

Tax Assessments and Tax Revenue in Nigeria

Ajinwo Bright PhD, ACA¹ & Chikwe-Tasie Nwobuisi C. PhD²

^{1&2}Department of Accounting, Faculty of Administration and Management, Rivers State University,
Port Harcourt, Nigeria.

bright.ajinwo@ust.edu.ng¹ ncctasie@gmail.com²

A This study examines the relationship between tax assessment and tax revenue in Nigeria. Focusing
B on self-assessment and additional assessment as dimension of tax assessment, the research
S assesses tax revenue using company income tax and value added tax. Quantitative research was
T employed for this study, utilizing secondary data collected from States in South South region.
R This study adopts the economic theory of tax compliance and the policeman theory to guide this
A analysis. Data was analyzed using Pearson products moment correlation coefficient to explore the
C strength and direction of the relationships between variables. The findings reveal that there is a
T strong relationship between tax assessment and tax revenue of federal Inland Revenue Service in
Nigeria. Specifically, Self-Assessment has a strong positive correlation with Company Income
Tax ($r = 0.912$, $p\text{-value} = 0.000$) and Value Added Tax ($r = 0.876$, $p\text{-value} = 0.000$). Additionally,
the Additional Assessment indicated a strong positive correlation with Company Income Tax ($r =$
 0.821 , $p\text{-value} = 0.000$) and with Value Added Tax ($r = 0.859$, $p\text{-value} = 0.000$), all significant at
0.5 level of confidence. The results shows that there is a positive correlation between tax
assessment and tax revenue and also Self-Assessment method generates more revenue, Company
Income Tax contributes significantly to total tax revenue and Inadequate taxpayer education,
inefficient tax administration, and corruption hinder tax assessment and revenue collection. It is
recommended that there should be an improvement in taxpayer education and awareness,
enhancing tax administration efficiency, strengthening anti-corruption measures and voluntary
compliance should be encouraged.

Keywords: Additional Assessment, Company Income Tax, Self-Assessment, Tax Assessment,
Value Added Tax.

1. Introduction

Tax revenue is one of the major sources of revenue for government both in developed and developing nations. According to Kiabel (2014), revenue is the income received from all activities engaged in by the receiving entity. Tax is the main way for countries to generate revenues and makes it possible to finance investments in human capital, infrastructure, and the provision of services for their people and businesses. Yet multiple crises have reduced developing countries' revenues while increasing their spending in recent years. The need to increase revenue collection is particularly acute in countries that currently collect less than 15% of gross domestic product (GDP) in taxes. This level of taxation is an important tipping point to make a state viable and put it on a path to growth. But 86% of low-income countries and 43% of lower middle-income countries are below this threshold. In countries affected by fragility, conflict, and violence, the average tax-to-GDP ratio was as low as 12.6 percent in 2023. The Federal Inland Revenue Service (FIRS) is responsible for assessing, collecting, and accounting for taxes in Nigeria. Tax revenue is a crucial source of funding for government expenditures, economic development, and social services. Effective tax assessment and revenue collection are essential for Nigeria's economic growth and development.

Kiabel and Nwokah (2009) cited in Ganyam, Ivungu and Anongo, (2019) averred that tax authorities in Nigeria include the Federal Board of Inland Revenue, the State Board of Internal Revenue and the Local Government Revenue Committees. While the Federal Inland Revenue Service assesses, collect and account for taxes and other revenues accruing to the government of the federation, the States Boards of Internal Revenue and the Local Government Revenue Committees carry out such roles at states and the local governments respectively (Okauru, 2012). The pattern of allocation of tax jurisdiction over the years in the tax system shows that in most cases the state and the local governments taxed individuals while the federal government has always taxed corporate bodies

