

**THE EFFECT OF ELECTRONIC TAX PAYMENT OPERATIONS IN
NIGERIA: A CASE STUDY OF EDO STATE**

BY

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**BEING A PROJECT WORK SUBMITTED TO THE DEPARTMENT OF
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DEGREE IN ACCOUNTING**

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DECLARATION

I hereby declare that:

1. This project work is based on a study undertaken by me in the Department of Accounting, University of Benin under the supervision of Mr. T. Oboh
2. This research work has not been previously submitted for the award of degree elsewhere.
3. All ideas and views are products of my personal research and where the views of others have been used and expressed they were duly acknowledged.

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CERTIFICATION

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DEDICATION

I dedicate this project work to God Almighty my creator, the unmoved mover whose divine mercy shielded, strengthened and inspired me throughout my research and ultimately my B.Sc. programme.

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Abstract

The primary aim of this research was to examine the effect of electronic tax payment operations in Nigeria using Edo State as a case study. The research adopted both primary and secondary data; primary data were collected through the use of questionnaire. The study adopts the survey research design. The population of the study consists of Edo State board of Internal Revenue and branches of commercial banks in Edo State. The findings revealed that there are effects of electronic tax payments system on rates collection in Edo State, findings also revealed that electronic tax payments system has prevented and curb fraud in Edo State and it was recommended that Government should support with everything in their disposal the establishment of e-tax administration so as to start reaping the benefit of high rate of compliance among taxpayers.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Taxation worldwide remains the key income source through which every government settle their expenses and achieve economic growth with enough and attractive infrastructure (Maisiba & Atambo, 2016). Tax is a mandatory levy imposed by the government on a subject or on its property, providing security and social facilities and circumstances for the economy of society (Maisiba & Atambo, 2016).

Electronic tax collection in developing countries has gained increased prominence and Nigeria is not left out. Cobham (2010) states that roughly 30 years ago, the global electronic tax system was introduced. It began as a computer testing program in 1986 with the participation of only a number of tax payers from Cincinnati, Raleigh Durham and Phoenix in Australia. Electronic taxation has since become a typical conduit serving different tax payers worldwide every year. Wasao (2014) describes the electronic tax system as an on-line system or channel where taxpayers can access the platform via the internet.

The electronic tax system was launched in Nigeria by the Federal Inland Revenue Services in 2013 to allow access to all services provided by the tax authority, such as

tax identification number registration, electronic tax filings of tax returns (FIRS). FIRS is one of the world's finance and tax agencies that operate through Business Process Improvement (BPI) the electronic tax payment system, increasing the electronic interaction with various taxpayers in order to enhance the efficiency and effectiveness of employees and services (Wasao, 2014). Federal Inland Revenue Service as a public sector operate extensively on electronic systems strategy in order to deliver on its core responsibility of collecting revenue.

According to Maisiba & Atambo, (2016), “Electronic taxation can be described as government revenue collection made-easy as it has turned to be a master tool in contesting the challenges of any tax system. It provides information, education and support to taxpayers and enables compliance and management”. It is the computerization of core duty processes. Because of its unique sorts of machinery, such as electronic registration and filling, automatic updates of taxpayer information, and so on, e-tax systems are frequently regarded of solely as IT support for taxpayer services. However, they also give information, education, and assistance to taxpayers. It also ensures that the cost of tax administration is kept to a minimum. According to Armstrong Blouin and Larcker (2012) electronic tax system is said to have a handful of advantages including: efficiency promotion; responsibilities; compliance and also reduced taxpayers' labor burden and decreased operating costs and reduced leaks via the Nigerian taxation system.

Tax as an important source is an obligatory levy on income, capital or investment by the government through its several agencies (Morozumi & Veiga, 2016). Such charges shall include income from individuals such as wages, profits, interests, dividend fees, royalties or income, capital gains and oil profits. Tax payment is an example of patriotism according to Armstrong et al. (2012). The duty is to provide for the public financing of public services and other social responsibilities, imposed and influenced by government legislation on people, subjects and enterprises. Tickets, mobile internet payments, financial services kiosks, electronic payment networks and biometric payments are among the e-payment alternatives.

According to Okifo and Igbunu (15), Nigeria is charged with two different sorts of e-payment: termination processing, e-payment or mandate application. End-to-end processing is done electronically from the approval to the receiving of the benefit from all transactions. Manual e-Payment or requirements is, however, a blend of manual and electronic processes when there is no end-to-end processing of accessible infrastructures.

1.2 Statement of the Problem

Over the years, revenue generation and collection have been identified as a major challenge in developing economies. Specifically, in Nigeria, there has been series of embezzlements and mismanagement of revenues from the coffers of the government, inability to make concrete accountability of funds collected, siphoning of funds,

embezzlements, missing money from government coffers as well as non-remittance of funds due to poor fund-tracking ability of the revenue collection procedure in the economy (Ogbonna, 2016). This issue has therefore led to the poor revenue generated as well as its inability to meet the financial needs of economic growth of Edo state at large (Ogbonna, 2016). The rapid growth of Information and Communication Technology (ICT) in the global world today has made electronic commerce an important channel in carrying out business transactions through electronic means such as internet connections (Okifo & Igbunu, 2015). A critical challenge for many state economies for example, Edo state Nigeria has drawn more people into the banking system. How do policymakers attract individuals inside the large economic tent has been a common topic. Take a look at the research done by Global Insight in 2014, which found that e-payment reduces the quantity of currency outside the banking system, allowing for more effective monetary policy management and price and interest rate stability (Okiro, 2015). Concerns have been raised on the payment system implementation and concerns have been raised on it policies (Agimo, 2016). In the process, the obstacles persisted, but only the increasing indicators for income collection collected by the country. Other experts in business and finance claim that revenue increase may not be contingent electronic systems but other elements (Ezomike, 2016). In his analysis of the role of technology, Andarias (2006) argues that the electronic tax form is seen as an effective instrument if correctly employed; otherwise, the problem can potentially

become a solution, not a solution. The electronic tax system includes state-of-the-art technologies such as computers, Internet use and software. This technology is only regarded efficient if well-trained staff are managed and integrated into the organization's workflow. Moreover, few studies have investigated the effect of e-taxation adoption on revenue generation such as Asiligwa and Wenga (2016), Amaefule (2018) and Ezejiolor and Okoye (2014), Atambo (2016), Chijioke, Bossco Hamudu Maisiba, Leonard, and Zinash (2012). None of these research on electronic tax payment activities have been done, however. Consequently, the study is aimed at examining the effect of electronic tax payment procedures utilizing Edo State as a case study in Nigeria.

1.3 Research Questions

The study seeks to answer the following research questions;

- i. What is the effect of electronic tax payments system on rates collection in Edo State?
- ii. To what extent does electronic tax payment system prevents and curb fraud in Edo State?
- iii. To what extent does electronic tax payments system improve the developmental project in Edo State?
- iv. What are the implications of electronic tax payment system in Edo State?

1.4 Objectives of the Study

The general purpose of the study is essentially to evaluate the effects of Nigeria's computerized tax payment processes. Specifically, the study is to:

- i. examine the effect of electronic tax payments system on rates collection in Edo State;
- ii. ascertain the extent to which electronic tax payment system prevents and curb fraud in Edo State;
- iii. determine the extent to which electronic tax payments system improves the developmental project in Edo State; and
- iv. find out the implications of electronic tax payment system in Edo State.

1.5 Research Hypotheses

The research hypotheses for this study is stated and formulated in the null form:

- i. There are no effect of electronic tax payments system on rates collection in Edo State
- ii. Electronic tax payments system does not prevents and curbs fraud in Edo State.
- iii. Electronic tax payments system does not improves the developmental project in Edo State.
- iv. There are no implications of electronic tax payment system in Edo State.

1.6 Scope of the Study

The study is focused on examining the effect of electronic tax payment operations in Nigeria. Using a case study of Edo State. For the purpose of this research, the study will be restricted to three (3) commercial banks in Benin metropolises because they pay more tax and use uses more of internet for transaction and the Edo State board of Internal Revenue for the period of three years (2018-2020).

1.7 Significance of the Study

The study will be of immense benefits to academic communities, tax experts, scholars and researchers especially those dealing with studies relating to electronic tax payment operations in Nigeria, because it will help them with empirical studies that can be used in their study. Also scholars could use this study as a basis of stimulating public discourse given the dearth of empirical researches in this area. This study will incorporate the most recent data and it will employ quantitative analysis on the study of electronic tax payment system in Nigeria. Thus, the outcome will provide results useful to the Nigerian government in terms of knowing the best tax policy and framework in enhancing the electronic payment system in Nigeria. This study is set to consolidate the existing literature on the issues surrounding the effect of electronic tax payment operations in Nigeria. This study would facilitate the analysis of the effect of electronic tax payment operations in Nigeria and thus boost the empirical evidence from Nigeria.

