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1 Information and Communication Technology (ICT) as a Tool in
2 Revenue Generation and Tax Administration, a Study of Firs
3 Abakaliki, Ebonyi State-Nigeria

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8 **Abstract**

9 Information and Communication Technology (ICT) has opened a new visage to globalization
10 in revenue generation and tax administration. The deployment and integration of ICT
11 facilities into revenue generation and tax administration for internet access and a web portal
12 implementation that enable the organizations in charge of revenue generation and tax
13 administration in Nigeria; federal inland revenue service (FIRS) to carry out most of its
14 activities ubiquitously on the internet is steadily growing in Nigeria. This has enabled many
15 financial operations such as
16 Pay-direct, E-tax, M-banking, E-banking, E-filing, E-assessment, E-auditing among others. In
17 Nigeria, quite a large number of revenue generation and tax administration organizations in
18 different state have either developed their portal or have had one deployed for the purpose of
19 ICT-related operations.

21 **Index terms**— ICT, revenue generation, tax administration, firs, ebonyi state.

22 Good governance is when the social contract between the governments and the governed are satisfied and it is
23 achievable using modern technique of Information Technology. Putting in place good welfare facilities and up
24 to-date securities apparatus for citizens is largely dependent on financial strength of that country. According
25 to Sven Steinmo (1993) Governments need money; modern governments need lots of money, how they get this
26 money and whom they take it from are two of the most difficult political issues faced in any modern political
27 economy. Daniel Armah-Attoh and Mohammed Awal (2013) pointed out that the capacity of a country to provide
28 for the welfare and security of its citizens, as well as to develop and consolidate representative democracy, is
29 determined by its ability to raise enough resources. As in many African countries, Internally Generated Revenue
30 in Nigeria depends totally on taxation.

31 According to the Federal Inland Revenue handbook on "Taxation Reform in Democratic Nigeria", the history
32 of modern taxation in Nigeria started with the Stamp Duties Proclamation in 1903 in the then Northern
33 Protectorate, which later became part of amalgamated British Colony of Nigeria. It was the Native Revenue
34 Proclamation of 1906 that systematizes all existing precolonial taxes, thus bringing into place a new regime of tax
35 rates. The amalgamation of the Northern and Southern Protectorates to form the colonial federation of Nigeria
36 in 1914 led to the Native Revenue Ordinance in 1917, which was extended from the northern territories to the
37 western and eastern territories in 1918 and 1927, respectively. Since then, there has been a steady progress in the
38 tax regime with various attempts to modernize, expand, reform and improve the process, procedure, and sanctions
39 inherent in the system of taxation in Nigeria. In 1943, the Nigerian Inland Revenue Department was carved out
40 of the Inland Revenue Department of British West Africa. This Department was later renamed the Federal
41 Board of Inland Revenue under the Income Tax Ordinance, 1958 or levies on the citizens, property,
42 income, commodities, transactions and so forth, for the purpose of raising revenue for government expenditure.
43 The major reasons of impose tax includes; to raise money for the purpose of financing social services like health,

5 VII. RECOMMENDATIONS

44 defense, law and order, education and infrastructure; second, to raise share of the national cake going to the poor;
45 to encourage investment; and to defend local market on domestic products through heavy taxes on unnecessary
46 imports(TRA 2012).

47 1 II. Tax System in Ebonyi State-Nigeria

48 The tax system in Ebonyi state just as it is in other states in Nigeria is made up of the tax policy, the tax
49 laws and the tax administration. All of these are expected to work together in order to achieve the economic
50 goal of the state and the nation generally. According to the Presidential Committee on National tax policy
51 (2008), the central objective of the Nigerian tax system is to contribute to the well being of all Nigerians directly
52 through improved policy formulation and indirectly through appropriate utilization of tax revenue generated for
53 the benefit of the people. In generating revenue to achieve this goal, the tax system is expected to minimize
54 distortion in the economy. Other expectations of the Nigerian tax system according to the Presidential Committee
55 on National tax policy (2008) include;

56 ? Encourage economic growth and development. ? Generate stable revenue or resources needed by government
57 to accomplish loadable projects and or investment for the benefit of the people. ? Provide economic stabilization.
58 ? To pursue fairness and distributive equity ? Correction of market failure and imperfection.

59 In an attempt to fulfill the above expectation, the national tax policy is expected to be in compliance with the
60 principle of taxation, the lubricant to effective tax system. The Nigerian tax system has been flawed by what is
61 termed multiplicity of tax and collecting entities at the three tiers of government levels -Federal level, State state
62 level and Local government level (Ahunwan, 2009). Since major functions of government to the general public
63 using taxation as a tool, according to Nightingale (2002) and Lyme and Oats (2010) the objective of taxation
64 are also highlighted as follows; ? Raising revenue to finance government expenditure. ? Redistribution of wealth
65 and income to promote the welfare and equality of the citizens. ? Regulation of the economy thereby creating
66 enabling environment for business to thrive.

67 Taxation is therefore, one among other means of revenue generation of any government to meet the need of the
68 citizens some of which have been pointed out above. It is worthy of note however, that there are other sources
69 of revenue generation by the government such as grants, borrowing and so forth.