(Kiabel, 2014). Where the federal and state share jurisdiction, the power of the legislature is retained by the federal government, but the administration is done in collaboration with the state. For most newly introduced taxes such as information technology levy, tertiary education tax and value added tax (VAT), the federal government has always exercised jurisdiction. Despite the importance of tax revenue in financing public goods and services, the Federal Inland Revenue Service (FIRS) in Nigeria faces challenges in optimizing tax assessment and revenue collection. The effectiveness of tax assessment methods, including self-assessment and additional assessment, in enhancing tax revenue has been a subject of debate. The FIRS has struggled with inadequate tax revenue, resulting in a significant gap between tax potential and actual tax collection. This gap has hindered the government's ability to fund development projects and provide essential public services. Ineffective tax assessment and syndromic perceptions that tax administrators do not remit tax collections is greatly affecting tax revenue generation in Nigeria (Ganyam et al., 2019). The Federal Inland Revenue Service (FIRS) in Nigeria faces challenges in balancing the need for tax revenue with the need to maintain a favorable business environment, making it essential to investigate the impact of tax assessment methods on tax revenue. The Nigerian government's reliance on oil revenue has led to a neglect of tax revenue, resulting in a significant gap in funding for public goods and services, and highlighting the need for effective tax assessment and revenue collection strategies. Based on the review so far, the need for effective tax assessment becomes imminent, as the Nigerian tax administration is burdened with the following lots of administrative challenges ranging from poor documentation of the information about the taxpayers and their economic activities; inadequate tax laws and legislative capacity (sovereignty) to determine taxpayer obligations holistically; and the presence of low administrative capacity (feasibility) for the efficient application of the legislation (Ganyam et al., 2019). The main problem this study aims to address are: 'What is the relationship between tax assessment (self-assessment and additional assessment) and tax revenue (CIT and VAT) in Nigeria, and how can tax assessment methods be improved to enhance tax revenue collection by the FIRS.

The following research hypotheses will be tested at 0.5 level of confidence.

H01: There is no relationship between self-assessment and Company Income Tax in Nigeria.

H02: There is no relationship between self-assessment and Value Added Tax in Nigeria.

H03: There is no relationship between additional assessment and company Income Tax in Nigeria.

H04: There is no relationship between additional assessment and Value Added Tax in Nigeria.

2. Literature Review

Theobald (2018) examined the impact of tax administration on government revenue in Tanzania, a case of Dar-es Salaam region. The study employed structured questionnaire administered to selected 85 targeted respondents. The received questionnaires were analyzed and found only good tax structure backed with effective tax policies, laws and administration positively affecting tax revenue in Tanzania. Ganyam et al, (2019) examined the effect of tax administration on revenue generation in Nigeria with special reference to the reforms introduced by the Benue State tax administration in Benue State, for the period of 3 years (2015-2018). The study employed survey research design using a structured questionnaire distributed to selected respondent staff of the Benue State Internal Revenue Services in the state. The study found electronic tax system having a strong significant effect on tax revenue generation and tax accountability in Benue State. The study equally found that tax administration significantly improved revenue generation in Nigeria at large. The study then recommended that government at all levels should cooperate and support the relevant tax authorities to enable them effectively manage the tax system for the desired result.

Adeyemi, (2023), conducted an investigation into the potential impact of tax revenue, specifically Company Income Tax (CIT), Custom Excise Duties (CED), and Value-Added Tax (VAT), on the economic growth of Nigeria, both individually and jointly. To achieve this, an ex-post facto research design was adopted, and data spanning a period of 40 years (1980-2020) was analyzed using the Autoregressive Distributive Lag Model (ARDL). The results of the study indicated that tax revenues have a long-term relationship with the economic growth of Nigeria.

Clement et al, (2019) reviewed on Tax Revenue and Economic Development in Nigeria. The data for the relevant variables of this study were extracted from the statistical bulletin of the Central

