

TITLE PAGE

**THE USE OF INFORMATION AND COMMUNICATION
TECHNOLOGY AS A VERITABLE TOOL FOR TAX
ADMINISTRATION**

**(A CASE STUDY OF THE KADUNA STATE BOARD OF INTERNAL
REVENUE)**

BY

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CERTIFICATION

This is to certify that this project was carried out, read and approved as meeting the requirement for the partial fulfillment of graduation from faculty of management sciences, department of public administration, Usmanu Danfodiyo University, Sokoto.

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DEDICATION

This project work is dedicated to the Glory of almighty God, who has made it possible for me to complete my study and bestowed on me knowledge and understanding gained, the project, is also dedicated to my ever loving parent, Mr. and Mrs. Donatus Chukwuemeka Nnadozie.

ACKNOWLEDGEMENT

I thank almighty God who has given me the opportunity, grace, strength, sound health, wisdom and certainly material resources that made it possible to come this far in my educational career.

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This project is incomplete without acknowledging the efforts of my brothers: Chinedu, Stanley, Victor and Daniel Nnadozie, you are all dear to me.

Finally, for all those I could not mention here, my sincere appreciation to you all and may God reward you all, amen.

ABSTRACT

It is true that The use of Information and Communication Technology is a veritable tool in tax administration. However the purpose of this research work is to contribute some thoughts to how the use of ICT in taxation can be effectualized.

In exploring the subject matter, he first looked at the overall essence if information and communication technology and how it can serve as a veritable tool in tax administration using kaduna state board of internal revenue as a case study.

The project is divided into five chapters. The first chapter introduces the topic and purpose of the study. It also explained the significance and scope of the study.

Chapter two is the literature review and the historical background of the case study, i.e. Kaduna state board of internal revenue.

Chapter three on the other hand addresses the issue of research methodology, research design, data collection instruments as well as methods used in data collection and analysis.

Chapter four extensively analysed and presented data and classification of respondents as well as data analysis. Finally chapter five is the concluding part of the project work with summary, conclusion and recommendations.

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CHAPTER ONE

1.1 INTRODUCTION

Information and communication technology is often used as an extended synonym for information technology(IT), but is a more specific term that stresses the role of unified communication and the integration of computers as well as necessary enterprise software, middleware storage and audio-visual systems, which enables users to access, store, transmit and manipulate information,

The term ICT is also used to refer to the convergence of audio-visual and telephone networks with computer networks through a single cable or link system. There are large economic incentives when telephone networks are merged with the computer network system using a single unified system of cabling, signal distribution and management.

When put simply, information and communication technology (ICT) would refer to an umbrella that includes any communication device or application, encompassing radio, televisions, cellular phones, computer and network hardware and software, satellite system and so on, as well as the various services and applications associated with them, such as video conferencing and distant learning (Brandy et al, 2003)

The term tax administration on its own could easily be explained as the administration, management, conduct, direction, and supervision of the execution and application of the internal revenue laws or related statutes (or equivalent laws and statutes of a state) and tax convention to which the united states is a party. Simply put, it can also be seen as the development and formulation of tax policies relating to existing or proposed internal revenue laws, related statutes and tax convention. Tax administration includes assessment, collection, enforcement, litigation, publication and statistical gathering functions under such laws, statutes or conventions.

The earliest trace of any form of direct taxation in Nigeria even before the British administration was in northern Nigeria. The north was favoured for this because it had a form of organised central administration under the emirs unlike the south which except in few places in the west was not so organised.(Nigeria Bureau For Tax Management, 2006)

Tax administration has some major importance that stands it out as a phenomenal concept. Few among these importance include that taxation been one of the major source of revenue to the Nigerian government, it is a source to think of in both the federal and state budget, therefore its administration come in handy in helping these arms of government manage efficiently, these tax as a major income source.

With regards to the modernization of internal management process, tax administration generally have full autonomy to adopt information and communication technology (ICT), depending only on their own resources.

However, the modernization requires a strong interaction with tax payers and other organisations of the society. In these regards, the broad use of ICTs, considering also the legal aspect is essential (This Day national daily, 2010)

The case study analysis shall aim at determining the impact of information and communication technology (ICT) as a veritable tool for effective tax administration in Nigeria, using a case study of board of internal revenue, Kaduna state).

1.2 STATEMENT OF THE PROBLEM.

Though it has been confirmed that to an extent, the Nigeria tax administration boards have migrated to the use of information and communication technology, however its migration have not really been of impact in tax administration because it has not fully adopted the modern day information technology system. Certain reasons are said to be responsible

for this failure in complete adoption of the system, and these reasons are briefly highlighted below.

1. BEAURACRATIC AND ARCHAIC NATURE OF PUBLIC

OFFICERS: In Nigerian tax administration system; there has been an increasing challenge in the complete adoption of information and communication technology (ICT) in the administration of tax. This problem that is mostly caused by the beauracritic and archaic nature public officers, acting as administrators has large contributed to the impending slow development and crippling nature of the nation's tax administration system.

2. CORRUPTION: Since corruption has eaten deep into the fabrics of the Nigerian Civil service and by extension tax administration boards, it has limited the complete adoption of information technology since in most cases, directors and most high ranking officers in the service siphon funds allocated to the upgrading of information system.

3. **ILLITERACY:** most public officers do not understand the dynamism that exist in communication technology, therefore raising issues of concern as to how officers would adopt easily to using modernised communication equipment.

How ever, this research work is billed with the responsibility of broadly confronting the problem challenging the making information and Communication technology a veritable tool for effective tax administration citing a case study with the board of internal revenue, Kaduna state.

