td>
<td>Large Tax</td>
<td>6</td>
</tr>
<tr>
<td>3</td>
<td>Road Taxes</td>
<td>28</td>
</tr>
<tr>
<td>4</td>
<td>Collection and Accounting</td>
<td>15</td>
</tr>
<tr>
<td>5</td>
<td>Tax Audit and Investigation</td>
<td>8</td>
</tr>
<tr>
<td>6</td>
<td>PAYE</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>109</strong></td>
</tr>
</tbody>
</table>

The sample size is the number of participants chosen from the population and is determined by the participants’ eligibility that provides the ability to possibly generalize to a population. The sample size of eighty-six (86) respondents was determined using Yamane (1967) model and supported by Kreice and Morgan (1970) Table for Determining Sample Size from a Given Population. The details of the sample size distribution are provided in Table 3.2

**Table 3.2: Sample Size of the study**

<table>
<thead>
<tr>
<th>S/NO</th>
<th>Directorates</th>
<th>Population</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Personal Income Tax</td>
<td>43</td>
<td>34</td>
</tr>
<tr>
<td>2</td>
<td>Large Tax</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>Road Taxes</td>
<td>28</td>
<td>22</td>
</tr>
<tr>
<td>4</td>
<td>Collection and Accounting</td>
<td>15</td>
<td>12</td>
</tr>
<tr>
<td>5</td>
<td>Tax Audit</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>6</td>
<td>PAYE</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>109</strong></td>
<td><strong>86</strong></td>
</tr>
</tbody>
</table>

**Results**

This study has tax evasion as the independent variable, while government internally generated revenue as the dependent variable. Percentages, mean and standard deviation (SD) were used to analyze the responses from the questionnaire administered. The standard deviation enables the researcher to determine with a great deal of accuracy where the values of a frequency distribution are located in relation to the mean. The standard deviation and the mean of normal population density help to determine probabilities of events. As the sample size is sufficiently large (greater than 30) the central limit theorem was applied. According to the Central Limit theorem, even if the
population is not normally distributed as the sample size increases, distribution of sample means approaches normality. Thus the application of this theorem enabled the researcher to use the sample size in this study to draw inference about the population while using Chi-square ($X^2$) statistical tool with the aid of SPSS version 20 to test hypotheses. The choice of chi-square to test hypotheses was based on the fact that it determines the extent of association among the dependent variables that are caused by independent variables. The Chi-Square test was carried out at 5% level of significance.

Chi-square test model was used to test hypothesis $H_01$. It is a non-parametric statistical tool used for comparing observed frequencies to expected frequencies which assesses whether there is association between variables. It was used in this study to test whether there was significant perception among the respondents of tax evasion on government internally generated revenue and the economy of Borno State; and the effect of tax administration machinery on tax evasion in the state which is the independent variable.

**Table 4.1: Analysis of Questionnaire Distributed and Retrieved**

<table>
<thead>
<tr>
<th>Personal Income Tax</th>
<th>Large Tax</th>
<th>Road Taxes</th>
<th>Collection and Accounting</th>
<th>Tax Audit</th>
<th>PAYE</th>
<th>Total</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Questionnaires Distributed</td>
<td>34</td>
<td>5</td>
<td>22</td>
<td>12</td>
<td>6</td>
<td>7</td>
<td>86</td>
</tr>
<tr>
<td>No. of Questionnaires retrieved and valid</td>
<td>29</td>
<td>5</td>
<td>20</td>
<td>10</td>
<td>6</td>
<td>6</td>
<td>76</td>
</tr>
<tr>
<td>No. of Questionnaires not retrieved/invalid</td>
<td>5</td>
<td>-</td>
<td>2</td>
<td>2</td>
<td>-</td>
<td>1</td>
<td>10</td>
</tr>
</tbody>
</table>

In Table 4.1, a total of 86(100%) questionnaires were distributed to respondents, with 34(40%) to tax officers of Personal Income Tax Directorate, 5(6%) to Large Tax Directorate, 22(26%) to Road Taxes Directorate, 12(14%) to Collection and Accounting directorate, 6(7%) to Tax Audit Directorate and 7(8%) to Pay As You Earn (PAYE) Directorate. A total response rate 76(88%) representing 29(38%) to PIT, 5(7%) to Large Tax, 20(26%) to Road Taxes, 10(13%) to Collection and Accounting, 6(8%) to Tax Audit and 6(8%) to PAYE was recorded. The remaining 10(12%) questionnaires were either not responded to, rendered invalid or not retrieved.