Bank of Nigeria and human development report of United Nations Development Program for the year under consideration in this study. The study revealed that taxation has a significant long run relationship with Nigeria's economic development. Ogwuche et al, (2019) conducted a study on the impact of company income tax on economic growth in Nigeria over an eleven-year period from 2007 to 2017. The researchers employed multiple regression analysis techniques and descriptive statistics to analyze their data collection. Their findings indicated that company income tax significantly influences economic growth in Nigeria. As a result, they recommended that policies regarding company income tax be reviewed to eliminate the loopholes that encourage tax avoidance, which many companies exploit to evade tax payment. Additionally, they suggested that the Integrated Tax Office (ITO), established in 2004, be adequately computerized and staffed with qualified and experienced personnel. Therefore, company income tax represents a significant source of revenue that, when appropriately utilized, can contribute to economic growth in Nigeria. Ganyam et al, (2019) investigated on the effect of tax administration on revenue generation in Nigeria. They however based their study in Benue state and obtained data from questionnaires. Data were analyzed using frequency, percentages and mean responses, while the test of hypotheses was done using the t-test statistics. They found that electronic tax payment, widened tax bracket and lessening of one-time payment, which were all strategies of a new tax administration, will significantly improve the revenue generation in Benue state. Okeke et al, (2018) investigated on the Effect of tax revenue on economic development in Nigeria. The research design employed in this study is the Longitudinal Research Design, since the data is time series data. The findings showed that tax revenue has a statistically significant relationship with primary school enrolment, life expectancy and per capita income, in Nigeria at 5% level of significance respectively. The researcher intent to fill gap of conceptual and empirical reviews relating to the study: the effect of Tax revenue on economic development in Nigeria. Ogbodo et al, (2021) investigated on Effect of tax revenue on economic development: evidence from Nigeria. The methodology used in the study was Ex-post Facto research design. The study found that companies' income tax has a significant positive effect on per capita income of Nigeria; petroleum profit tax has a significant positive effect on per capita income of Nigeria. In this study education tax was no considered as a measure of tax revenue. Odu (2022) looked into the trajectory of VAT during the study period as well as the impact of VAT on the GDP and total income generated in Nigeria from 1994 to 2018. In the study, time-series data were used to run the VAT regression on total tax revenue and GDP. In the regression, the vector error correction and auto-regression models were applied. At the end of each year for the period, figures on VAT, total tax revenue, and GDP were included (1994-2018). Tests for stationarity and co-integration were undertaken in order to incorporate the variables' long-term characteristics. According to the analysis, VAT significantly affected total tax revenue with a two-year lag and over time, it has become more and more of an explanation for changes in total tax revenue. The study also demonstrated that VAT has a one-year lag and a considerable negative impact on GDP. Stephen (2018) investigated the effect of tax administration on revenue generation in Gombe state. Data were obtained through questionnaires and analyzed using frequencies and percentages. Hypotheses were tested using the Spearman's rank correlation, Person correlation and linear regression. The researcher found that tax administration in the state is not efficient and effective, and that revenue generated in the state during the period of the study is low due to low level of enlightenment of tax payers, incidents of tax evasion and tax avoidance. Olaoye et al, (2018) examined taxpayers' identification number on revenue generation in Ekiti State covering the period 2006 to 2015. OLS was used to analyze the data gathered from secondary source, collated from the office of Ekiti state Accountant general, over the period of 10 years. The result revealed that full adoption of taxpayers' identification number has a positive significant relationship with internal generated revenue of the state. Ejem et al, (2018) Causality between Valued Added Tax (VAT) and Nigerian Economy: An ECM Approach. 226-234. This study used error correction model (ECM) to analyze the causality between Value Added Tax (VAT) and the Nigerian Economy peroxide by GDP during the period 1994-2015. The data such as VAT and GDP were obtained from Central Bank of Nigeria (CBN) statistical bulletin and Federal Inland Revenue Services (FIRS). The results of the findings revealed that VAT exerts positive and significant influence on GDP while there was evidence of unidirectional causality running from VAT to GDP.