Also, the study will assist policy makers on how to fully institutionalize corporations' compliance with relevant e-tax payment and tax policies in Nigeria. This would help to drive fiscal appropriation to viable sectors which have the potentials to drive economic growth. The findings of the study will also be useful to regulators such as the tax authorities, tax experts, tax administration of Nigeria amongst others as it will strengthen their understanding of the sensitivity of tax revenue to specific variables.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter focuses on the review of relevant literature on electronic tax payment operations in Nigeria. The chapter is arranged starting with an in-depth review of the conceptual framework, theoretical framework and empirical review.

2.2 ELECTRONIC-PAYMENT SYSTEM

2.2.1 Definition of E-Payment

Due to their essential function in the modern electronic commerce, the EPS (Electronic Payments Systems) has gained much attention in recent years. This led to extensive and extensive research, producing varied viewpoints, among others, on e-payment definitions. These concepts have been seen principally from many angles, including academics in accounting and finance, business technology and information systems. For example, e-payment is a kind of financial engagement under Dennis (2004) which involves the buyer and the seller, enabled through the application of electronic communications. Electronic payment is also seen by Briggs and Brooks (2011) as an interconnection between organizations and people supported by banks and switching houses that allows electronic money exchange.

Peter and Babatunde (2012) have, in other respects, interpreted the on-line e-paid system as any kind of transfer of funds. Similarly, the electronic payment

system, according to Adeoti and Osotimehin (2012), is “an electronic means of payment on the internet, in supermarkets and shopping centres”. Another definition states that payments in electronic commerce are paid by electronic methods in money exchange (Kaur & Pathak, 2015). Furthermore, Kalakota and Whinston (1997), sees electronic payment as “a financial exchange that takes place online between the seller and the buyer”. Furthermore, in the opinion of Humphrey and Hancock (1997), electronic payments are made via electronically used cash and associated transactions.

E-payments are sometimes defined as electronic credit card transfers, direct credit or other electronic payments, other than check and cash payments (Agimo, 2004). Ansi, Hamza and Bavoh (2015) defined e-paid as transferring a monetary claim to a benefiting party. E-paid payments by means of automated clearing houses, commercial card systems and electronic transfers are defined by Lin and Nguyen (2001). Shon and Swatman (1998) describe e-payment as an exchange of money using a communication channel. The definition of e-payment as payments by electronic signals directly associated with deposits or credit accounts is defined by Gans and Scheelings (1999).

Hord (2005) also considers e-payment to be any sort of payment in cash which does not include a book of checks or is physically included in a bank. According to, teoh, chong, lin, and chua (2013) e-payment is every transfer of the payer's electronic

value through an electric channel, which gives clients access to, and management of, their bank accounts and transactions remotely via an electronic network. In short, e-payment systems can simply be defined by means of the preceding definitions as a set of elements and procedures which permit two or more parties to operate and exchange monetary value via e-payment.

2.2.2 Brief Historical Development of e-Payment System

The history of electronic payments may be traced back to 1918, when the Federal Reserve Bank used telegraph to transport funds in the United States (US). However, it was only after its Automated Clearing House (ACH) was included in 1972 that technologies were commonly used in the US. Since then, the electronic currency became something the world cannot do without. This gave commercial banks and the US Treasury the option of accepting checks as payment (Graham, 2003). It is also possible to trace the credit card industry back to 1914, when department stores, oil companies, Western Union and hotels began to issue cards to their consumers, so that they may pay for goods and services. Following nearly 40 years of credit card development, credit card usage has grown because it is more acceptable to consumers, especially in transit, as a payment medium.

Initially, all credit cards were on paper until these cards transitioned totally into electronics in the 1990s. The sector grew swiftly due to the growing amount of credit card usage, which also led to a debit card being introduced.

Debit and credit cards are currently utilized to pay for all types of transactions and services made worldwide (Mohamad et al. 2009).

2.2.3 Types of E-payment Services

In general, a number of e-payment services have been established across the entire payment system. These include electronic cheques, e-cash, credit cards and electronic fund transfers (Ken & Will, 2002). There are four main categories of electronic payment systems according to Hsiao Cheng, Kuo-Hua and Pei-Jen (2002), namely payment by online credit cards, electronic cheque minor payments, electronic cash. They further emphasize that each of these systems has its own advantages and disadvantages. They also suggested that these four unique traits might be analyzed by type: the technology, the economic, the social and institutional elements and the legislative features.

2.2.4 Electronic Transfer Card

Instead of a direct intervention by bank employees, electronic fund transfers (EFTs) consist of electronic transfers of money from one bank account to a separate bank, either within one or several institutions, using computerized systems. The 1978 United States Electronic Fund Transmission Act (US Electronic Fund Transfer Act) provides for the transfer of funds via an electronic terminal, a telephone, a computer, or a magnet for ordering, instructs, or authorizes a financial institution to debit or

credit a consumer's account (EFTA, 2018). According to the study by Schlichter (2017), electronic money transfer is an important and safe means of electronically sending money from an entity to another. He further stated that the financial institution of any economy must be well instituted with it in order to ensure that every bank customers possess such package. Though, this service is readily available in Nigeria but it is not quite efficient due to many bank customers don't know how to use it and poor education of the financial institution on its usage as well as internet fraudulent activities that are prevalent in the Nigerian economy (Alao, 2018).

2.2.5 Taxation

Tax is defined as a compulsory levy imposed by the government on a subject such as individuals, firms, government agencies and upon his property in order to provide safety and social services as well as establish conditions for the economic well-being of the company. In addition, taxation is defined as a main source of government revenue worldwide according to the Ogbonna and Appah (2015). In the course of definition of the term tax, Azubuike (2018) observed that the government uses tax proceeds to provide its traditional function, including the supply of public goods, the upholding of law and law, the defense against external aggression, trade and business regulations to guarantee the maintenance of the social economy.

The economic implications of the tax are micro-impacts to income distribution and resource efficiency and also macro-effects in capability, employment, pricing and growth, as shown by Musgrave & Musgrave (2016).

It was stated according to Ogbonna (2016) that “a tax is a compulsory payment imposed on income, profit, wealth, estate, property, goods and services of individuals and corporate bodies by the government for the sustenance of the government and for which there is no guarantee direct benefit”.

Taxes are a powerful fiscal policy weapon used by the Government to regulate the state's economic development. It is an important part of the macroeconomics (Aneke, 2017). Generally speaking, it is important to underline the importance of taxation for a nation since it is a powerful instrument of economic reform and is a key actor for every economic sector in the world. Akintoye & Tashie (2015) pointed out the importance of taxation in the activities of any government cannot be overemphasized. The world over, taxes is one major source of government revenue, however, not every national government have been able to effectively exploit this great opportunity of revenue generation. This may be attributed to several reasons including fiscal system; tax legislation; tax management and policy matters; reliance on other revenue sources (such as foreign aid and grants), corrupt system practices, particularly as regards tax collection systems and citizens' attitudes towards tax payment, and easy taxation.

2.2.6 Personal Income Tax

Personal income tax is a variable and a concept that is familiar in any economy that receives taxes and perhaps that have a fair or good taxation system. This is because the personal income tax is expected to generate a high level of income to the government for the purpose of carrying out its mandate as a government (PITAAM, 2011). It is therefore defined as a tax paid on one's personal income different from the tax paid on the firm's earnings. In an incorporated firm, the owners (shareholders) pay taxes on both their income (salary or dividend from the firm) firm's income (profits). In partnerships and sole-ownerships, the tax is paid only once on the firm's profits (Bassey, 2015). There is a law that backs the statutory responsibilities of income earners in the economy of Nigeria to pay personal income tax. This law has therefore witnessed some reforms over the years and the updated tax law is the Personal Income Tax Amendment Act (2011).

This enables the government of every state in Nigeria to receive the payment of personal income tax revenue based on some regularities and jurisdiction laws. Each state is expected to adopted this law and receive the taxes that accrues to its state and such revenue is part of its internally generated revenue used in administration (Bassey, 2015).

2.2.7 Overview of Taxation System in Nigeria

The tax system in Nigeria is essentially constructed as an instrument for generating money. This is a relic of the pre-independence administration based on British tax legislation in 1948, and has since stayed essentially static. The 1961 income tax law (ITMA) sparked the necessity to tax personal incomes across the country. In Nigeria, the PIT for wage work is based on a pay as you pay (PAYE), several modifications to the ITMA Act of 1961. For example, in 1985, PIT jumped from N600 or 10% to N2000 + 12.5% of revenue above N6000. In 1989, a 15% withholding tax was applied to deposits valued at or more N50000 while the charter vessels, ships or aircraft were included in the rental tax. Added to that, the tax on the managers' fees was fixed at 15 per cent, these regulations are designed to ensure efficient protection for local industry, to make greater use of raw resources, etc (Mamud, 2008) With time, the focus has been on boosting exports to manufacturers and reducing the taxes placed on individuals and businesses. Many actions have been made in accordance with this change in policy focus.