1.3 STATEMENT OF HYPOTHESIS

1. H_0 . There is no effective tax administration system in the board of internal revenue of Kaduna state.
 H_1 . There is a n effective tax administration system in the board of internal revenue of Kaduna state.
2. H_0 . Information and communication technology is not given significant attention in the board of internal revenue of Kaduna state.

- H₁. Information and communication technology is give significant attention in the Kaduna state board of internal revenue.
3. H₀. Information and communication technology is not a tool for effective tax administration in the Kaduna state board of internal revenue.
- H₁. Information and communication technology is a tool for effective tax administration in the board of internal revenue in Kaduna state.
4. H₀. The increased use of ICT in kaduna state board of internal revenue would not have a positive impact on tax administration.
- H₁. The increased use of ICT in kaduna state board of internal revenue will have a positive Impact on tax administration.
5. H₀. Information and communication technology is not vital in tax administration.
- H₁. Information and communication technology is vital in tax administration.

1.4 OBJECTIVES OF THE STUDY

The aims and objectives of the above study broadly consist of the Following.

1. To determine the structure and process of use of information and communication technology
2. To provide a detailed analysis of the concept of information and communication technology as well as Nigerian tax administration.
3. To determine the present nature of the Nigerian tax administration structure.
4. To determine the use of information and communication technology as a veritable tool in tax administration.
5. To determine the nature of information and communication technology used within the board of internal revenue(Kaduna state).
6. To determine the tax administration structure of the board of internal revenue.

1.5 SIGNIFICANCE OF THE STUDY

The significance of this study include the following:

1. To show the importance of the use of Information and Communication Technology in planning tax administration and control.
2. To provide a study frame work upon which tax administrators can build on in the execution of tax administration and policies.
3. To provide a detailed analysis of Information and Communication Technology as it could be used in Nigerian tax administration.
4. To provide information source for tax administration, as well as students of management and taxation during further studies.

1.6 BACKGROUND OF THE STUDY

The earliest form of any trace of direct tax administration even before the British administration was in northern Nigeria. The north was favoured for this because it had a form of organised central administration under the emirs unlike the south. Furthermore, the Muslim administration adhered to by the people approved taxation as being consistent with the demand of Islam.

Thus taxes such as zakat, geda, kindrin, kararat, and jang were typical forms of taxes on agricultural products and livestock.

1.7 SCOPE AND LIMITATION OF THE STUDY

The Nigerian tax administration on its own is a concept that stands on its own as a large system, covering the thirty six states of the federal republic of Nigeria. The conceptual ambiguity of this term goes a long way to explain the complexity that exists in the system as a national board.

However, due to certain limitations, this study has been researched to cover Kaduna state board of internal revenue as a part of a whole, citing the probability that certain things part of it might not really be applicable to the whole.

No doubt, time is a general phenomenon. Due to time constraint, this project might not specifically scrutinize other organisations and there development programme with respect to use of Information and Communication Technology in tax management. Finances too might serve as a constraint to

limit amount of information accessible while carrying out this research work.

1.8 DEFINITION OF TERMS

ICT: this can be seen as an acronym for Information and Communication Technology which is an umbrella term that includes any communication device or application, encompassing; radio, television, cellular phones, computer and network hardware and software, satellite systems and so on, as well as the various services and applications associated with them, such as video conferencing and distant learning. (Margaret Rouse- whatls.com).

TAX: A compulsory contribution to state revenue, levied by the government on workers income and business profits, or added to the cost of some goods, services and transactions.(www.webcrawler.com).

ADMINISTRATION: this involves the performance or management of business operations and decision making as well as the efficient organisation

of people and other resources to direct activities towards common goals and objectives. (advanced learners dictionary)

In general, administration refers to the broader management function, including associated finance, personnel and MIS services.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

In this chapter, the sole objective is to give a clear understanding of the nations taxation system and how ICT can be of impact in the sector. In this research work, a step by step process is used to give the conceptual definition of taxation as given by various scholars and research experts, various types and application of taxation, the Nigerian taxation system, factors limiting the use of ICT in the nations taxation system, information and communication technology in Nigeria. However this chapter also discuss the various scopes and concerns of information and communication technology use. Thus it is also noted that ICT should be a very useful technique in the nations taxation system if it should be efficient and effective. A nations tax goals are not achieved by designing a tax goal, are

not achieved by designing a tax system which is fair. Any fair system which is not administered as planned becomes inequitable. Thus a good tax system is capable of financing the necessary level of public spending in the most equitable and efficient way possible (Tanzi and Zee, 2000).

2.1 CONCEPT OF TAXATION

2.1.1 TAX

Hugh Dalton (1987) defines tax as a compulsory contribution imposed by a public authority, irrespective of the exact amount of services rendered to the tax payer in return and not imposed as penalty for any legal offence. Most economists, especially neoclassical economists, argue that all taxation creates market distortion and results in economic inefficiency. They have therefore sought to identify the kind of tax system that would minimize this distortion. Odusola (2006) also asserts that recent scholarship suggests that in the Nigeria, the federal government effectively taxes investments in

higher education more heavily than it subsidizes higher education, thereby contributing to a shortage of skilled workers and unusually high differences in pre-tax earnings between highly educated and less educated workers.

2.1.2 GENERAL TAX ADMINISTRATION.

According to Odusola (2006), Money provided by taxation has been used by states and their functional equivalents throughout history to carry out many functions. Some of these include expenditures on war, the enforcement of law and public order, protection of property, economic infrastructure (roads, legal tender, enforcement of contracts, etc.), public works, social engineering, subsidies, and the operation of government itself. A portion of taxes also go to pay off the state's debt and the interest this debt accumulates. Governments also use taxes to fund welfare and public services. These services can include education systems, health care systems, pensions for the elderly, unemployment benefits, and public transportation.