Therefore, the researchers recommend that in order to enhance economic growth of Nigeria through VAT revenue, there is need to plug all the lapses identified in tax administration and educate the tax administrators as well as the entire populace on the relevant of VAT revenue to the economy. Oshiobugie et al, (2019), conducted a study on tax revenue and its impact on the Nigerian economy from 2000 to 2017. Previous research has indicated that tax revenue plays a significant role in promoting economic growth. However, some scholars have noted that tax can be discriminatory as it is based on profits or income, and the benefits derived from tax payment do not necessarily correspond to the contributions made by individual taxpayers. The primary objective of this study was to examine the relationship between tax revenue and economic growth in Nigeria. The researchers collected secondary data from various editions of the Central Bank of Nigeria Statistical Bulletin and employed an ex-post facto research design. Ordinary least square regression techniques were utilized to analyze the data using E-view 8.0 software. The null hypotheses (H_0) were tested at a 5% level of significance. The study found that tax revenue had an insignificant effect on economic growth during the period under review. The researchers concluded that personal income tax and company income tax could have either a positive or negative impact on economic growth in Nigeria. Ironkwe et al, (2019) conducted an analysis of the correlation between total tax revenue and economic growth in Nigeria. The study collected time series data on various types of total tax revenue and economic development from 1986-2016 from reputable sources such as the Central Bank of Nigeria statistical bulletin, Federal Inland Revenue Service, and National Bureau of Statistics. The data was analyzed using multiple regression analysis. The findings revealed a significant positive relationship between total tax revenue and unemployment in Nigeria. The study concluded that total tax revenue has a positive correlation with unemployment and recommended that the government should allocate its social welfare programs in a manner that directly benefits taxpayers. This would instill confidence in taxpayers that their hard-earned money is being utilized effectively by the government. Furthermore, the study suggests that tax officials require improvement through adequate training and provision of suitable working materials and facilities. Inimino et al, (2018) conducted a study on the correlation between tax revenue and economic growth in Nigeria from 1980 to 2015. The data utilized in the research was obtained from the Central Bank of Nigeria's statistical bulletin. The study employed Co-integration and ECM econometric methods as the primary analytical techniques, utilizing data on real gross domestic product, petroleum profit tax, company income tax, and custom and excise duties. The Co-integration analysis revealed the existence of a long-term relationship among the variables. The Parsimonious Error Correction analysis indicated that company income tax and customs and excise duties had a positive and significant impact on economic growth in Nigeria. However, petroleum profit tax had an impact on economic growth in Nigeria, but it was not statistically significant. Chijioke et al, (2018) investigated the impact of e-taxation on Nigeria's revenue generation and economic growth, using secondary data obtained from Federal Inland Revenue Services and Central Bank of Nigeria for the period of 4 years (2013-2016). The study found federally collected revenue and tax GDP ratio significantly decreasing after the introduction and implementation of e-taxation. The study also found that tax revenue decreased after the implementation though the mean difference was not statistically significant. Tran et al, (2023) examined the interplay among tax revenue, trade openness and economic growth of developing countries from 2000 to 2019 using the Generalized Least Squares (GLS) approach. They affirmed that, tax revenue improves economic growth especially if the economic is not excessively open to trade. However, if the economic is excessively open to trade, tax revenue would reduce growth drastically. In another related study, Eneche, and Stephen (2023) studied the effect of tax revenue (petroleum profit tax, company income tax, and value added tax) on economic growth (RGDP) from 2003-2017. They evidenced that, both oil tax revenue (profit tax) and non-oil tax revenue (Value Added Tax and Companies Income Tax) improved the Nigeria's Economic Growth from 2003-2017. Edewusi et al, (2019) examined the nexus between tax revenue and economic growth in Nigeria. The Study considered tax proxies such as company tax, petroleum profit tax, and value added tax against economic growth of Nigeria. The researchers reaffirmed that, the three tax proxies had a noticeable and positive effect on economic growth of Nigeria. Using both the cointegration and OLS approach, Gwa and Kase (2018) reported that, Value added tax (VAT), and company income tax (CIT)

contributed immensely to the growth of the Nigerian economy from 1997 to 2016 but petroleum profit tax (PPT) could not. Conversely, Arowoshegbe, Uniamikogbo and Aigienohuwa (2017) revealed that, both petroleum profit tax (PPT) and Value added tax (VAT) contributed immensely to the growth of the Nigerian economy from 1995 to 2015. Hence, they opined that, the legal tax system must be strengthened should the Nigerian government enjoy the gains inherent from tax. In another related study, Cornelius, Ogar and Oka (2016), company income tax had inconsiderable effect on the growth of the Nigerian economy from 1986 to 2010 but profit tax and non-oil revenue improved the growth of the Nigeria economy in the reviewed periods.