These included, amongst other things, revision of allowances for custom exemption and rebates, the expenditure of the duty disadvantage plan and production-inblood scheme and the abolishing of excise duty. Implemented VAT, monetized lease advantages and tax relief for low income earners enhanced. The so-called federal tax system is in Nigeria. In this respect, the current taxation structure as laid forth in the Constitution reflects the three-tier government system at the level of the Federal, State and Local Governments. Under the constitution, the powers and

responsibilities relating to taxation and collection have been given to each level of government. According to the Exclusively Legislative List, the 1999 Constitution of the Federal Republic of Nigeria sets federal governments the responsibility for the taxation of income, capital gains and stamp duty. The Act however makes it possible for the federal government to delegate administration or levying taxes as they apply to taxation or duties on the concurrent legislative list or on

(a) The profit, income or capital gains of individuals other than enterprises; and

b) Stamp duties on the State Government, documents or transactions. Stamp duties.

At the same time, the Constitution lays forth the law to collect taxes, charges and charges which the Local Government can collect on state governments. In the 4th timetable, the activities which would normally draw taxes, fees and fees (forms of levies) will be placed as part of the obligations of the Local Government Council other than those specifically indicated in the Exclusive Legislative List.

The preceding articles of the Constitution make it apparent that taxes is intended to be a shared obligation of all three levels of government, with each tier having its own rights, jurisdiction, and functions. The following is a summary of the constitutional clauses on taxation::

Federal Government	State Government	Local Government
legislative power on revenue, transactions, capital gains and duty	The power of the individual resident in the State in order	Power to collect taxes, charges, fees, and levies in accordance

to stamp	to collect taxes on income or profit, capital gains and stamp duties as established in the Constitution and other legislation in this regard	with the Constitution and any enabling laws.
Power to collect taxes, stamp duties and capital gains of businesses and persons within its competence and in the context of the Constitution and to enable laws to do so.	Legislative authority on the collection by local government of taxes, fees, charges and charges.	

Source: constitutional provisions on taxation administrations among three tier of government.

For the collecting and administration of taxes, each tier of government has its own administrative institutions. At the top is the Federal Inland Revenue Service, which is the federal government's major money-generating agency and is responsible for the management of all federally collected revenue, including revenue shared by all levels of government.

The distinctive aspect of the FIRS is that it collects taxes and is present in each state on behalf of all levels of the government. At the state level, you have the Internal Revenue Board of the States for the states, while the revenue matters of the local government are dealt with by the local government councils.

However, it would be incorrect to think that tax or revenue authorities are the only ones active in tax administration or that the tax system is made up of them. In my opinion, the term "tax administration" or "tax system" refers to the people,

agencies, institutions (both public and commercial), and processes involved in the collection of taxes.:

- tax legislation
- administration / enforcement of tax laws;
- collection, allocation, distribution and expenditure of tax revenue; and
- other ancillary matters related to efficient performance of tax functions and the tax system.

According to Nwachukwu (2006) “Tax administration / the tax system is therefore not only the FIRS, State Boards of Internal Revenue or the Local Government Councils, but includes agencies and arms of Government and even the private sector, which are ancillary to and support the process of tax administration. We cannot therefore look at tax administration / the tax system in isolation given that tax administration operates within a particular system. We must look at tax administration in the broader sense of the tax system. I have set out the matrix below to aid our understanding of the components of the tax system.

2.2.8 The practice of Tax Evasion and Tax Avoidance in Nigeria

Many tax experts and academic scholars have studied the notions of tax evasion and avoidance, which are sometimes referred to as "Twin demons" (Kiabile

and Nwokah, 2009). Tax evasion is described as deliberately and voluntarily not revealing the full taxable income in order to pay less tax, as stated by Soyode and Kajola (2006). It is intentionally an infringement of tax law and is obvious when tax liability is fraudulently decreased or false claims are filled in on the income tax form (Farayola, 1987; Ayua, 1999; Soyode and Kajola, 2006). Kay (1980) was of the opinion that tax avoidance occurs when the transaction facts are admitted but are organized or submitted in such a way as to distinguish tax treatment from what is intended under the legislation concerned. Tax evasion is essentially criminal, whereas tax avoidance is not illegal under the law (Martinez, 2001; Soyode and Kajola, 2006). Sikka and Hampton (2005) noted that tax evasion is one of the greatest societal problems in developing countries, and it has led to increasing attention among policymakers, western nations and international agencies as well as academia. Experience shows that tax evasion has become the Nigerians' favorite crime, and that violent robbery appears to be of minority interest. And the problem of tax evasion and avoidance persists, despite attempts by government.

Eboziegbe (2007) further stated that this illegal tax evasion activity continues to represent a severe threat to government efforts to generate money. Tax evasion is the generic term according to Nwachukwu (2006) of efforts by individuals, companies, trusts and other organizations to illegally escape taxes. In order to decrease their tax liability the taxation authorities frequently have tax evasion involving an intentional misrepresentation or hiding of their genuine condition of

affairs. In particular, it also includes dishonest tax reporting such as declaring fewer earned earnings, earnings or earnings than was actually earned. Instead, tax avoidance as defined in Aim and Martinez'(2001) is the legislative decrease in tax liabilities through activities which benefit fully from the tax system such as income division, tax deferment and tax arbitration between incomes faced with various treatments (Aim and Martinez, 2001; Eboziegbe, 2007). A comparison of the different definitions in the literature shows that the tax treatment is to be considered tax evasion or not less than what one has a legal duty to pay, while tax avoidance is an act of doing everything that is feasible to reduce tax paid. The main distinction between them is therefore the lawfulness of the activity of the taxpayer.

2.2.9 Causes of Tax Evasion in Nigeria

Uadiale et al. (2010) refers to tax evasion as a total dishonest move by which a taxpayer seeks, by using illegal measures, to lower its tax due. A purposeful act of omission or action constituting criminal activities according to fiscal legislation is carried out through tax evasion. Those crimes include: nonpayment of taxes e.g. withholding tax, failure to return, omission of return items, claiming relief for children that do not exist (in Personal Income Tax), incoming income, recording false transactions, overstating expenses, failing to answer questions (Farayola, 1987; Uadiale et al., 2010).

Nevertheless, the Nigerian practice of tax avoidance was characterized by diverse characteristics. The causes of tax evasion are universal, however some are particular to various regions since they apply in every taxation country (Uadiale et al., 2010). Some of these causes mentioned in Nigeria by Onuigbo (1986) include: unfair allocation of services, abuse or mishandling of tax income and the absence of public responsibility. According to Orewa, (1957) “Other factors include; lack of tax education and enlightenment, corruption in public office and lack of accountability among others, inadequate accounting records maintained by traders, mistaken belief on the part of some illiterate taxpayers that only wages and salaries represent taxable income”.

2.2.10 Challenges Facing Tax System in Nigeria

Nigeria's taxation system has an enormous array of issues (FRN i1997, 2002; Ariyo 1997; Ola 2001; Odusola 2002, 2003; tax reform group 2003) Some of which includes;

Non availability of Tax Statistics:

Since the unification of the country was 1914, taxation was the oldest government function, and tax statistics would therefore be easily available. However, this anticipation is wrong. Other State agencies and associated federal tax authorities have major data management deficiencies with the exception of the States of Delta,

Katsina , Lagos, Kaduna and Nigeria Customs Services. In addition, it is not possible to collect or routine the little data provided, not to mention, to save or make it easier to measure or to retrieve them. This situation gives little involvement into the political process.

2. Inability to Prioritize Tax Effort:

Tax efforts in Nigeria do not give priority to the political economy of the income allocation. Rather, it is based on variables such as state equality (40%), environmental pollution (30%), land and land (10%), social development demands (10%) and domestic income efforts (10percent). This approach, which discourages proactive income generation, especially for domestic revenues, represents a major dependence on volatility of international oil markets on all governments. Apart from the national "cake-sharing" mentality, instability and volatility of oil revenues were supposed to provide opportunities for better tax efforts under the 1999 constitutional tax rules. Although some government governments have taken steps to improve their efforts to generate tax, the results have not been serious.

3. Poor Tax Administration:

Tax management and each agency suffer from labor, money, tools and machinery constraints to meet the ever growing challenges and problems. Indeed, most tax collectors' hostile attitude towards taxpayers can be connected with

inadequate payments and motivation. In attempting to raise revenues in Nigeria, Philips (1997) regards the lack of administrative power as a major hindrance to the government. By March 2003, 7 643 employees were employed throughout the country by the Federal Inland Revenue Service (FIRS), of which only 12.6 percent or 645 employees were tax professional/officers. In a professional agency such as the FIRS, the majority of support workers is a little bad for the country. There is a more dangerous scenario at local government level. Anecdotal data reveals that people are not regularly trained to keep them up-to-date on tax issues. That makes the comprehensive coverage and the proper assessment of the administration of taxes very inadequate.