Energy, water and waste management systems are also common public utilities. Colonial and modernizing states have also used cash taxes to draw or force reluctant subsistence producers into cash economies.

Governments use different kinds of taxes and vary the tax rates. This is done to distribute the tax burden among individuals or classes of the population involved in taxable activities, such as business, or to redistribute resources between individuals or classes in the population. Historically, the nobility were supported by taxes on the poor; modern social security systems are intended to support the poor, the disabled, or the retired by taxes on those who are still working. In addition, taxes are applied to fund foreign aid and military ventures, to influence the macroeconomic performance of the economy (the government's strategy for doing this is called its fiscal policy; see also tax exemption), or to modify patterns of consumption or employment within an economy, by making some classes of transaction more or less attractive.

A nation's tax system is often a reflection of its communal values and the values of those in current political power. To create a system of taxation, a nation must make choices regarding the distribution of the tax burden—who will pay taxes and how much they will pay—and how the taxes collected will be spent. In democratic nations where the public elects those in charge of establishing the tax system, these choices reflect the type of community that the public wishes to create. In countries where the public does not have a significant amount of influence over the system of taxation, that system may be more of a reflection on the values of those in power (Ola, 2001).

All large businesses incur administrative costs in the process of delivering revenue collected from customers to the suppliers of the goods or services being purchased. Taxation is no different; the resource collected from the public through taxation is always greater than the amount which can be used by the government. The difference is called the compliance cost and includes for example the labour cost and other expenses incurred in

complying with tax laws and rules. The collection of a tax in order to spend it on a specified purpose, for example collecting a tax on alcohol to pay directly for alcoholism rehabilitation centres, is called hypothecation. This practice is often disliked by finance ministers, since it reduces their freedom of action. Some economic theorists consider the concept to be intellectually dishonest since, in reality, money is fungible. Furthermore, it often happens that taxes or excises initially levied to fund some specific government programs are then later diverted to the government general fund. In some cases, such taxes are collected in fundamentally inefficient ways, for example highway tolls.

Since governments also resolve commercial disputes, especially in countries with common law, similar arguments are sometimes used to justify a sales tax or value added tax. Others (e.g., libertarians) argue that most or all forms of taxes are immoral due to their involuntary (and therefore eventually coercive/violent) nature. The most extreme anti-tax view is anarcho-

capitalism, in which the provision of all social services should be voluntarily bought by the person(s) using them.

The Nigeria tax system is basically structured as a tool for revenue generation. This is a legacy from the pre-independence government based on the 1948 British tax laws and have been mainly static since enhancement. The need to tax personal income throughout the country prompted the income tax management act (ITMA) OF 1961. In Nigeria, personal income tax (PIT) for salaried employment is based on a pay as you earn (PAYE) system, several amendments have been added to the 1961 ITIMA act. For instance, in 1985 PIT was increased from 600 naira or 10% of earned tax to 2000 naira plus 12.5% of income exceeding 6000 naira. In 1989, a 15% tax was applied to saving deposits valued at 50000 naira or more while tax on rented income was extended to cover chartered vessels, ships or aircraft (Mamud, 2008: odusola 2006).

2.2 TYPES OF TAXES

The Organisation for Economic Co-operation and Development (OECD) publishes an analysis of tax systems of member countries. As part of such analysis, OECD developed a definition and system of classification of internal taxes, generally followed below. In addition, many countries impose taxes (tariffs) on the import of goods (Odusola, 2002, 2003).

2.2.1 VALUE ADDED TAX (VAT): According to (Amoota, 2007) this was introduced by the VAT decree No. 2 of 1993, to replace the old sales tax. It is a consumption tax levied at every stage of the consumption chain, and it is borne by the final consumer. It requires a taxable person upon registering with the board of internal revenue to charge and collect VAT at a flat rate of 5% of all invoice piece of taxable goods and services.

VAT paid by a business on purchase is known as input tax, which is recovered from VAT charged on companies sales, known as output tax. If

output exceeds input any year, the excess is remitted to the federal inland revenue services(FIRS) but where input exceeds output, the tax payer is entitled to a refund by the board of internal revenue, though in practice this is not always possible.

A tax payer however, has the option of recovering excess input from excess output of a subsequent period. It should be stated at this point that recovering input is limited to goods imported directly for resale and goods that form the stock in trade used for the direct production of any new product on which the output is charged.

2.2.2 CAPITAL GAINS TAX: This according to (brandy et al, 2008) accrues on an actual year basis and it pertains to all gains pertaining a tax payer from the sale or lease or other transfer of proprietary right in a chargeable which are subject to capital gains tax of 10%, such chargeable

assets may be corporal or incorporal and it does not matter that such asset is not located in Nigeria.

Where however the individual is a non-resident company or individual, the tax will only be levied on the amount received or brought into Nigeria.

Computation of capital gains tax is done by deducing from the sum received or receivable from the cost of acquisition to the person realizing the chargeable gain plus expenditure incurred on the improvement or expenses incidental to the realization of assets.

2.2.3 EDUCATIONAL TAX: Amoote (2012) explains this as an educational tax of 2% of assessable profits is imposed on all companies incorporated in Nigeria. This tax is viewed as a social obligation placed on all companies in ensuring that they contribute their own quarter to the developing educational sector in Nigeria.

2.2.4 PERSONAL INCOME TAX: (Oduola, 2007) The legal bases for this tax is found in the provision of personal income degree (now act). 104 of 1993.

Every tax payer in Nigeria is liable to pay tax on the aggregate amount of his income whether derived from within or outside Nigeria. The salaries, wages, fees, allowances and other gains or benefits, given or granted to an employee or chargeable to tax. The employers of labour are deemed to be agents of tax authorities for the purpose of remitting tax deduct from salaries due to employees.