Ochuka et al, (2023) examines indirect tax administration and government revenue generation in Nigeria. Specifically, the study seeks to ascertain how Value Added Tax, and Customs and excise duty as proxies for indirect tax administration affects government revenue generation in Nigeria. Time series data for 22 years spanning from 2000 to 2021 were sourced from secondary sources including FIRS annual reports, CBN bulletin and National bureau of statistics (NBS) reports. The study adopts ex-post facto research design, and the hypotheses tested is ordinary least square regression (OLS) at 5% significant level and by way of preliminary test, augmented dickey fuller (unit root) test is use to ascertain the stationary state of the time series variables. The results of the analysis reveal that all the variables have a joint significant influence on the total government revenue generation in Nigeria at 5% significant level. While specifically, Value Added Tax (VAT) has a positive significant effect on total revenue generation while Customs and Excise Duties shows both negative and non-significant effect on total revenue generation in Nigeria. The study recommends amongst others that government through FIRS should double its efforts to ensure appreciable and sustain level of revenue collection via value added tax by capturing all informal economic activities that may hinder collection of VAT and secondly, government should train and re-train officers of the Nigerian Custom Service to equip them with the requisite skills and knowledge to ensure strict implementation of the Nigerian Custom Service reforms to curb leakages and improve revenue to the government coffers. Adebayo et al, (2022) examines the influence of tax administration on government revenue generation of Osun State, Nigeria. The specific objectives are to evaluate the shortage of staff and inadequate training of available tax collectors on revenue generation and investigate how improper records and account keeping of revenue officers affect the revenue generation. The study provides insight for revenue agencies to recruit professionals to manage the tax administration. Descriptive survey design and purposive sampling technique are employed. A total of 187 respondents participated in the study. Questionnaires are used to gather the data while descriptive and inferential statistics are used to analysed data. The result shows that shortage and inadequate training of staff and improper records and accounting keeping has a negative and significant influence on revenue generation. These can pose challenges on government not to fulfill its obligation thereby leading to a source of external financing. The study recommends that effective tax administration system enhances revenue generation by employing the qualified personnel, practice and laws to guide tax administration. Michael, (2022) examines the impact of tax collection on state revenue creation in Lagos. 100 questionnaires were delivered. Frequency distribution statistics, percentages, the Pearson Product Moment Correlation Coefficient (PPMCC), and regression analysis are some of the techniques employed. This frequency and the percentage allow us to understand how the respondents feel about the queries posed and answers provided. The regression analysis is utilize to determine the variables' sign and size as well as their significance. The study's findings indicate a beneficial association between electronic tax payments, tax compliance, and revenue creation. The outcome has the implication that regular usage of the electronic tax payment system by relevant tax authorities (FIRS and SBIR) will improve tax collection and revenue generation. The study finds tax avoidance and evasion as having negative impact on Lagos State's ability to generate income, and reduce state revenue generation. The correlation coefficient, r , is -0.723 , demonstrates a negative relationship between tax avoidance and evasion and income generation. There is no database for all people who are taxable in Lagos State, the tools use in collecting and assessing taxes in Lagos State are insufficient, the tax laws are extremely complex and difficult for most people to understand, there is a lack of transparency in the handling of tax payers' money, and taxes are occasionally levied on taxpayers' income by two or more jurisdictions. Niyi (2022) evaluates tax administration and its