4. Multiplicity of Tax:

The complexity of taxes is a serious challenge for the country. Individuals and corporate entities denounce the impacts of the doubling of the tax, a problem that has emerged from the concerns of States about a mismatch between their fiscal responsibilities and their fiscal powers or authority. In order to make up for this, various states were initiated to impose particular taxes, resulting in arbitrariness, harassment and even business shutdown. The 1998 Tax and Levies Act was enacted to correct this embarrassing situation. The state of Lagos is a good example of efforts to compensate for the unequal distribution of VAT income: It levied some charges and advocated that the sales tax be re-introduced. The Joint Tax Board began

publishing a list of permitted fees and charges and declared other undefined taxes illegal to control multiple taxation. This has generated some unity and controlled the previously excessive taxing that has made Nigeria's economic environment so tough.

2.2.11 Electronic Tax Filing

Electronic tax filing or e-filing is a procedure for the filing of tax documents or tax returns over the Internet, normally on paper. The electronic filing system includes the use of internet technology, the Worldwide Web and compliance for many objectives. Therefore, the name of the system varies from country to country in electronic taxes. The electronic statement is referred to as the electronic tax filing, according to Gellis (1991). It also was named by UN (2007) as online taxation payment (2007) or Turner and Apelt e-tax lodgement (2004).

First coincidence of electronic tax filing was the Internal Revenue Services (IRS), when only tax refunds e-filing were available for internal tax returns (Muita, 2011). It is now up to the level now being filed electronically by around one in every 5 individual taxpayers. This was due to several improvements and features that have been introduced to the application throughout the years. Electronic recording is currently expanded to include other advanced countries such as Australia, Brazil, India, Canada, Italy, Chile, Holland, Germany, Finland, Thailand, Malaysia, Turkey, Spain, Switzerland, Norway, Singapore, China, and the United Kingdom (Ramayahet al., 2006). Electronic filing of tax returns was also adopted by emerging

countries some of which includes Uganda, Nigeria, Rwanda and Kenya the electronic filing (Muita, 2011). Taxation worldwide is rapidly changing. The modern manner tax authorities engage with taxpayers is by means of electronic filing.

2.2.12 Tax Compliance

The full payment of all taxes due is characterized as tax conformity (Braithwaite, 2009). Tax non-compliance means any difference between the actual amount of tax payable and the amount of tax owed. This disparity is due to excessive expenses or deductions and low income. Failure to comply involves deliberate evasion as well as non-compliance because of calculative mistakes and an inadequate comprehension of tax legislation (Webley, 2004). Unintended mistakes of the taxpayer can therefore not always constitute attempts to evade or even lead to reporting tax, according to Robben and Antonides (1995). Getting citizens to pay their taxes painlessly without hissing has been the dream of all governments. The task has however, never been simple, until the introduction of the modern information technology. Since the early 1980s the world has experienced an unprecedented pace of advancement in the field of information technology. These technological advancements have a tremendous effect on fiscal system management and on the management of taxation (Teltscher, 2002). Tax compliance is mostly achieved by the non-intervention of tax authorities by the majority of contributors voluntarily filing and paying the resulting tax liabilities, as specified by tax

legislation. However, if compliance on a voluntary basis is low, enforcement action such as the audit and collection is taken.

2.2.13 Electronic Tax Filing and Compliance

Paper returns are tiresome to be filed by the taxpayer and reconciled by KRA (Muita, 2011), and hence the application of electronic filing to ensure correctness and the timely reconciliation of the data included since NRA's iTax systems automatically reconcile and validate returns. Thus the goal of tax reform is to increase voluntary compliance in many countries, and one way of doing this is to introduce electronic filing (Khadijah, 2013). Various taxes, obligatory for either a tax return or a payment on them, to be sent back to the Nigerian Revenue Agency (NRA) in Nigeria, are submitted and forwarded by due dates. If this fails, it will result in non-compliance and would carry penalties.

2.3 THEORETICAL REVIEW

2.3.1 Ability to Pay Theory

Smith and Pigou (1903) developed this theory of "Those who belong to every State should make a contribution, in accordance with their respective skills, to government support, to the maximum extent possible: that is, in proportions with the income they are respectively enjoyed under state protection." The principle of ability to pay means that the whole tax burden will be allocated among individuals, taking

all the corresponding personal attributes into account. It is the most popular and widely acknowledged notion of fairness in taxation since nationals pay government taxes according to the ability of the government to pay. It appears that if taxes are imposed according to this idea, justice can be done. Personal levies (income, net value, consumption and heritage tax) are the most appropriate taxes in this respect (Wasao 2014). The economist lacks unanimity as to exactly what the ability or faculty to pay of a person should be. In this regard, the primary points of view advanced are: Revenue as the foundations: Most economists believe that the basis of a human being's ability to pay should be income. It would seem quite right and fair to expect the former to pay more for government support than the latter if the income of a person exceeds the income of another one. That is why income was adopted as the best test to measure a person's ability to pay in the modern tax system in the countries of the world.

2.3.2 Benefit Theory

Knut Wicksell (1896) and Erik Lindahl originally worked on the benefit concept (1919). According to this notion, taxes on individuals should be levied by the state in accordance with their benefit. The more advantages a person obtains from governmental activity, the more he should pay to the state. For the following reasons, this principle has been severely criticized: The State preserves the relationship between the advantages and the advantages. It will go counter to the

fundamental tax premise. A tax, as we know, is the obligatory contribution to public administrations in order to cover government expenses and the general benefits provisions. In the case of a tax, there is no direct pro quo.

Most governmental expenses are for the general benefit of its residents and the benefits of a particular person cannot be estimated each year. The poor will have to pay the highest fees if we adopt that theory in practice because the services of the State are of greater benefit to them. Is it against the idea of fairness when we get more from the poor through taxes? This idea implies that small taxpayers may have to pay more tax than medium- and large-scale taxpayers. (Wasau 2014)

2.4 Empirical Literature

Large number of works has been carried out in taxation and its contributions in enhancing revenue generations to boost economic development of the country. In the work of Okafor, (2012) on Revenue Generation in Nigeria through E-Taxation (A Study of Selected States in Nigeria). The goal of the study was to see if computerized taxation will considerably reduce tax evasion and avoidance while also increasing revenue generation. The survey method was used in this investigation. The study's data was gathered from both primary and secondary sources. The data was processed and displayed in tables using simple percentages. The model specification for the test of hypotheses is Analysis of Variance (ANOVA). The study found that electronic taxation in the countries investigated will increase revenue

production. The enormous data base of the citizenry also improves revenue production through good record keeping. The researcher has also learned that the achievement of the goal of e-taxation requires e-government. Electronic tax management will improve computer literacy, considerably curbing tax avoidance and tax evasion and reducing operating compliance costs.

In another study by Uremadu¹ and Ndulue (2011). The article discusses Ndulue's (2005) efforts to determine the significance of the local government revenues generated in the private sector using FCT, Abuja data. The study was driven by the mobilization, always a severe difficulty for Nigerian local government authorities, of self-employed tax revenues. Consequently, millions of naira were lost due to the prevalence of tax fraud and self-employment avoidance. As a result, taxation can either be employed as an important tool for mobilizing money or since a key to sustained economic development in Nigeria, as it impedes the achievement of government fiscal policy goals.

In order to explore how taxation issues might be complied with to promote local income sources which provide appropriate funding for government development, the survey sought to look at the core reasons of tax evasion and avoidance among the self-employed in Abuja, FCT. This study used data from FCT, Abuja (2005) collected by Ndulue to do both an analysis and a basic percentage assessment of the problems of mobilizing tax returns between the self-employed and local

governments' tax administration skills. In a similar paper on An Empirical Analysis of Tax Leakages and Economic Growth in Nigeria by Adedeji and Oboh, (2012). In this paper, the effect of fiscal leaks on the Nigerian economy was empirically evaluated. A survey design has been adopted and answers have been acquired by using a well-structured questionnaire given to 185 respondents. Empirical analysis results utilizing the w-test statistics of Kendall and Chi-square demonstrate that tax evasion and avoidance have had adverse effects on Nigeria's economic growth and development and that a lack of strong governance is also the base upon which tax leaks activity can be carried out. Accordingly, the report proposes that the government embrace and encourage good governance so that citizens voluntarily comply with tax responsibilities.