However, residency of the tax payers determines the extent of a taxpayer's liability in Nigeria. A persons place of residence for this purpose is defined as a place available for his domestic use in Nigeria on a relevant day, excluding hotels and rent houses. A person is deemed resident of Nigeria if he lives in Nigeria for 183 days in any 12 months period, expatriates in

Nigeria holding residence permit are liable to tax in Nigeria even if they reside in the country for less than 183 days in 12 months period. Once residence can be established, the relevant tax authorities of the territory is the tax authority in which the tax payer has his place of residence principal place of business.

2.2.5 COMPANIES INCOME TAX: according to Odusola (2007) Tax is payable for each year of assessment of the profit of any company at a rate of 30%. These includes profit accruing in, derived from, brought into or received from a trade, business or investment.

All companies paying dividends to its shareholders are first obliged to pay tax on its profit at the companies tax rate. Generally, in Nigeria a company dividend or any company distribution, whether or not of a capital nature made by a Nigerian company is liable to a tax at source of 10%. However, dividends paid in the form of bonus shares or scrip shares to individual

shareholders are not subject to tax. Where also a company is a shareholder of another company, then such dividends are excluded from the profits of the company for the purpose of computation of the tax.

2.3 NIGERIA TAX SYSTEM

2.3.1 ADMINISTRATION OF TAXES

According to the works of Simon Onowa Owizey(2001), the administration of tax is vested in various tax authorities depending on the type of tax under consideration.

In Nigeria, there are two authorities namely;

- (a) Federal Board of Inland Revenue, and
- (b) State Inland Revenue Board.
- (C) Local Government revenue committee

There are various Act in respect of each type of tax under consideration which are;

- i) Companies Income Tax Act, Cap. C21, LFN 2004: This imposes tax on the incomes of companies other than corporation soles and companies engaged in petroleum operations (upstream operation).
- ii) Education Tax Act, Cap. E4, LFN 2004 which levies education tax on the assessable profits of companies registered in Nigeria.
- iii) capital Gains Tax, Cap. C1, LFN 2004: this act imposes tax on capital gains arising from disposal of chargeable assets.
- iv) Petroleum Profit Tax Act, Cap. P13, LFN 2004 levies tax on the profits of companies engaged in oil exploration.
- v) Personal Income Tax Act, Cap. P8, LFN 2004: it imposes tax on the incomes of productive individuals and corporation soles.

- vi) Value Added Tax Act, Cap. V1, LFN 2004 imposes tax on the supply of goods and services made by incorporated companies and other business organisations.
- vii) Stamp Duties Act, Cap. S8, LFN 2004 charges duties on specified instruments listed in the Acts (study group on tax reform, 2003).

2.3.2 ORGANS OF TAX ADMINISTRATION IN NIGERIA

1. Joint Tax Board (JTB): section 86 of the Personal Income Tax Act establishes the Joint Tax Board

Composition;

- a) Executive Chairman of the Federal Inland Revenue Service as Chairman.
- b) A representative from states of the federation experience in tax.
- c) The secretary, who shall be ex-officio appointed by the Federal civil service Commission; and
- d) The Legal Adviser of FIRS acts as the legal Adviser to the the JTB.

2. FEDERAL BOARD OF INLAND REVENUE (FBIR): section 1 (1) of CITA vested the administration of the taxation of profit of incorporated companies to FIRS which is the operational arm of FBIR.

COMPOSITION

The Board comprises of;

- a) the Executive Chairman experience in tax administration and appointed by the president subject to recommendation by the upper chamber of the national assembly.
- b) Six persons, one representing each of the geopolitical zones, who must be individuals of proven integrity and unblamable character.
- c) Director of planning, research and statistics in the Federal Ministry of Finance.
- d) Managing director of NNPC or his representative not below the rank of an Executive Director.

- e) Chairman of the Board of the National Revenue Mobilization Allocation and Fiscal Commission or his representative who must be a member representing one of the states.
- f) Controller general of customs or his representative not below the rank of deputy controller general.
- g) Chairman/ minister from the National Planning Commission or his representative not below the rank of a director.
- h) Register-General of Corporate Affairs Commission or his representative not below the rank of a director
- i) The central bank governor or his representative who must not be below the rank of a director.
- j) Attorney general of the federation or his representative in the ministry of justice who must not be below the rank of a director.
- k) Statistician general of the federation.

2.5.1 CONCEPT OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

Brandy Et Al (2002) explains that Information and communication technology is often used as an extended synonym for information technology (IT), but is a more specific term that stresses the role of unified communication and the integration of computers as well as necessary enterprise software, middleware storage and audio-visual systems, which enables users to access, store, transmit and manipulate information (Brandy Et Al 2002).

The term ICT is also used to refer to the convergence of audio-visual and telephone networks with computer networks through a single cable or link system. There are large economic incentives when telephone networks are merged with the computer network system using a single unified system of cabling, signal distribution and management.

2.5.2 FEATURES AND SIGNIFICANCE OF INFORMATION AND COMMUNICATION TECHNOLOGY IN TAX ADMINISTRATION

Information and communication technology in the modern day has a wide significance in almost every hemisphere of study. Its use in the modern day is indispensable. However, for the purpose of this study, I would concentrate only on its use in tax administration and control. With the modernization of tax administration as stated in the chapter one of this study, tax boards are advised to pick information and communication carry it. However, tax boards that adopt the use of information and communication technology stand to get the following benefits from adopting it.

