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TAX ENFORCEMENT MEASURES AND TAX REVENUE IN NIGERIA.

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ABSTRACT
This study investigated tax enforcement measures and tax revenue in Nigeria. The Federal Inland Revenue Experience and the state Internal Revenue Service aim to ascertain the relationship between tax enforcement measures whose proxies are disdain and litigant, and tax revenue with adopted indices of company income tax, and personal income tax in Nigeria. Data was collected via questionnaire distributed to 371 respondents across 25 firms in Port Harcourt, with a high response rate of 95%. The methodology involves pooled least squares regression, diagnostic tests for multicollinearity and heteroscedasticity, and preliminary analyses including descriptive statistics, Cronbach's Alpha, correlation matrix, and normality tests. The study finds that tax enforcement through litigation has a positive but insignificant effect on personal income tax and a negative and insignificant effect on capital gains tax. Conversely, tax enforcement through disdain positively and significantly impacts capital gains tax revenue. These findings suggest that while litigation may not be effective, leveraging social norms and public perception through disdain can enhance compliance and tax revenue. The study, therefore, recommends that frequent tax audits be implemented, with a focus on significant taxpayers and high-net-worth individuals who are known to engage in tax disdain. Fear of a recurring tax audit makes tax defaulters fearful, which makes them comply. Tax penalties ought to be sufficiently harsh to discourage potential taxpayers from filing false tax returns. To further inform people on the necessity of meeting tax obligations and the consequences that follow a default, tax education is also advised.

Keywords: Tax enforcement measure, tax revenue, personal income tax, company income tax, Nigeria tax system.

INTRODUCTION
Government allocate substantial funds to ensure that their citizens have access to essential utilities and various social services, which are the primary responsibilities of elected public officials. Government require substantial funds to fulfil their obligations and carry out these tasks. Taxes are the primary and consistent means by which the government generates revenue, surpassing all other sources in terms of contribution (Modugu & Anyaduba, 2014). Therefore, tax can be defined as a compulsory charge imposed by the government on the earnings, gains, or assets of an individual, family, community, corporation, or other entities, with the purpose of funding public expenses that aim to provide social services for the citizens. The government utilises it as a means to generate the necessary funds for constructing vital infrastructure or services within the State (Oladele, Ndalu & Micah, 2021). A tax is a compulsory charge imposed by the government, administered through its agencies, on the wealth, spending, and earnings of its citizens. These taxes are levied on personal income, including wages, business earnings, interest, dividends, rebates, or royalties, with the purpose of generating revenue.
This tax applies to incorporated profits, petroleum profits, capital gains, and capital transfers (Bello, 2021). Taxes are obligatory payments or transfers of resources from individuals or businesses to the government. They are charged based on specific criteria and are not dependent on any specific benefits received. The purpose of taxes is to help the country achieve its economic and social goals. The primary purpose of taxation is to generate revenue for the government in order to finance its expenditures (Al Zakari, 1995). Taxation has been a longstanding practice since the inception of planet Earth. Tax enforcement has been practiced since biblical times. Nevertheless, a significant number of individuals encounter challenges when discussing taxes, and the situation

becomes even more unfavourable when addressing tax enforcement techniques. The primary goal of the government's revenue policy is to deter tax evasion and enhance adherence to tax legislation. Oladele, Ndalu, and Micah (2021) assert that tax enforcement aims to induce taxpayers to adhere to the outcomes of tax audits and ensure future compliance with tax legislation. Consequently, these expressions are currently employed to denote governmental endeavours aimed at generating funds.

Typically, there exists a wide range of tools that can be utilised to guarantee adherence to tax regulations. The essence of enforcement lies in ensuring strict adherence to diverse tax compliance requirements, encompassing timely and accurate filing as well as prompt payment of tax liabilities. It is important to note that all individuals or organisations belonging to the mentioned income categories are obligated to pay taxes, whether willingly or unwillingly. The difficulties associated with returns and assessment became apparent during this process. Every individual or entity that is legally required to pay income tax for a specific tax year must provide the tax authority with their income and relevant details for assessment (Oyebanji, 2006). Efficient tax administration is essential for the government to generate tax revenue, which is necessary to provide basic facilities and improve the standard of living of the population. In the absence of adequate financial assistance, it would be unfeasible to adequately provide benefits, sustain the infrastructure, and maintain a high standard of living for the population (Anyaduba, Eragbhe, & Kennedy, 2012). Substantial disparities in tax collection have posed significant challenges to generating tax revenue over the years.