In another line of the study by Leyira (Ph.D), Chukwuma, Asian, (2012) on Tax System in Nigeria Challenges and the Way Forward. The report highlights the difficult problems facing Nigeria's tax system. It has no statistical data, weak tax administration and inadequate taxation, many taxes, and an increased underground economy. It is characterized by lack of statistics. It also creates obstacles to create a tax system in Nigeria that is efficient and effective. The paper finds that the above offers a theoretical framework to improve certain quiet problem in the fiscal system in Nigeria, which suggests difficulties and possible solutions. As must now be understood, taxes are a complicated and self-reliant phenomenon that influence both government and citizens, Efficient and efficient tax administration, use of IT,

reinforcement of the audit, tax rates and tax expenses and public awareness are the key remedies that have been identified for the issues of the overall taxation system, so that Nigeria wants potential benefits from fiscal re-engineering.

A number of studies on the function of information technology in tax compliance have been conducted both locally and globally. Amitabh *et al.* (2009) carried out a study on the antecedents of paperless income tax filing by young professionals in India . The study aimed to explore how young Indian professionals are adopting or conducting tax returns online or paperlessly with the intention of improving compliance . The regression analysis carried out found that the antecedents of young Indian professionals depended on the perceived ease of the tax system, personal innovativeness in information technology, relative advantage, performance of filing service, and compatibility . The implication of the findings to the current study is that for any online system to succeed whether for small, medium or large taxpayers' category there must be the ease of use, innovativeness and accessibility .

In Malaysia, Ling and Nawawi (2010) carried out a survey on Integrating ICT Skills and tax software in tax education. The respondents were the tax practitioners and the study aimed at establishing the necessary skills required by taxpayers to fully utilize a tax online system. The study found that three skills are needed by a taxpayer to interact well with technology based tax system namely, spread sheet software, word-processing software and e-mail . The findings of this study has got implications on

the current study in that in analysing the effectiveness of electronic filing system, one must not ignore the mandatory skills that would be users of the system need to have . Failure to consider such skills may make the intention of the system not to be realized as confirmed by Maede (2002). He verified that just 20 per cent of the targeted taxpayers could utilize the system after three years of operation, despite the large investments that the Malaysian tax authorities invested in a new system online.

This was mostly ascribed to a lack of user skills such as computer literacy, but the behavior of the contributors also played a role. In Nigeria, especially in the Nigeria internal Revenue service, different studies have been done on the subject of technology and tax compliance with specific reference to tax filing. Muita (2010) and Makanga (2010).Makanga (2010) did a study on the adoption of technology as a strategic tool for enhancing tax compliance in Kenya. The case study was based on Large Taxpayers which included companies with a turn over Kshs. 750 million and above, or government ministries and corporations . The study's goal was to assess the influence of technology in enhancing tax compliance among major taxpayers in Kenya.The survey discovered that in today's fast-paced business world, technology has become an integral aspect of any company's growth. To improve tax compliance efficiency, either KRA or Large Taxpayers must embrace current technology. Muita (2010) conducted a relevant study in her MBA thesis on the factors that influence the acceptance and utilization of the e-filing system among Kenya's Large Taxpayers. The study analyzed the abilities required by e-filing users, the technology necessary

and the preparation of the tax authority to improve the implementation of technology based on tax compliance. The study found that for e-filing to effectively take off in Kenya skills, infrastructure and a conducive business environment are needed.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter deals with the methods, steps and procedures that will be employed in the research study to collect and present the data. It also discussed how they will be analysed. For the purpose of this study specific attention is given to research design, population of the study, sample size and sampling technique, sources of data, research instruments, method of data collection, and method of data analysis. In this chapter, the researcher also presents the methodological steps taken in analysing the data generated in order to arrive at very meaningful conclusions which helps achieve the objectives of the study.

3.2 Research Design

This study will basically adopt the survey research design in which structured questionnaire will be designed and distributed to the respondents. A survey could be

defined as the systematic gathering of information from respondents for the purpose of understanding or predicting some aspects of the behaviour of the population of interest.

3.3 Population of the Study

Population refers to all possible elements, subjects and observations relating to a particular fact of interest to the researcher from which sample and conclusions are drawn. The population of the study consists of Edo State board of Internal Revenue and branches of commercial banks in Edo State, Nigeria. The elements of the populations are; managers, head of operations, accounting officials of the banks and the tax officials/administrators of whom directly participates in tax assessments in Edo State Board of Internal Revenue service.

3.4 Sample and Sampling Technique

Three banks in Edo State, Nigeria, were chosen using a judgemental sample. First Bank, United Bank of Africa, and Fidelity Bank are the three banks. The three banks have a total of 13 branches, with a total of 39 managers, heads of operations, and accounting officials. Accounting officials were selected because one of their duties is taxation and internal audit. The tax officials/administrators of State Board Internal Revenue number is 42 (Federal Inland Revenue Service Quarterly Reports, 2020). Considering the population size, and to reduce the size of the population to a manageable size. The researcher uses Taro Yamane's formula to determine the sample size to be used for the study.

This sample size $n =$ N

$$\frac{I+N(e)^2}{}$$

Where

N = the population size

e= estimated error of 5%

Applying the formula

Sample size = 81

$$\frac{I+ 81 (0.05)^2}{} = 67$$

Apportion the Sample size is;

$$1. \text{ESBIGR, Edo, - } \frac{42 \times 67}{81} = 35$$

$$2 \text{ Banks, - } \frac{39 \times 67}{81} = 32$$

3.5 Sources of Data

The sources of data for this study comprises of primary and secondary sources (government statistics, central bank of Nigeria (CBN). Primary data come from original sources and have not been previously collected or used before while secondary data already exist and have been compiled by other agencies or researchers (Eheduru, 2005). For this study, primary data were collected through a well-structured questionnaire and while secondary data were obtained from, books, journals, articles, internet materials and research projects.

3.6 Research Instrument

The research instrument selected for this study is an undisguised questionnaire. It is regarded as undisguised because the purpose of the data gathering, which is to gather primary data on effect of electronic tax payment operations in Nigeria, is made known to the respondents. This was achieved by attaching a covering letter to the questionnaire. The questionnaire is made up of two sections. Section one focuses on deriving data about the respondents profile, while section two aims at eliciting data concerning the extent of awareness on the effect of electronic tax payment operations in Nigeria. Also, the researcher adopts a combination of methods in the administration of the research instruments. Emphasis will be placed on personal administration of the questionnaire to the respective respondents in order to reduce the incidence of unfavourable delays and poor returns by respondents. The opinions of the respondents in this regard aided in the qualitative analysis.

3.7 Validity of the Research Instrument

Validity is defined as the extent to which a test or an instrument measures what we actually intend to measure (Cooper & Schindler, 2008). In this study, adequate consideration will be given to issues face and content validity of the instrument used. To ensure face and content validity, the instrument will be given to academic staff (and experts) in the Faculty of Management Sciences, University of Benin, Benin City. They will basically require reviewing and criticizing the items on the instrument in terms of their clarity, appropriateness of the language and instructions that the respondents are expected to adhere to. They also aided in determining whether the items in the

questionnaire can elicit the relevant information that they are expected to generate from the respondents. Their criticism will be incorporated in modifying the items on the instrument used. In addition, content validity were further ensured by making sure that each item in the questionnaire addressed a specific problem of the study as identified from the trial testing of the instrument to ensure its reliability.

3.8 Reliability of the Research Instruments

In order to ensure the reliability of our measuring instruments, the “test/retest method” will be used to determine the reliability of our measuring instrument. To this end, the same set of questionnaire will be administered on two different occasions to the same group of respondents; after which the scores of the respondents, on the two tests, will be examined in order to establish the degree of consistency between them. The computed correlation coefficient between them (using Spearman Rank correlation analysis statistics) will be used to generate our estimate of reliability. As in the empirical literature, a high level of association (that is a high correlation coefficient) would indicate that the measure is reliable.

3.9 Method of Analysis

Data collection will be analysed statistically based on the hypotheses formulated and the objectives of the research. To further make it methodical, data gather will be group so as to allow for a diagrammatical representation using the chi-square graph.

The statistical tool used is Chi-square (X^2). The use of the chi-square enables the researcher to establish if there is any relationship between two variables and also measures the difference between expected frequencies and observed frequencies.

The computation of Chi-square is based on the formula.

$$X^2 = \sum \frac{(O-E)^2}{E}$$

Where:

X^2 = Chi-square

Σ = Summation

O = The observed frequency.

E = The expected frequency

Decision Rule

If the theoretical value of chi-square (x^2) is greater than the computed value of chi-square (x^2) we accept the null hypothesis (H_0), but if the theoretical value of the chi-square (X^2) is less the computed value of chi-square (x^2) we accept the alternative hypothesis.

The hypothesis will be tested using the favourable response against the unfavourable.

