

EVALUATING THE ADMINISTRATION OF NIGERIAN TAX SYSTEM AS KEY CONTRIBUTOR TO IMPROVED VAT PERFORMANCE IN SOUTHWESTERN NIGERIA

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ABSTRACT

The recent downward trend in the prices of crude oil in the world market has prompted the various tiers of governments in Nigeria to shift attention to the non-oil sources of revenue such as Value Added Tax (VAT). Hence, this study examined the Nigerian tax system as key contributor in achieving improved tax performance in Southwestern Nigeria. The objective is to examine the roles of the tax laws, policies and administration as key factors influencing tax assessment and payment compliance behaviours of taxpayers. The uniqueness of this study is based on the extended research instruments adopted which focused on State Governments as beneficiary of the revenue accruable from VAT. This paper adopted a survey research method which is quasi-experimental form of design in nature. A simple random sampling technique was used to sample 360 taxpayers and 361 staff of Federal and State Internal Revenue Services as key players in Nigeria tax system administration on which the questionnaires were administered.

The Analysis of variance (ANOVA) result for the test of hypotheses indicated that tax authorities empowered with the content of manual of tax procedure ($F = 8.60, p < 0.05$) and adequate staff motivation ($F = 16.43, P < 0.05$) have significant influence on the performance of VAT. Tax compliance level ($F=23.81, p<0.05$), Self assessment nature of VAT ($F= 6.15, p<0.05$) are adequate and encouraging factors needed for Taxpayers Voluntary compliance.

The study concluded that any government policy that will enhance VAT performance must take into consideration the need to adequately motivate the tax officers of the Federal and State Internal Revenue Services and provide them with explicit manual of procedure. Self assessment nature of VAT must be promoted to encourage taxpayers' voluntary compliance.

KEYWORDS: Taxation, Nigerian Tax System, Taxpayers, Tax Authorities, VAT Compliance, VAT Performance