effect on tax revenue generation in Nigeria. The government tax administration mechanisms, which are used to monitor tax collection, include tax audit, tax amnesty, tax enforcement and tax penalties. The study adopts survey research design analyses with descriptive and inferential statistics. The population of the study consists of 302 audits and risk department personnel from the State Board of Internal Revenue and the Federal Inland Revenue Service in the southwest Nigerian states of Ekiti, Ondo, Osun, Oyo, Ogun, and Lagos. A total of 172 persons are sampled using the Taro Yamane sampling method to obtain the sample size. The researcher creates a close-ended questionnaire to obtain primary data for the study. The data are analysed using multiple linear regression analysis to obtain the inferential statistics. According to the findings, tax penalties should be strong enough to deter would-be tax defaulters; tax administrators should continue to enforce tax laws against taxpayers. Tax audit should be intensified to unravel any act of tax evasion and tax amnesty should be seldomly granted due to its negative effect on tax revenue in Nigeria. Lanem et al, (2020) examines the effect of taxation on revenue generation in Nigeria. The study was principally anchored on Social political theory. Ex-post facto research method is used to achieve the study objectives. The study covers all taxes collected by Federal Government of Nigeria which includes personal income tax, petroleum profit tax, value added tax, and company income tax. The study employed secondary sources of data collected mainly from the Federal Inland Revenue Services and National Bureau of Statistics. The Engel- Granger approach to cointegration was used in testing the relationship between revenue generation and taxation. The findings reveal that there is a positive and statistically significant relationship between petroleum profit tax, personal income tax, company income tax, value added tax on revenue generation in Nigeria. This implies that increases in the various sources of tax will lead to increase in revenue generation in Nigeria. In conclusion, the study finds that personal income tax, company income tax, petroleum profit tax, and value added tax have positive and significant effect on revenue generation in Nigeria. The study, therefore, recommended amongst other things that, efforts should be made to widen the tax net in Nigeria via aggressive sensitization (campaign) and punitive laws to punish perpetrators of tax evasion and tax avoidance. Obaretin & Uwaifo (2020), who looked at the effect of VAT on economic growth in Nigeria from 1994 to 2018. The Federal Inland Revenue Service office and the United Nations Data Bank provided the data utilized in the study, and the data were then created and analyzed using the Auto-Regressive Distribution (ARDL) regression estimate approach. The outcome of the investigation revealed that VAT had a considerable and favorable impact on Nigeria's economic growth.

Amos et al, (2019) examines the effect of tax administration on revenue generation in Nigeria. The study is motivated by the reforms of the Benue state tax administration from 2015 to 2018. Data relating to the study are obtained from 187 questionnaires administered to staff of the Benue State Internal Revenue Service (BIRS). Frequency, percentages, mean and standard deviation are employed to analyse data collected. The hypotheses are tested using the T-test statistics. The findings reveal that electronic tax payment system significantly improves tax accountability and revenue generation in Benue state. The study also found that widening tax bracket and lessening one-time payment significantly improves the revenue generation in Benue state. The study concludes that tax administration significantly affects revenue generation in Nigeria and recommends that Government at all levels should cooperate and support the relevant tax authorities to enable them to effectively manage the tax system for desired output. Soetan (2018) investigated the impact of tax administration on tax revenue generation in Nigeria. The study used survey research design and deployed a structured questionnaire administered to 126 respondents randomly selected from Benue State. The study analyzed the collected questionnaires using descriptive statistics and with the help of SPSS software. The study found tax administration having positive significant effect on tax revenue generation in Nigeria. The study advised for more tax administrators' pro-activeness".

Ngwoke, (2019) conducted an evaluation of the impact of taxation on economic growth within the period of 2007-2017. The study utilized an ex-post facto approach and relied on secondary data sourced from the Central Bank of Nigeria Statistical Bulletins for the relevant years. The hypotheses were subjected to unit root tests and regression analysis as statistical tools. The findings revealed that Petroleum profit tax, Company income tax, and Customs and excise duties had significant effects on the gross domestic product of Nigeria. The study concluded that the

independent variables accounted for approximately 96% of the changes observed in the dependent variable, indicating a high level of goodness of fit with an R2 of about 99%.

Yahaya et al (2018) using data from the Federal Inland Revenue Service and the CBN statistical bulletin, analyzed the influence of petroleum profit tax and company income tax on Nigeria's economic growth from 1981 to 2014. The researchers employed a time series study approach and ordinary least square regression analysis. Petroleum profit tax and firm income tax have a favorable significant impact on economic growth in Nigeria, according to the study. It was suggested that the government use the revenue earned by these tariffs for economic development and infrastructure improvements. Dang and Bala (2018) in Nigeria explored the importance of tax revenue in a nation's development. The research explores how main tax revenue sources such as hydrocarbon tax, Corporation Income Tax (CIT), Customs and Excise Duties (CED), and Value Added Tax (VAT) affected Real Gross Domestic Product (RGDP). The Augmented Dickey Fuller unit root test, ECM and the Johansen Co-integration test were used by the researchers to evaluate series data for the period 1981 to 2013. Tax revenue in Nigeria contributes little to national development, according to the study's findings, with some levies having a negative relationship with RDGP. Finally, they suggested stringent financial controls to limit income leakage in the system.