CHAPTER FOUR

PRESENTATION AND ANALYSIS OF RESULT

4.1 Introduction

The presentation, analysis, and interpretation of the respondents' profile, i.e. the data acquired during this study, as well as hypothesis testing, are covered in this chapter. As stated in the preceding chapter, primary sources were used in the data collecting. We analyze and interpret the data provided by the respondents, as well as evaluate the hypotheses developed in the study, using the data provided by the respondents. The background features of replies were analyzed using tabulation and simple percentage as described in the previous chapters, while the statistical tool (Chi-square) was utilized to evaluate the hypotheses.

A total of sixty seven (67) questionnaires were administered to the respondents and sixty (60) were properly filled and returned. The analysis and interpretation of data as well as testing the hypothesis is based on the sixty (60) questionnaire returned which presents 100 percent response rate as shown below.

Table 1: Analysis of questionnaire returned

Option	No of respondent	Rate %
Returned	60	92%
Total	67	100

Source: Fieldwork (2021)

4.2 ANALYSIS OF RESEARCH QUESTIONNAIRES

Table 2: Sex of Respondents

Sex	Frequency	Percentage (%)
Male	40	55%
Female	20	45%
Total	60	100%

Source: Fieldwork (2021)

The table indicates that, 55 percent of the respondents are males while 45percent represents the female gender.

Table 3: Respondents' Age Distribution

Age bracket	Frequency	Percentage (%)
Below 20	0	0%
21-25 years	25	38%
26- 30 years	20	17%
above 31 years	15	15%
Total	60	100%

Source: Fieldwork (2021)

The data in table 2 shows the age distribution of respondents. Thus, 38 percent of the respondents are under the age range of 21-30years, none of the respondents are below 20years, 17 percent of the respondents are 31-40 years, 15 percent of the respondents are 41-50 years, while only 10 percent of the entire respondents are under the age range of 51 years and above.

Table 4: Marital Status of Respondents

Response	Frequency	Percentage
Single	10	10%
Married	50	90%
Total	60	100%

Source: Fieldwork (2021)

The data in table 3 shows that more than a half (90%) of the respondents are married, while (10%) are single. The analysis shows that the majority of the respondents are married, followed by those who are single.

Table 5: Respondents' Educational Qualification

Educational qualification	Frequency	Percentage (%)
SSCE	0	0%
NCE/OND	10	10%
HND/B.Sc	45	85%
PhD	5	5%
Total	60	100%

Source: Fieldwork (2021)

The data in table 4 above shows the Educational Qualification of the respondents. The statistics from the table shows that, 85 percent of the respondents which happens to be the highest are HND/B.Sc holders, 10 percent of the respondents are NCE/OND holders, 5 percent are PhD holders, while all the respondents are above SSCE. The analysis therefore revealed that most of the respondents are either HND or B.Sc holder followed by the NCE/OND and Ph.D.

Table 6: Place of work

Educational qualification	Frequency	Percentage (%)
First Bank	15	25%
United Bank of Africa	15	25%
Fidelity Bank	15	25%
Edo State Board of Internal Revenue	15	25%
Total	60	100%

Source: Fieldwork (2021)

The table above shows the place of work of the respondents. The statistics from the table shows that, 85 percent of the respondents which happens to be the highest are HND/B.Sc holders, 10 percent of the respondents are NCE/OND holders, 5 percent are PhD holders, while all the respondents are above SSCE. The analysis therefore revealed that most of the respondents are either HND or B.Sc holder followed by the NCE/OND and Ph.D.

4.2 Response from the research questions

Table 7: Frequencies and percentages on the effect of electronic tax payments system on rates collection in Edo State.

Tax payers can easily process their tax without taken much of their time hence this will reduce stress on their part.	Frequency	Percentages
Strongly Agree	25	42.1
Agree	30	52.6
Disagree	4	4.2
Strongly Disagree	1	1.1
Total	60	100
Electronic payment will automatically calculate and impose charges and penalties for late payments	Frequency	Percentages
Strongly Agree	15	27.4
Agree	40	66.3

Disagree	3	4.2
Strongly Disagree	2	2.1
Total	60	100
It makes the process of deduction of withholding taxes very easy for tax officials	Frequency	Percentages
Strongly Agree	17	30.5
Agree	16	28.4
Disagree	15	26.3
Strongly Disagree	12	14.7
Total	60	100
With e-taxation it will be difficult for tax payers to reduce the amount of tax to be paid		
Strongly Agree	20	30
Agree	30	50
Disagree	7	15
Strongly Disagree	3	5
Total	60	100

Source: Fieldwork (2021)

From the table above shows that 42.1 percent of the total respondents strongly agree, 52.6 percent of the total respondents agree, 4.2 percent of the total respondents disagree while 2.1 percent of the total respondents strongly disagree that tax payers can easily process their tax without taken much of their time hence this will reduce

stress on their part. This means that majority of the respondents agreed that electronic tax payments make tax payment easier for tax payers hence it reduce stress on their part. It was also showed that 27.4 percent of total respondents strongly agree, 66.3 percent of the total respondents agree, 4.2 percent of the total respondents disagree, while 2.1 percent of the total respondents strongly disagree that electronic payment will automatically calculate and impose charges and penalties for late payments. It was also further stated that 30.5 percent of total respondents strongly agree, 28.5 percent of the total respondents agree, 26.3 percent of the total respondents disagree, while 14.7 percent of the total respondents strongly disagree that it makes the process of deduction of withholding taxes very easy for tax officials. And lastly on the table, it was also revealed that 30 percent of the total respondents strongly agreed, 50 percent agreed, 15 percent disagreed, 5 percent strongly disagreed that with e-taxation it will be difficult for tax payers to reduce the amount of tax to be paid.

4.3 electronic tax payment systems prevents and curb fraud in Edo State

Table 8: Frequencies and percentages electronic tax payment system prevents and curb fraud in Edo State

E-taxation system will enable proper assessment of operations of tax payers to avoid underpayment of tax.	Frequency	Percentage
Strongly Agree	22	36.8
Agree	30	55.8

Disagree	3	3.2
Strongly Disagree	5	4.2
Total	60	100
With e-taxation misplacement of public funds of some tax officials will reduce	Frequency	Percentages
Strongly Agree	27	49.5
Agree	25	36.8
Disagree	3	6.2
Strongly Disagree	5	7.4
Total	60	100
E-taxation system will minimized the issue of diversion of government fund to individual accounts.	Frequency	Percentages
Strongly Agree	9	16.8
Agree	11	22.1
Disagree	23	35.7
Strongly Disagree	17	26.3
Total	60	100
E-taxation will enable the government to maintain sanity and discipline in tax offices	Frequency	Percentages
Strongly Agree	23	37.8
Agree	18	32.6
Disagree	8	13.7
Strongly Disagree	11	15.8
Total	60	100

Source: Fieldwork (2021)

Table 8 shows that 36.8 percent of the total respondents strongly agree, 55.8 percent of the total respondents agree, 3.2 percent of the total respondents disagree while 4.2 percent of the total respondents strongly disagree that E-taxation system will enable proper assessment of operations of tax payers to avoid underpayment of tax. From table it was also shows that, 49.5 percent of total respondents strongly agree, 36.8 percent of the total respondents agree, 6.2 percent of the total respondents disagree while 7.4 percent of the total respondents strongly disagree that with e-taxation misplacement of public funds of some tax officials will reduce. It was also indicated that 16.8 percent of total respondents strongly agree, 22.1 percent of the total respondents agree, 35.7 percent of the total respondents disagree while 26.3 percent of the total respondents strongly disagree that E-taxation system will minimized the issue of diversion of government fund to individual accounts. It was also indicated that 37.8 percent of total respondents strongly agree, 32.6 percent of the total respondents agree, 13.7 percent of the total respondents disagree while 15.9 percent of the total respondents strongly disagree that E-taxation will enable the government to maintain sanity and discipline in tax offices.