70 2 III. The Major Organs of Tax Administration in Nigeria

71 The organs of the Nigerian Tax Administration are listed below; Investment in ICT and modern work tools has
72 led to automation of key processes including collection. This has blocked leakages in the system and boosted
73 government revenue profile. The Service also underwent structural reorganization within this period and new
74 offices were created. In 2010, the Service recruited more than 1800 new staff to fill these new vacancies with
75 relevant skills and competencies.

76 Overall, since 1943 when the Nigerian Inland Revenue Department was established, it has undergone series of
77 modification within a period of 69 years of existence to attain its present form which is totally ICT oriented.

78 3 V. Tax and Revenue Administration

79 It is one thing to make policies, rules and regulation in an attempt to attain a desired goal or objective and it
80 is another thing to implement these policies, rules and regulation. The organs and or agencies in charge of tax
81 policy implementation in Nigeria are referred to as the administrative organ or agency in this research. Efficiency
82 and effectiveness should be the watch word in designing a tax administration structure that will give the desired
83 result ??McPherson 2004) This law is one of the most recent tax laws in Nigeria. Its inception follows the
84 technological innovations that brought about the use of mobile phones, cyber companies and Internet providers,
85 etc. Administered by the federal government through FIRS, the law places a levy of 1% on the profit before tax
86 of: "GSM service providers and all Telecommunication Companies. Cyber Companies and Internet providers.

87 4 VI. Conclusion

88 This study shows clearly that ICT plays an important role in the increase of internally generated revenue in
89 Ebonyi stae-Nigeria by ensuring compliance thereby boosting productivity and economic activities in the state
90 among others. It is a change agent for accelerated growth and poverty reduction in Ebonyi state-Nigeria and the
91 whole of African continent at large. The emerging global infrastructure could make it increasingly possible for
92 eligible taxpayers to pay tax online anywhere and anytime. The establishment of an integrated broadband plan
93 is a positive indicator of the government of Nigeria to provide ambience for enhancing the use of information
94 technology and promoting information transmission and connectivity to the global infrastructure. However,
95 necessary laws and regulations have to be passed by the appropriate authorities to reduce or abolish import taxes
96 on information technology hardware such as computers, Servers, printers, biometric scanners and other devices.

97 5 VII. Recommendations

98 ICT tax and revenue administration projects frequently encounter downtime at critical moments and have a
99 significant failure rate on account of various challenges such as inadequate funding and maintenance due to

100 organizational, political and technical complexities among other challenges or lapses. Government and other
101 concerned bodies have to find solutions to these challenges. All citizen of the state should as matter of fact
102 be educated on need, use and importance of all Electronic application and operations such as Pay-direct, TIN
application etc

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I. Introduction

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Figure 1:

1. Federal Inland Revenue Service Board
2. State Internal Revenue Service Board
3. Joint Tax Board
4. Local Government Revenue Committee
5. Joint State Revenue Committee. (ICAN, 2010)

Figure 2:

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1998, a) Modernization of Tax Administration using ICT Information and Communication Technology (ICT) is used to enhance performance in revenue and tax administrations and has demonstrated itself in the following ways; ? Reduction of human error in tax and revenue administration. ? Fast, efficient and easier tax and revenue report processing or generation. ? Providing readily accessible data for tax officers, ? Development of National Tax Database linking all revenue authorities and major stakeholders in the entire country. ? It serves as legitimate and technological way of dragging every taxable Ebonyian (indegine of the state) and Nigerian into the tax net through the TIN ICT platform. ? Untimely making report available. ? Promoting voluntary compliance thereby minimizing tax evasion. ? It ensures highest accuracy of identity uniqueness of all taxable citizen of the state through the TIN system. ? Finally, it also facilitating better decision making by tax authorities. The tax administration in Ebonyi state-Nigeria has been automated which also include electronic processes and tailored made projects to address specified areas of the tax system such as: ? Taxpayer Identification Number (TIN) System: TIN (Taxpayer Identification Number) Project is an electronic system of tax identification, involving the assignment of a computer-generated unique identifier called "TIN Number" to every taxable person in the state. This project helps in the development of National Tax Database linking all revenue authorities and major stakeholders in the country. corporate entity, registered organizations and group of people that want to carry out vital operations such as opening of Bank Account and award of contract to have TIN which will reduce to the barest minimum the incidence of tax evasion. ? Factual Accurate Complete Timely (Fact): Project FACT (Factual Accurate Complete Timely) is an integrated electronic system of tax registration, tax payment and accounting empowered by Information and Communication Technology adoption in tax and revenue administration in Nigeria. ? Integrated System of Tax Administration (ITAS): Integrated system of tax administration (ITAS) includes, Business Process Re-engineering, Systems Development, Change Management and automation of Finance and Accounts Functions which is shortlisted as follows; ? Tax clearance verification. ? Tax refund application software. ? Contact management centre. b) Possible Mistakes/Challenges of E-Taxing Administration Platform and Solutions The possible mistake a tax payer can do during Electronic payment are; ? Double payment. ? System failure. ? Over payment. ? Excess of Excess VAT and ? Error in computation. c) System Generated Solutions The possible measure or solutions are; 1. Validation system or facilities 2. Tax refund process/facility 3. Error Identification facilities etc d) National Information Technology Development Agency (Nitda) Act, Lfn 2007

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Figure 3:

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