1. Information and communication technology is used to enhance performance in revenue administration by reducing human errors and processing times. However, the aforementioned function is completely dependent on how far the board is willing to adopt information and

communication technology administering tax to the public. Administering and accounting for tax requires accuracy and speed, and getting this accuracy is only dependent on the use of a non human perfect machine to record and account for tax.

2. Information and communication technology also helps in providing readily accessible data for tax officers. This function of ICT enables it to help tax officers in providing complete data for the numerous tax payers. Since it is virtually impossible for humans to account completely for all taxable persons of a nation using the old system of record, the use of information technology becomes apparent since its huge data saving and processing capacity enables for quick access of data.

3. Promoting compliance, there by minimizing tax evasion. the use of information and communication technology in tax administration enables the availability of records of every tax payer, therefore avoiding the risk of error

of omission or commission. This function would help tax officers in their capacity to track down taxable persons who may want to evade payment of tax, therefore giving them easy access to collect this tax.

4. Facilitating better decision making by tax administrators. The use of information and communication technology provides tax administrators with softwares to enhance their decision making capabilities. These softwares help administrators embroading their scope of knowledge pertaining taxation related issues, thereby making them ready when time calls for quick decision making.

2.5.3 INFORMATION AND COMMUNICATION TECHNOLOGY PROJECTS ADOPTED BY THE BOARD OF INTERNAL REVENUE

1. TAX IDENTIFICATION NUMBER (TIN): this is an electronic system of tax identification, involving the assignment of a computer generated unique identifier called TIN number” to every taxable person in

Nigeria. This project helps in the development of national tax database linking all revenue authorities and major stakeholders in the country. It is been overseen by the joint tax board and funded by the government of Nigeria and states in the country. TIN project is a legitimate and technological way of dragging every taxable Nigerian into the tax net. The TIN registration captures the properties, assets, bio data and biometric details (fingerprints) of the taxpayers to ensure highest accuracy of identity uniqueness. Precautionary measures such as disaster recovery and contact management centers are put in place to ensure minimal down time and outright failure of the project. Taiwooyedele (2013)

2. INTEGRATED SYSTEM OF TAX ADMINISTRATION (ITAS):

The federal inland revenue services (FIRS) is set to introduce an integrated tax administration system (ITAS) which will enable taxpayers file tax returns and pay their tax online. This initiative is commendable but to achieve concrete results that will make any meaningful impact, the design

and implementation of the project must be top notch. Suffice to say it is still early days, so fingers. taiwooyedele, Nigeria tax blog (2013).

3. PROJECT FACT (FACTUAL ACCURATE COMPLETE TIMELY)

2.6.1 INFORMATION AND COMMUNICATION TECHNOLOGY ADOPTION IN NIGERIA

ICT adoption in tackling many challenges has been formally researched into and discussed upon at many lengths both in Nigeria and around the world.

The trio of Ogachi Kevin, MaseseChuma Bernard, dr Martin OnsiroRonald(2013) as cited from Rogers(1993) explained adoption as to make full use of an innovation as the best course of action. The adoption of ICT is defined as a collective term for a wide range of software, hardware, telecommunication and information management techniques, applications and devices, that are used to create, produce, analyze, process, package,

distribute, receive, retrieve, store and transform information(Brandy et al. 2002).

The adoption and usage of Information and Communication Technology (ICT) is changing business process, and the way people live and work. New innovations as a result of ICT are beginning to emerge. Globally, in the year 2000, 539 million were being used with 410 million in USA, European union and Asia, leaving 129 million to developing countries. The number of computer users was projected to grow to one billion by the year 2005, similarly, the ICT users were 315 million in 2000, and the number was expected to grow to 716 million users in 2005, and the majority of the users were in developed countries (Ngplains 2002). The increase in emerging information technology has made banking services become more and more automated and less paper work than in the past as averred in the central bank of Nigeria reports and statistical bulletins (2005, 2006, 2007 and 2008) and other literatures on banking and finance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter states the research methodology to be used. The data collection instruments used for the study are

- i. Questionnaire
- ii. Personal Interview
- iii. Observation

The reason for using the above instruments will later be explained. This reveals the major reasons why the writer intends to use the above procedures for processing analyzing of data in the next chapter. To avoid readers bias, possible limitations are also highlighted.

All these are to make researchers reliable and valid for other researchers on similar topic.

3.2 SOURCES OF DATA

From all points of angle, it is practical impossible for research work to be carried out at every tax administration board in Nigeria, to this effect a survey research is adopted by using sampling technique method through a case study of kaduna state board of internal revenue.

Basically, the source of the data used in this research work is primary data thought; it is simply carried out through direct observation of events and responses from questionnaires. Although other methods are used, that is, the secondary data through the use of text and journals. Specifically, mail questionnaires and observations is adopted for this project.

The population of this study consists of employees in all levels of management, those that have both direct access to the use of information

technology and indirect access to information technology. The population transcends age, sex, nationality and geographical location.

Research design is the framework for a study and is used as a guide in collecting and analyzing data. It establishes the types of information required and the control conceptual physical to be introduced.

As data required here basically are primary data, it will be used or sourced for through the use of questionnaire and interviews from staffs of kaduna state board of internal revenue. Most questionnaires will be given to staffs in the ICT department of the board.

In order to show some objectivity, the respondent will first prove if they had attended any orientation about the use of ICT, if positive, then they automatically qualify for reaction and with personally administered questionnaires.

In addition, population sampling is used to get accurate result to estimate the sample error, to be able to get more rational decision. General observation representation of many people in the sample size, this can bring raid result.

The sample items are drawn from the office of the board of internal revenue in kaduna state. However, employees outside the state are not considered because of time and financial constraint. Both junior and senior staff will be interviewed. The population death with is finite, so that it will be counted.