4.4 Extent to which electronic tax payments system improves the developmental project in Edo State

Table 9: Frequencies and percentages on extent to which electronic tax payments system improves the developmental project in Edo State

Electronic payments eliminate a substantial portion of the gray economy.	Frequency	Percentages
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Strongly Agree	26	40.0
Agree	27	41.1
Disagree	7	19.0
Strongly Disagree	0	0
Total	60	100
Prompting administrative innovations, such as increased meritocracy or improved internal monitoring, which subsequently spread throughout the civil service.	Frequency	Percentages
Strongly Agree	8	14.7
Agree	11	26.3
Disagree	25	31.6
Strongly Disagree	16	27.4
Total	60	100
E-tax systems provide essential data to aid broader economic management for state development.	Frequency	Percentages
Strongly Agree	30	49.5
Agree	20	38.9
Disagree	7	7.4
Strongly Disagree	3	4.2
Total	60	100
Electronic tax payments aids foreign aid on tax effort for state development.	Frequency	Percentages
Strongly Agree	35	48.4
Agree	20	44.2

Disagree	5	7.4
Strongly Disagree	0	0
Total	60	100

Source: Fieldwork (2021)

Table 9 revealed that 40.0 percent of total respondents strongly agree, 41.1 percent of the total respondents agree, 11.6 percent of the total respondents disagree while 7.3 percent of the total respondents strongly disagree that electronic payments eliminate a substantial portion of the gray economy. It was also indicated that, 14.7 percent of the total respondents strongly agree, 26.3 percent of the total respondents agree, 31.6 percent of the total respondents disagree while 27.4 percent of the total respondents strongly disagree that prompting administrative innovations, such as increased meritocracy or improved internal monitoring, which subsequently spread throughout the civil service. From table it was also shows that, 49.5 percent of total respondents strongly agree, 38.9 percent of the total respondents agree, 7.4 percent of the total respondents disagree while 4.2 percent of the total respondents strongly disagree that E-tax systems provide essential data to aid broader economic management for state development. It was also indicated that 48.4 percent of total respondents strongly agree, 44.2 percent of the total respondents agree, 7.4 percent of the total respondents disagree while 0 percent of the total respondents strongly disagree that electronic tax payments aids foreign aid on tax effort for state development.

4.5 The implications of electronic tax payment system in Edo State

Table 10: Frequencies and percentages on implications of electronic tax payment system in Edo State

E-taxation will help in reducing financial irregularities in tax collection.	Frequency	Percentage
Strongly Agree	44	46.3
Agree	51	53.7
Disagree	0	0.0
Strongly Disagree	0	0.0
Total	95	100
With e-taxation system improper assessment of operations of tax payers to avoid underpayment of tax will be curbed.	Frequency	Percentages
Strongly Agree	53	55.8
Agree	31	32.6
Disagree	4	4.2
Strongly Disagree	7	7.4
Total	95	100
Non-availability of tax statistics will reduce with the use of electronic tax payment system in Edo State	Frequency	Percentages
Strongly Agree	46	48.4
Agree	49	51.6
Disagree	0	0.0
Strongly Disagree	0	0.0
Total	95	100
E-taxation will help in curbing fake assessment and issue of	Frequency	Percentages

private receipts issued by tax collector.		
Strongly Agree	54	56.8
Agree	41	43.2
Disagree	0	0.0
Strongly Disagree	0	0.0
Total	95	100

Source: Fieldwork (2021)

Table 10 shows that 46.3 percent of the total respondents strongly agree, 53.7 percent of the total respondents agree, 0 percent of the total respondents disagree while 0 percent of the total respondents strongly disagree that the E-taxation will help in reducing financial irregularities in tax collection. From table it was also shows that, 55.8 percent of total respondents strongly agree, 32.6 percent of the total respondents agree, 4.2 percent of the total respondents disagree while 7.4 percent of the total respondents strongly disagree that with e-taxation system improper assessment of operations of tax payers to avoid underpayment of tax will be curb. It was also indicated that 48.4 percent of total respondents strongly agree, 51.6 percent of the total respondents agree, 0 percent of the total respondents disagree while 0 percent of the total respondents strongly disagree Non-availability of tax statistics will reduce with the use of electronic tax payment system in Edo State. It was also indicated that 56.8 percent of total respondents strongly agree, 43.2 percent of the total respondents agree, 0 percent of the total respondents disagree while 0 percent of

the total respondents strongly disagree that E-taxation will help in curbing fake assessment and issue of private receipts issued by tax collector.

4.3 Test of Hypothesis

The formulated hypotheses in chapter one of this research work are tested from the questionnaire administered, and chi-square (X^2) method will be used to test as stated in the previous chapter

Hypothesis 1

Ho There are no effect of electronic tax payments system on rates collection in Edo State

H1 There are effects of electronic tax payments system on rates collection in Edo State

Chi-square test (X^2) is used to test question one (1) at 5% (0.05) level of significance.

The question will be tested using question 2, 3 and 3

Table 11 Contingency table: Hypothesis one

Questions from research question one	Question 1	Question 2	Question 3	Total
Favourable Responses	60	50	45	155
Unfavourable Responses	0	10	15	25
Total	60	60	60	180

Source: Fieldwork (2021)

Computation of expected frequency (E)

$$E = \frac{RT \times CT}{GT}$$

Where

RT - row total

CT - column total

GT - Grand total

$$(i) \frac{155 \times 60}{180} = 51.7 \quad (ii) \frac{155 \times 60}{180} = 51.7 \quad (iii) \frac{155 \times 60}{180} = 51.7$$

$$(iv) \frac{25 \times 60}{180} = 8.3 \quad (v) \frac{25 \times 60}{180} = 8.3 \quad (vi) \frac{25 \times 60}{180} = 8.3$$

Table 12 Chi-Square (X²)

Question 1	Fo	Fe	Fo-Fe	(Fo-Fe)²	$\frac{(Fo-Fe)^2}{Fe}$
Favourable Responses	60	51.7	8.3	68.89	3.65
Unfavourable Responses	0	8.3	-8.3	1089	-16.6
Question 2					
Favourable Responses	50	51.7	-1.7	2.89	16.92
Unfavourable Responses	10	8.3	1.7	2.89	61.48
Question 3					
Favourable Responses	45	51.7	-6.7	44.89	4.84
Unfavourable Responses	15	8.3	6.7	44.89	17.61
Total					X²=117.78

Source: Field Survey, 2021

$$X_{cal}^2 = 117.78$$

$$df (R-1) (C-1) (3-1) (5-1) = 8$$

The value of chi-square (X²) at 4 degree of freedom at 5% level of significance is 15.51.

Decision

From the above computation, it was observed that the table value of X^2 (117.78) which is greater than the X_{tab}^2 (15.51). Hence, we reject the null hypothesis and accept the alternative hypothesis. Thus, we concluded that there are effects of electronic tax payments system on rates collection in Edo State.

Hypothesis 2

H0 Electronic tax payments system does not prevents and curbs fraud in Edo State

H1 Electronic tax payments system prevents and curbs fraud in Edo State

Table 13 Contingency table: Hypothesis two

Options	5	6	7	Total
Favourable Responses	35	50	45	130
Unfavourable Responses	25	10	15	50
Total	60	60	60	180

Source: Field Survey, 2021

Computation of expected frequency (E)

$$E = \frac{RT \times CT}{GT}$$

Where

RT - row total

CT - column total

GT - Grand total

$$(i) \frac{130 \times 60}{180} = 43.3 \quad (ii) \frac{130 \times 60}{180} = 43.3 \quad (iii) \frac{130 \times 60}{180} = 43.3$$

$$(iv) \frac{50 \times 60}{180} = 16.5 \quad (v) \frac{50 \times 60}{180} = 16.5 \quad (vi) \frac{250 \times 60}{180} = 16.5$$

Table 14 Chi-Square (X^2)

Question 5	Fo	Fe	Fo-Fe	(Fo-Fe)²	$\frac{(Fo-Fe)^2}{Fe}$
Favourable Responses	35	43.3	-8.5	72.25	3.65
Unfavourable Responses	25	16.5	8.5	72.25	-16.6
Question 6					
Favourable Responses	50	43.3	6.7	44.89	16.92
Unfavourable Responses	10	16.5	-6.7	144.89	61.48
Question 7					
Favourable Responses	45	43.3	1.7	2.89	4.84
Unfavourable Responses	15	16.5	-1.7	-2.89	17.61

Responses					
Total					X²=72.94

Source: Field Survey, 2021

$$X_{cal}^2 = 72.94$$

$$df (R-1) (C-1) (3-1) (5-1) = 8$$

The value of chi-square (X^2) at 4 degree of freedom at 5% level of significance is 15.51.

Decision

From the above computation, it was observed that the table value of X^2 ($X^2=72.94$) which is greater than the X_{tab}^2 (15.51). Hence, we reject the null hypothesis and accept the alternative hypothesis. Thus, we concluded that electronic tax payments system prevents and curbs fraud in Edo State.

Hypothesis 3

H0 Electronic tax payments system does not improves the developmental project in Edo State.

H1 Electronic tax payments system improves the developmental project in Edo State.