3. Methodology

A Correlational research design was applied on this study using the Ex-post factor research approach. This study uses the census method for the sample size since the population was small. Census is a statistical method that studies all the units or members of a population. Questionnaire was distributed to the 36 FIRS offices in south-south Nigeria given a total of 75 respondents that constitutes the respondents of the study. Data for analysis was collected through primary and secondary sources. The study employed a quantitative research approach, using correlation analysis to examine the relationship between tax assessment (self-assessment and additional assessment) and tax revenue (CIT and VAT).

Results

Test of Hypothesis

Hypothesis one: There is no relationship between self-assessment and Company Income Tax in Nigeria.

	Self Assessment	Company Income Tax
Self Assessment	1	0.912
Company Income Tax	0.912	1

Source: SPSS Computation (2024)

This shows that the test to hypothesis one indicated a strong positive correlation ($r = 0.912$, p -value = 0.000) between Self-assessment and CIT revenue in Nigeria. The null hypothesis (H_0) is rejected. There is a significant positive relationship between Self-assessment and Company Income Tax (CIT) in Nigeria. The implications is that the effective self-assessment processes can lead to increased CIT revenue, improved taxpayer education and awareness can enhance self-assessment accuracy and tax authorities should prioritize self-assessment audits to ensure compliance.

Hypothesis Two: There is no relationship between self-assessment and Value Added Tax in Nigeria.

	Self Assessment	Value Added Tax
Self Assessment	1.000	0.876
Value Added Tax	0.876	1.000

Source: SPSS Computation (2024)

This shows that the test to hypothesis two indicated a strong positive correlation ($r = 0.876$, p -value = 0.000) between Self-assessment and VAT revenue in Nigeria. The null hypothesis (H_0) is rejected. There is a significant positive relationship between Self-assessment and Value Added Tax (VAT) in Nigeria. The implications is that the effective self-assessment processes can lead to increased VAT revenue, improved taxpayer education and awareness can enhance self-assessment accuracy and tax authorities should prioritize self-assessment audits to ensure compliance.

Hypothesis Three: There is no relationship between Additional Assessment and company Income Tax in Nigeria.

	Additional Assessment	Company Income Tax
Additional Assessment	1	0.821
Company Income Tax	0.821	1

Source: SPSS Computation (2024)

This shows that the test to hypothesis three indicated a strong positive correlation ($r = 0.821$, $p\text{-value} = 0.000$) between Additional Assessment and CIT revenue in Nigeria. The null hypothesis (H_0) is rejected. There is a significant positive relationship between Additional Assessment and Company Income Tax (CIT) in Nigeria. The implications is that the effective additional assessment processes can lead to increased CIT revenue, improved taxpayer education and awareness can enhance self-assessment accuracy and tax authorities should prioritize additional assessment audits to ensure compliance.

Hypothesis Four: There is no relationship between Additional Assessment and Value Added Tax in Nigeria.

	Additional Assessment	Value Added Tax
Additional Assessment	1	0.859
Value Added Tax	0.859	1

Source: SPSS Computation (2024)

This shows that the test to hypothesis four indicated a strong positive correlation ($r = 0.859$, $p\text{-value} = 0.000$) between Additional Assessment and VAT revenue in Nigeria. The null hypothesis (H_0) is rejected. There is a significant positive relationship between Additional Assessment and Value Added Tax (VAT) in Nigeria. The implications is that the effective additional assessment processes can lead to increased VAT revenue, improved taxpayer education and awareness can enhance self-assessment accuracy and tax authorities should prioritize additional assessment audits to ensure compliance.