3.3 METHOD OF DATA COLLECTION

I. QUESTIONNAIRE

This method of gathering data depends on the ability of the respondent to interpret and understand the question.

In using the questionnaire method, series of question were drawn and distributed to all the management at different levels (i.e. top and lower level).

The questions were based on the different adoptions of ICT in tax administration, the extent to which ICT is used by the board, the effects of ICT on tax administration and so on.

The questionnaires were arranged in two sections namely A and B. A copy of how the questionnaire looks like is found attached to this project.

ii. PERSONAL INTERVIEW

This method of collecting information is more flexible because interview can alter the questions to fit the situations as they see it.

This method is a supplement to the questionnaire method.

iii. OBSERVATION METHOD

By this method, data and facts are collected by mere observing some actions of respondents; this is also a very good method of gathering data.

3.4 POPULATION OF THE STUDY

This segment is meant to highlight the total population accessible by the researcher for the purpose of the research.

The total number of people working with the board is estimated as 72, however, for the purpose of this study and for the reason that the researcher cant access every worker of the board, the principle of Douglas McGregor which states that for any research, where the total population is inaccessible, $\frac{1}{4}$ of the total population can be used to represent the total population.

$$\frac{1}{4} \times 72 = 18$$

Therefore, 18 questionnaires would be administered.

3.5 SAMPLE AND SAMPLING METHOD

Sample is used to get data from a limited part of the population since it is not possible to reach all employees in the board. This sample is selected

randomly in order to include only employees who have an idea of how ICT can be used in tax administration.

Here the sampling of interest is assumed to be stratified samples through the age group, income level, education level, the length of period of service etc. most especially department, the samples were drawn on stratified basis.

The sample size was carefully determined to reflect the characteristics of the population under study. The sample drawn from different characteristics of the population will be used for generalization purpose.

The goals used gather information from respondent are basically: personally interview, questionnaire and observation.

3.6 METHOD OF DATA PRESENTATION AND ANALYSIS

In the process of analyzing the questionnaire administered, the coding process is used. This enables the researcher to group responses into limited number of class or categories for ease of analysis. Responses are drawn out

in a tabular form and analyzed using simple percentage. The outcome of this analysis is the decision to accept or to reject the hypothesis and list the responses to the questionnaire administered. However, for clarity method, the statistical method to be adopted in presentation of data is the chi square method which is represented below as

$$\chi^2 = \frac{F_o - F_e}{F_e}$$

F_o = observed frequency

F_e = expected frequency

CHAPTER FOUR

4.0 PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

4.1 INTRODUCTION

This chapter is concerned with the presentation of data collected through questionnaires from the staffs of Kaduna state board of internal revenue, therefore the analysis and interpretation would be based on the questionnaire administered. The response of the respondents to each of the question in the questionnaire was analyzed into table of response as follows:

The topic of this research work is information and communication as a veritable tool for tax administration in Nigeria.

4.2 TABLE OF RESPONSE, SECTION A

TABLE 1

| Age (Years) | No of respondents | Percentage of respondents |
|--------------------|--------------------------|----------------------------------|
| 20 – 30 | 8 | 44.44 |
| 31 – 40 | 5 | 27.78 |
| 41 – 50 | 4 | 22.22 |
| 50 and above | 1 | 5.56 |
| Total | 18 | 100 |

The table indicates that 44.44% of our respondents are aged between the ages of 20 – 30, 27.78% of them are aged between 31 – 40, 22.22% between 41 – 50 and 5.56% are between the ages of 50 and above.

TABLE 2

| Sex | No of respondents | Percentage of respondents |
|--------------|--------------------------|----------------------------------|
| Male | 12 | 66.67 |
| Female | 6 | 33.33 |
| Total | 18 | 100 |

This analysis shows that 66.67% of the respondents are male, while 33.33% are female.

TABLE 3**EDUCATIONAL QUALIFICATION**

| Qualification | No of respondents | Percentage of respondents |
|----------------------|--------------------------|----------------------------------|
| Primary certificate | 2 | 11.11 |
| School certificate | 4 | 22.22 |
| NCE/Diploma | 4 | 22.22 |
| B.SC/ HND | 8 | 44.44 |

The table above clearly shows that 11.11% of the respondents have primary school certificate, 22.22 work with secondary school certificate, another 22.22% work with NCE/Diploma and 44.44% of the sample population work with BSc/HND certificate.

TABLE 5

MARITAL STATUS

| Marital status | No of respondents | Percentage of respondents |
|-----------------------|--------------------------|----------------------------------|
| Single | 9 | 50 |
| Married | 9 | 50 |
| Divorced | 0 | 0 |
| Total | 18 | 100 |

The workforce as shown above has an equal distribution of both single and married personnel, however of the questionnaire distributed, no respondent is divorced.

4.3 TABLE OF RESPONSE, SECTION B

TABLE 5

Does the Kaduna state board of internal revenue encourage the use of ICT?

| Alternatives | No of respondents | Percentage of respondents |
|---------------------|--------------------------|----------------------------------|
| Yes | 10 | 55.56 |
| No | 8 | 44.44 |
| Total | 18 | 100 |

In the table above, 55.55% of the sample population agree that the Kaduna state board of internal revenue encourage the use of ICT while the remaining 44.44% disagree.