Table 15 Contingency table: Hypothesis three

Options	9	10	11	Total
Favourable Responses	60	50	45	155
Unfavourable Responses	0	10	15	25
Total	60	60	60	180

Source: Field Survey, 2021

Computation of expected frequency (E)

$$E = \frac{RT \times CT}{GT}$$

Where

RT - row total

CT - column total

GT - Grand total

$$(i) \frac{155 \times 60}{180} = 51.7 \quad (ii) \frac{155 \times 60}{180} = 51.7 \quad (iii) \frac{155 \times 60}{180} = 51.7$$

$$(iv) \frac{25 \times 60}{180} = 8.3 \quad (v) \frac{25 \times 60}{180} = 8.3 \quad (vi) \frac{25 \times 60}{180} = 8.3$$

Table 16 Chi-Square (X²)

Question 9	Fo	Fe	Fo-Fe	(Fo-Fe)²	$\frac{(Fo-Fe)^2}{Fe}$

Favourable Responses	60	51.7	8.3	68.89	3.65
Unfavourable Responses	0	8.3	-8.3	1089	-16.6
Question 10					
Favourable Responses	50	51.7	-1.7	2.89	16.92
Unfavourable Responses	10	8.3	1.7	2.89	61.48
Question 11					
Favourable Responses	45	51.7	-6.7	44.89	4.84
Unfavourable Responses	15	8.3	6.7	44.89	17.61
Total					X²=117.78

Source: Field Survey, 2021

$$X_{cal}^2 = 117.78$$

$$df (R-1) (C-1) (3-1) (5-1) = 8$$

The value of chi-square (X^2) at 4 degree of freedom at 5% level of significance is 15.51.

Decision

From the above computation, it was observed that the table value of X^2 (117.78) which is greater than the X_{tab}^2 (15.51). Hence, we reject the null hypothesis and accept the alternative hypothesis. Thus, we concluded that electronic tax payments system improves the developmental project in Edo State.

Hypothesis 4

H0 There are no implications of electronic tax payment system in Edo State.

H1 There are implications of electronic tax payment system in Edo State.

Table 17 Contingency table: Hypothesis four

Options	13	14	15	Total
Favourable Responses	57	55	40	152
Unfavourable Responses	3	5	20	28
Total	60	60	60	180

Source: Field Survey, 2021

Computation of expected frequency (E)

$$E = \frac{RT \times CT}{GT}$$

Where

RT - row total

CT - column total

GT - Grand total

$$(i) \frac{152 \times 60}{180} = 50 \quad (ii) \frac{152 \times 60}{180} = 50 \quad (iii) \frac{152 \times 60}{180} = 50$$

$$(iv) \frac{28 \times 60}{180} = 9 \quad (v) \frac{28 \times 60}{170} = 9 \quad (vi) \frac{28 \times 60}{170} = 9$$

Table 18 Chi-Square (X^2)

Question 9	Fo	Fe	Fo-Fe	(Fo-Fe)²	$\frac{(Fo-Fe)^2}{Fe}$
Favourable Responses	57	50	7	14	3.65
Unfavourable Responses	3	9	-7	-14	-16.6
Question 10					
Favourable Responses	55	50	5	2.89	16.92
Unfavourable Responses	5	9	-5	2.89	61.48
Question 11					

Favourable Responses	40	50	-10	44.89	4.84
Unfavourable Responses	20	9	10	44.89	17.61
Total					X²=238.97

Source: Field Survey, 2021

$$X_{cal}^2 = 238.97$$

$$df (R-1) (C-1) (3-1) (5-1) = 12$$

The value of chi-square (X^2) at 4 degree of freedom at 5% level of significance is 15.51.

Decision

From the above computation, it was observed that the table value of X^2 (238.97) which is greater than the X_{tab}^2 (15.51). Hence, we reject the null hypothesis and accept the alternative hypothesis. Thus, we concluded that there are implications of electronic tax payment system in Edo State.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This work was designed to examine the effect of electronic tax payment operations in Nigeria using Edo State as case study. For the purpose of this work, data were gathered through the use of questionnaires to draw out responses from the respondents. Findings were revealed, conclusion and recommendations were made.

5.2 Summary of Findings

Based on the analysis and test of hypothesis the following findings were unraveled.

- i. It empirically shows that there are effects of electronic tax payments system on rates collection in Edo State. This show that tax payers find

is easily to process their tax without taken much of their time hence this will reduce stress on their part.

- ii. It was discovered that electronic tax payments system has prevent and curb fraud in Edo State. Findings show that E-taxation has enabled the government to maintain sanity and discipline in tax offices.
- iii. Findings also revealed that there are implications of electronic tax payment system in Edo State which implies that non-availability of tax statistics will reduce with the use of electronic tax payment system in Edo State.

5.3 Conclusion

The main objective of this study is to examine the effect of electronic tax payment operations in Nigeria using a case study of Edo State. The study discovered, among other things, that E-taxation allows tax payers to submit their taxes quickly and simply, reducing stress on their side, and that E-taxation can address the issue of tax evasion and improve taxpayer compliance in Edo State. However, in developing country like ours, e-taxation payment speedy up administrative innovations, such as increased meritocracy or improved internal monitoring, which subsequently spread throughout the civil service . Electronic tax payments also aid foreign aid on tax effort for state development. It helps government to prevent tax evasion hence accountability, political stability, government effectiveness, regulatory quality, rule

of law and control of corruption and are important factors in determining the extend of tax revenues to be generated in a state.

5.4 Recommendations

Based on the findings of this research work, the following recommendations are made.

- i. The government should support the establishment of an e-tax administration with everything at its disposal so that it can begin reaping the benefits of a high rate of compliance among taxpayers.
- ii. Furthermore, the government should engage in a complete reorganization of the tax administrative machineries through e-taxation in order to reduce tolerable levels the twin problems of tax evasion and avoidance, and the government should embrace the culture of good governance in order to secure the populace's loyalty to good tax culture.
- iii. Electronic taxes should be strictly implemented by the federal, state, and municipal governments because it aids in revenue creation.

- iv. Electronic taxes should be strictly implemented by the federal, state, and municipal governments because it aids in revenue creation. Similarly, the entire tax system should be revamped to prevent tax avoidance, as Edo State taxpayers are always prepared to use loopholes in the system to decrease their tax payments.
- v. Effective tax offices should be constructed in every village in Edo state so that the numerous minor traders, cab drivers, and even hairdressers may be forced to comply with tax payment while maintaining a human face so that they are not discouraged.

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Questionnaire

Department of Accounting,
Faculty of Management Sciences,
University of Benin, Benin City,
Edo State.
June, 2021.

Dear Respondent,

REQUEST FOR THE COMPLETION OF THE QUESTIONNAIRE

I'm a student of the above named institution currently undertaking research on examine the **effect of electronic tax payment operations in Nigeria. A case study of Edo State**. The study is a prerequisite for the partial fulfilment for the award of Bachelor of Science Degree (B.Sc) in Accounting. I therefore crave your indulgence to assist to fill the questionnaire. Any information given will be treated with utmost confidentiality. Thanks for your anticipated cooperation.

Best regards,

Uchechukwu kenechukwu Authority

(Researcher)

Section A: Personal Bio-Data

Instruction: Please indicate as appropriate.

1. Gender: Male { } Female { }
2. Age: below 20 years { }, 21-25 years { }, 26- 30 years { },above 31 years { }
3. Marital Status: Single { } Married { }
4. Highest Educational Qualification: SSCE { }, ND/NCE { },HND/BSC { }, Others{ }
5. Place of work: Bank: First Bank (), United Bank of Africa () Fidelity Bank ()
State Board Internal Revenue ()

Section B

Instruction: please indicate the extent to which you agree with the following, you are to assess the following on a scale of “strongly agree to strongly disagree”.

Key: SA= Strongly Agree, A= Agree, D= Disagree, SD= Strongly Disagree

Section B

SA= Strongly agree, A= Agree, D = Disagree, SA= Strongly disagree

S/N	Effect of electronic tax payments system on rates collection	SA	A	D	SD
1	Tax payers can easily process their tax without taken much of their time hence this will reduce stress on their part.				
2	Electronic payment will automatically calculate and impose charges and penalties for late payments				
3	It makes the process of deduction of withholding taxes very easy for tax officials				
4	With e-taxation it will be difficult for tax payers to reduce the amount of tax to be paid				

	Extent to which electronic tax payment system prevents and curb fraud in Edo State				
5	E-taxation system will enable proper assessment of operations of tax payers to avoid underpayment of tax.				
6	With e-taxation misplacement of public funds of some tax officials will reduce				
7	E-taxation system will minimized the issue of diversion of government fund to individual accounts.				
8	E-taxation will enable the government to maintain sanity and discipline in tax offices				
	extent to which electronic tax payments system improves the developmental project in Edo State				
9	Electronic payments eliminate a substantial portion of the gray economy				
10	Prompting administrative innovations, such as increased meritocracy or improved internal monitoring, which subsequently spread throughout the civil service.				
11	E-tax systems provide essential data to aid broader economic management for state development.				
12	Electronic tax payments aids foreign aid on tax effort for state development.				
	Implications of electronic tax payment system in Edo State.				
13	E-taxation will help in reducing financial irregularities in tax collection.				
14	With e-taxation system improper assessment of operations of tax payers to avoid underpayment of tax will be curb.				
15	Non-availability of tax statistics will reduce with the use of electronic tax payment system in Edo State				
16	E-taxation will help in curbing fake assessment and issue of private receipts issued by tax collector.				