**Table 4.2: Composite Responses, Mean and Standard Deviation and Confidence level**

<table>
<thead>
<tr>
<th>Rating</th>
<th>SA</th>
<th>AG</th>
<th>NT</th>
<th>DA</th>
<th>SD</th>
<th>TOTAL</th>
<th>MEAN</th>
<th>STD DEV</th>
<th>CONFID LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total responses</td>
<td>329</td>
<td>331</td>
<td>230</td>
<td>113</td>
<td>61</td>
<td>1064</td>
<td>212.8</td>
<td>160.7</td>
<td>77.04</td>
</tr>
<tr>
<td>Percentage</td>
<td>30.9</td>
<td>31.1</td>
<td>21.6</td>
<td>10.6</td>
<td>5.8</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 4.2 Presents the responses to questions on the questionnaire in relation to the objective of the study. From the above computations the mean (M) = 212.8, the standard deviation is 160.78 and the distribution is 0.2296. This indicates that there are 0.2296 probabilities that the mean will lie outside the standard deviation. Since the probability of its correctness is by far greater than its non-acceptance, then the researcher could conclude that these items of tax evasion actually affected government internally generated revenue in Borno State. This is evidenced in the table above that the acts of tax evasion in this study are refusal to file tax returns, under-declaration of income, over-statement of allowable tax deductions, bribing tax officials, refusal to pay tax at all, complete omission of tax information from tax returns, failure to answer tax queries, failure to remit tax deducted and claiming illegal reliefs with the cumulative responses in agreement of 62% as compared to 21.6% with neutral opinion and 16.4% in disagreement. Therefore, all the responses having high cumulative percentages could be relied upon. (See Appendix IV for details).

Table 4.3: Summary of Chi-square Test for Hypothesis

<table>
<thead>
<tr>
<th>Test Statistics</th>
<th>Hypothesis One</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>52.500</td>
</tr>
<tr>
<td>Df</td>
<td>30</td>
</tr>
<tr>
<td>Asymp. Sig.</td>
<td>.012</td>
</tr>
</tbody>
</table>

*a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 2.5.*

From the results presented in Table 4.3, Chi-Square result computed at 5% (0.05) level of significance has P value of 0.012. This means that the P value of 0.012 is less than the 0.05 level of significance employed in the analysis. Therefore, the alternative hypothesis which states that tax evasion significantly affect government internally generated revenue in Borno State is accepted. This is explained by the analysis that refusal to file tax returns, under-declaring of income, over-statement of allowable tax deductions, bribing tax officials by taxpayers, refusal to pay tax at all, declaration of fictitious transactions, failure to keep accounting records, complete omission of tax information from tax returns, failure to answer tax queries, failure to deduct tax in favor of government, failure to remit tax deducted to the government, claiming illegal reliefs by taxpayers, frequent change of business address and misstatement of items in the tax returns are very strong reasons for tax evasion which negatively and significantly affect government internally generated tax revenue in the state. (See Appendix VII for detailed analysis).

Discussion of Findings

The results of this study were discussed in line with the specific objectives and the analyses carried out. From the computations in Table 4, the mean (M) = 212.8, the standard deviation is 160.78 and a distribution 0.2296, it indicates that there are 0.2296 probabilities that the mean will lie outside the standard deviation. Alternatively, it means that there is about 77.04% probability that all of the variables of tax evasion depends on government internally generated revenue in Borno State. Since the probability of its correctness is by far greater than its non-acceptance, then
the scholar concludes that these items of tax evasion actually affected government internally generated revenue in Borno State.

This is evidenced in the Table that the acts of tax evasion are refusal to file tax returns, under-declaration of income, over-statement of allowable tax deductions, bribing tax officials, refusal to pay tax at all, complete omission of tax information from tax returns, failure to answer tax queries, failure to remit tax deducted and claiming illegal reliefs with the cumulative responses in agreement of 62% as compared to 21.6% with neutral opinion and 16.4% in disagreement. Therefore, all the responses having high cumulative percentages could be relied upon. This implies that the dependence of tax evasion has negatively and significantly affected government internally generated revenue and this concurs with the findings of Sylvester (2016), Ojong (2016), Onyeka and Nwankwo (2016), Bhuiyan (2012), Obafemi (2014) and Adebisi and Gbegi (2013).

Conclusion
From the findings as captured above, the study concludes that, tax evasion significantly depend on government internally generated revenue in Borno state. The acts of tax evasion by taxpayers are traced to: refusal to file tax returns, under-declaration of income, over-statement of allowable tax deductions, bribing tax officials, refusal to pay tax at all, complete omission of tax information from tax returns, failure to answer tax queries, failure to remit tax deducted and claiming illegal reliefs, frequent change of business address and false statements in the tax returns were found to negatively and significantly depend on government internally generated revenue in Borno state.

Recommendations
In line with the findings and conclusions of the study, the following recommendations are necessary to improve internally generated tax revenue, economy and tax administration in Borno state:

1. The government should have the political will to implement tax policies developed by JTB and employ capable tax officials knowledgeable for the job who can review tax strategies and skills to investigate information of taxpayers to be motivated through good salary packages and incentives to insulate them from fraud and other corrupt practices in the spirit to fight against tax evasion.

2. The state government should endeavor to set up a legislation compelling the financial institutions especially the commercial banks to provide tax information to the tax authority, on request, on any taxable person (especially the self-employed taxpayers).

3. The government should establish: a functional and efficient tax investigation unit to strengthen tax auditing to curtail tax leakages and capable of detecting tax defaulters early, monitoring team that will be charged with the responsibility of overseeing the activities of the corrupt tax officials.

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