TABLE 6

Do you think that the use of ICT should be encouraged in taxation

| Alternatives | No of respondents | Percentage of respondents |
|---------------------|--------------------------|----------------------------------|
| Yes | 16 | 88.89 |
| No | 2 | 11.11 |
| Total | 18 | 100 |

TABLE 7

Do you agree that there is room for improvement in the use of ICT in taxation?

| Alternatives | No of respondents | Percentage of respondents |
|---------------------|--------------------------|----------------------------------|
| Strongly agree | 10 | 55.56 |
| Agree | 5 | 27.78 |
| Disagree | 3 | 16.67 |
| Strongly disagree | - | - |
| Total | 18 | 100 |

In the table above, 55.56% of the respondents strongly agree that there is room for improvement in the use of ICT for taxation, 27.78% agree, while 16.67% disagree.

TABLE 8

Can any possible ICT program be implemented in the Nigerian taxation?

| Alternatives | No of respondents | Percentage of respondents |
|---------------------|--------------------------|----------------------------------|
| Yes | 16 | 88.89 |
| No | 2 | 11.11 |
| Total | 18 | 100 |

The table above shows that 88.89% of the respondent agree that possible ICT programs can be implemented in the Nigerian taxation, while the remaining 11.11% disagree

TABLE 9

Is there room for improvement in ICT usage in Nigeria?

| Alternatives | No of respondents | Percentage of respondents |
|---------------------|--------------------------|----------------------------------|
| Yes | 17 | 94.44 |
| No | 1 | 5.56 |
| Total | 18 | 100 |

In the table above, 94.44% Of the total repondents agree that there is room for improvement in use of ICT in Nigeria while the remaining 5.56% disagree.

Table 10

Do you think the upgrade of ICT in taxation would increase tax efficiency?

| Alternatives | No of respondents | Percentage of respondents |
|---------------------|--------------------------|----------------------------------|
| Yes | 18 | 100 |
| No | - | - |
| | 18 | 100 |

In the table above, 100% of the respondent agree that the upgrade of ICT in taxation would increase tax efficiency.

4.4 DATA ANALYSIS

Data analysis refers to the manipulation, summarization and ordering of data. This is usually done using various ways.

In this study, statistical tests will be used in analyzing the data collected (as stated in the tables above). The main purpose of this study is to analyse and test the various hypothesis earlier formulated.

4.5 CHI SQUARE METHOD

This is one of the statistical methods used in analyzing the hypothesis. It is used when measurement on dependent variables categorizes into yes and no. under this type of work, we talk in terms of observed frequencies (Fo) and expected frequencies (Fe).

Formular $X^2 = \sum \frac{fo - fe^2}{fe}$

4.6 INTERPRETATION OF THE HYPOTHESIS

In order to test the significance of X^2 using a specified criterion of significance, the obtained value is referred to x^2 table with the appropriate degree of freedom (df).

In one variable case, $df = k - 1$ where k is the number of categories of the variable. Thus, in the present problem $df = 2 - 1$ for X^2 to be significant at 0.05 level therefore X^2 must be equal to or greater than 3.85.

4.7 TESTING OF HYPOTHESIS 1

H₀: There is no effective tax administration system in the board of internal revenue

H₁: there is an effective tax administrative system in the board of internal revenue.

X^2 for hypothesis 1

| Expectation | Observed frequency | Expected frequency | Fo – fe | (fo – fe)² | $\frac{(fo - fe)^2}{fe}$ |
|--------------------|---------------------------|---------------------------|----------------|------------------------------|--|
| Yes | 17 | 9 | 8 | 64 | 7.1 |
| No | 1 | 9 | -8 | 64 | 7.1 |
| | | | | X^2 | 14.2 |

DECISION RULE

If $X^2 = 14.2$ reject H_0

Therefore for hypothesis 1, H_1 is true: there is an effective tax administration in the board of internal revenue.

HYPOTHESIS 2

H_0 : information and communication is not given significant attention in kaduna state board of internal revenue.

H_1 : Information and communication technology is given significant attention In the kaduna state board of internal revenue.

X^2 test for hypothesis 2

| Expectation | Observed frequency | Expected frequency | Fo – fe | (fo – fe)² | $\frac{(fo - fe)^2}{Fe}$ |
|--------------------|---------------------------|---------------------------|----------------|------------------------------|--|
| Yes | 10 | 9 | 1 | 1 | 0.11 |
| No | 8 | 9 | -1 | 1 | 0.11 |
| | | | | X^2 | 0.22 |

DECISION RULE

Reject H1 since X^2 is less than 3.841 and accept H0, hence for hypothesis 2, H0 is true; information and communication technology is not given significant attention in kaduna state board of internal revenue.

HYPOTHESIS 3

H0. Information and communication technology is not a tool for effective tax administration

H1. Information and communication technology is a tool for effective tax administration.

X^2 test for hypothesis 3

| Expectation | Observed frequency | Expected frequency | Fo – fe | (fo – fe)² | $\frac{(fo - fe)^2}{Fe}$ |
|--------------------|---------------------------|---------------------------|----------------|------------------------------|--|
| Yes | 15 | 9 | 6 | 32 | 3.56 |
| No | 3 | 9 | -6 | 32 | 3.56 |
| | | | | X^2 | 7.12 |

DECISION RULE

If $X^2 = 7.12$ reject H_0 , if X^2 greater than or equal to 7.12, accept H_1 .

Therefore it is true that information and communication technology is a tool for effective tax administration. Hence H_1 must be accepted.

HYPOTHESIS 4

H_0 . The increased use of ICT in kaduna state board of internal revenue would not have a positive impact on tax administration.

H_1 . The increased use of ICT in kaduna state board of internal revenue will have a positive Impact on tax administration.

| Expectation | Observed frequency | Expected frequency | Fo – fe | (fo – fe)² | $\frac{(fo - fe)^2}{Fe}$ |
|--------------------|---------------------------|---------------------------|----------------|------------------------------|--|
| Yes | 15 | 9 | 6 | 36 | 3.56 |
| No | 3 | 9 | - 6 | 36 | 3.56 |
| | | | | X ² | 7.12 |

DECISION RULE

If $X^2 = 7.12$ reject H_0 , if X^2 greater than or equal to 7.12, accept H_1 .