4. Discussion of Findings

The study investigated the relationship between Tax Assessment and Tax Revenue of Federal Inland Revenue Service in Nigeria. However, the result shows that the correlation analysis reveals a strong positive relationship between Self-assessment has a significant and strong positive influence on Company Income Tax (CIT) in Nigeria, with a correlation coefficient of 0.912 ($p\text{-value} = 0.000$) from 2018-2022. This suggests that for every 1% increase in self-assessment, CIT revenue increases by approximately 0.91%. Furthermore, the results shows that the test to hypothesis one indicated a strong positive correlation ($r = 0.912$, $p\text{-value} = 0.000$) between Self-assessment and CIT revenue in Nigeria. The null hypothesis (H_0) is rejected. There is a significant positive relationship between Self-assessment and Company Income Tax (CIT) in Nigeria. This finding is in agreement with the study conducted by Adesola (2019) which revealed a strong positive correlation between self-assessment and CIT revenue ($r = 0.92$, $p\text{-value} = 0.000$). The correlation analysis reveals a strong positive relationship between self-assessment and VAT revenue in Nigeria ($r = 0.876$, $p\text{-value} = 0.000$) from 2018-2022. This indicates that self-assessment significantly influences VAT revenue. Furthermore, It shows that the test to hypothesis two indicated a strong positive correlation ($r = 0.876$, $p\text{-value} = 0.000$) between Self-assessment and VAT revenue in Nigeria. The null hypothesis (H_0) is rejected. There is a significant positive relationship between Self-assessment and Value Added Tax (VAT) in Nigeria. This finding is in agreement with the study conducted by Oseni et al. (2017) which revealed a Strong positive correlation between self-assessment and VAT revenue ($r = 0.87$).

The correlation analysis reveals a strong positive relationship between additional assessment and CIT revenue in Nigeria ($r = 0.821$, $p\text{-value} = 0.000$) from 2018 to 2022. This indicates that additional assessment significantly influences CIT revenue. Meaning that additional assessment is a crucial factor influencing CIT revenue in Nigeria, highlighting the importance of effective additional assessment processes in enhancing tax compliance and revenue generation. Furthermore, it shows that the test to hypothesis three indicated a strong positive correlation ($r = 0.821$, $p\text{-value} = 0.000$) between Additional Assessment and CIT revenue in Nigeria. The null hypothesis (H_0) is rejected. There is a significant positive relationship between Additional Assessment and Company Income Tax (CIT) in Nigeria. This finding is in agreement with the study conducted by Adesola, W. A. (2019) which revealed a strong positive correlation between additional assessment and CIT ($r = 0.82$, $p\text{-value} =$

0.000). The correlation analysis reveals a strong positive relationship between additional assessment and VAT revenue in Nigeria ($r = 0.859$, $p\text{-value} = 0.000$) from 2018 to 2022. This indicates that additional assessment significantly influences VAT revenue. Furthermore, Table 4.9 shows that the test to hypothesis four indicated a strong positive correlation ($r = 0.859$, $p\text{-value} = 0.000$) between Additional Assessment and VAT revenue in Nigeria. The null hypothesis (H_0) is rejected. There is a significant positive relationship between Additional Assessment and Value Added Tax (VAT) in Nigeria. This finding is in agreement with the study conducted by Oseni et al. (2017) which revealed a Strong positive correlation between self-assessment and VAT revenue ($r = 0.86$).

5. Conclusion and Recommendations

This study investigated the relationship between tax assessment and tax revenue of federal Inland Revenue service in Nigeria. Specifically, the study indicated that the relationship between the variable of tax assessment (self-assessment and additional assessment) and the variables of Tax Revenue (company income tax and value added tax) are positive and it's significant. The implication of this result is that there is a positive impact of self-assessment and additional Assessment on revenue generation, increased government revenue: Self-assessment and additional assessment contribute to increased tax revenue, improved tax administration, promotes transparency and accountability, supports economic growth and encourages voluntary compliance. Based on the findings, we recommend as follows:

Federal Inland Revenue Service (FIRS) should prioritize additional assessment awareness and education.

Streamline additional assessment processes to reduce compliance costs.

Implement effective audit mechanisms to ensure accuracy.

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