Therefore it is true that the increased use of information and communication technology would impact positively on tax administration. Hence H_1 must be accepted.

HYPOTHESIS 5

H_0 . Information and communication technology is not vital in tax administration.

H_1 . Information and communication technology is vital in tax administration.

| Expectation | Observed frequency | Expected frequency | Fo-fe | (fo-fe)² | <u>(fo-fe)²</u> Fe |
|--------------------|---------------------------|---------------------------|--------------|----------------------------|--|
| Yes | 17 | 9 | 8 | 64 | 7.1 |
| No | 1 | 9 | -8 | 64 | 7.1 |
| | | | | X² | 14.2 |

DECISION RULE

If $X^2 = 14.2$ reject H_0 , if X^2 greater than or equal to 14.2, accept H_1 .

Therefore it is true that the use of information and communication technology is vital in tax administration. Hence H_1 should be accepted.

CHAPTER FIVE

5.0 SUMMARY, FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 INTRODUCTION

This chapter is to highlight the summary of the whole research work, all the findings of the researcher, conclusions and necessary recommendations.

However every point would be itemized boldly for the purpose of clarity and easy understanding.

5.2 SUMMARY

The analysis of the information gathered from this research study is briefly summarized below.

The chapter one of the study tried to introduce the research topic by highlighting the statement of the problems, statement of hypothesis,

objectives of the study, significance of the study as well as the background of the study.

In the chapter two of the study, the researcher tried to look ineptly at the empirical literatures that exist by past authors and researchers as relating to the subject matter being information and communication technology as well as taxation in Nigeria.

In the chapter three, the researcher tried to identify the research methodology to be used in analyzing and working on data.

In the chapter four, data was analyzed, tested and presented, as well as hypothesis being tested and presented in tabular form using the chi square formula.

5.3 FINDINGS

After an inept research on the subject matter by the researcher, he made the following findings

1. That there is great and urgent need for the quick adaptation of full scale information and communication technology in the Nigerian tax administration.
2. The researcher also noticed that there is room enough to accommodate the use of information and communication technology in the Kaduna state board of internal revenue and the Nigeria tax administration system at large because according to the hypothesis gathered, there prospects of ICT has not been fully utilized.
3. The researcher also notice the high enthusiasm displayed by workers as relation to modernization of the Nigerian tax administration system.
4. If the board fully adopts information and communication technology in its operation, then efficiency of tax administration would increase invariably.
5. Information and communication technology is a veritable tool for tax administration in Nigeria.

5.4 RECOMMENDATIONS

From the analysis conducted and findings made, the following recommendations are useful for maximizing the potentials of tax authorities in using information and communication technology.

1. Tax authorities should be sensitive to the modernization of information technology and follow the trend while administering tax.
2. Personals of tax authorities should be sent from time to time for training programs so as to keep them abreast with changes in the technological world.
3. There is need to educate the populace on how some of this ICT programs adopted by tax authorities works so as to enable maximum compliance to them.
4. Tax authorities should make as part of their employment criteria, the elementary knowledge of ICT by prospective applicants.

5. As part of the recommendations made by the researcher, government should partner with tax authorities to ensure availability of adequate funding for the tax authorities while exploring its options in the use of information and communication technology.

5.5 CONCLUSION

The role that the use of information and communication technology can play in tax administration cannot be emphasized. It has been noted that information technology usage can work directly proportional to tax administration in that it leads to a positive effect on the overall tax efficiency.

The efforts of the Nigerian tax authorities in adopting ICT in its operation cannot be undermined, since it has developed already certain information technology programs like the Tax identification number(TIN) among others. However, the researcher has noted that there is still plenty of resources to adapt more information technology programs in its operation.

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ABBREVIATIONS

| | |
|--------------|--|
| IT | (information technology) |
| ICT | (Information and communication technology) |
| ITMA | (income tax management authority) |
| PAYEE | (Pay as you earn) |
| FIRS | (federal Inland Revenue services) |
| JTB | (joint tax board) |
| FBIR | (federal board of internal revenue) |
| TIN | (Tax identification number) |
| ITAS | (integrated system of tax administration.) |

Questionnaire

1. How old are you?

(a). 18-28 () (b) 29-39 () (c) 40-above ()

2. What is your gender?

(a) Male () (b) female ()

3. What is your highest educational qualification?

(a). primary () (b) secondary () (c)

NCE/Diploma () (d) B.Sc ()

4. What is your marital status?

(a) Married () (b) single () (c) divorced ()

SECTION B

| S/N | QUESTIONS | YES | NO |
|-----|--|-----|----|
| 1. | Does the Kaduna state board of internal revenue encourage the use of ICT? | | |
| 2. | Do you think that the use of ICT should be encouraged in taxation | | |
| 3 | Can any possible ICT program be implemented in the Nigerian taxation? | | |
| 4. | Is there room for improvement in ICT usage in Nigeria? | | |
| 5. | Do you think the upgrade of ICT in taxation would increase tax efficiency? | | |
| 6. | there is an effective tax | | |

| | | | |
|-----|--|--|--|
| | administerative system in the board of internal revenue. | | |
| 7. | Is Information and communication technology given significant attention In the kaduna state board of internal revenue? | | |
| 8. | Is Information and communication technology a tool for effective tax administration? | | |
| 9. | Would The increased use of ICT in kaduna state board of internal revenue have a positive Impact on tax administration? | | |
| 10. | Is Information and communication technology vital in tax administration. | | |