The term "tax gap" denotes the disparity between the aggregate amounts of taxes paid willingly and promptly, and the actual tax obligations that should have been paid for the corresponding period with minimal or no exertion (John, Emmanuel & Modugu, 2012). Undoubtedly, the government's ability to generate tax revenue to fund its expenditures is heavily reliant on the level of compliance and the efficacy of enforcement measures (Alabede, Ariffin & Idris, 2011). Previous studies, especially in developing countries, have demonstrated that the majority of taxpayers fail to comply with tax regulations primarily because of a lack of trust or, in some cases, an inability to fulfil certain obligations (Oyedokun, 2015). In addition, additional studies have substantiated that the majority of individuals who exhibited partial compliance did so possibly because they anticipated potential penalties in the event of a tax audit resulting in liability (Nyaga, 2014; Oyedokun, 2015). Furthermore, certain individuals conform due to their fear of being subjected to a tax audit by tax auditors (Anyaduba & Mogudu, 2013; Ladi & Henry, 2015). Kirchler (2007) argues that noncompliance can take various forms, including the complete omission of filing a tax return, the underreporting of income, and the exaggeration of deductible expenses, all aimed at reducing tax obligations.

Oyelade (2016) asserts that the low level of tax compliance in Nigeria is undesirable. This can be primarily attributed to the ineffective management of tax administration, which is further exacerbated by an overdependence on crude oil revenue and has resulted in the neglect of taxation. The statistics for Nigeria indicate that there were less than ten million taxpayers (10,006,304) registered for personal income tax in all the states of the Federation, including the Federal Capital Territory (FCT). Remarkably, the Lagos State Internal Revenue Service (LIRS) alone bears the responsibility for overseeing nearly 4.6 million of these taxpayers. Each of the 35 States in the Federation, including the FCT, holds an average of 1.5% of the remaining funds in their coffers. Ibrahim (2016) and Onuoha and Dada (2016) state that there are different methods of enforcement that can be used when voluntary compliance becomes difficult. Tax audits, litigation, distraint, search and seizure, tax fines, legal action, and occasionally tax amnesty or tax holiday are some of the possible consequences (Anah & Nwaiwu, 2018). Additional measures for tax enforcement encompass tax audits, the levying of fines and penalties, the seizure and subsequent sale of assets related to tax delinquency, and the obligation to obtain a tax clearance certificate for significant transactions (Samuel, 2015). Consequently, the existing literature has established a correlation between the mentioned tax collection methods and enforcement strategies.

Statement of the Problem

In Nigeria, taxation is intended to serve as the principal means of generating government revenue; nevertheless, this objective is not consistently achieved (Amah & Nwaiwu, 2018). A significant proportion of the country's revenue is derived from crude oil, foreign loans, and aid. This is primarily attributed to the country's deficiency in tax administration and collection capabilities. A country's revenue administration necessitates enhancement for various reasons. Primarily, although tax policies and legislation possess the capacity to augment tax revenues, the actual amount of money entering government funds is predominantly dictated by the efficiency and effectiveness of revenue management. Insufficient tax collections stem from deficiencies in revenue administration. Utilising loans to address the shortfall in the budget may lead to an unmanageable increase in the national debt and inflation (Alabede, Ariffin & Idris, 2011). Furthermore, income deficiencies curtail the government's fiscal resource envelope, thereby constraining its capacity to execute policies and initiatives and deliver public services. Budget cuts can also arise from unforeseen decreases in income, leading to significant inefficiencies in the administration of government spending.

The efficacy of revenue administration significantly influences the investment climate and the growth of the private sector. Companies contemplating investments are not only concerned with the formal tax framework, but also with its operational aspects. Revenue administration that is perceived as arbitrary or exploitative, discourages investment. Moreover, the revenue administration's failure to effectively enforce its restrictions prevents law-abiding businesses from joining the formal private sector, placing them at a disadvantage compared to unscrupulous businesses (Muhrtala & Ogundeji, 2013). Furthermore, the tax and customs departments are plagued by pervasive corruption. Corrupt revenue officials provide unwarranted tax advantages to willing tax evaders, leading to substantial loss of revenue for the government. In addition, the corruption in revenue administration leads to adverse consequences for honest taxpayers, including harassment, inflated assessments, costly legal proceedings, and lenient treatment of non-compliant competitors. Corruption incurs substantial expenses for both the government and the business sector, posing a significant obstacle to a country's tax administration process.

In order to effectively combat corruption and enhance governance in a country, it is highly probable that a comprehensive approach must include the reformation of the revenue administration (Abel, 2017). In order to match the increasing complexity of economic activity and tax evasion techniques, it may be necessary to implement revenue administration reform that focuses on improving the efficiency and effectiveness of tax enforcement. Globalisation has led to the production of goods and services by taxable corporations in multiple countries. This presents a multitude of opportunities for tax evasion through the manipulation of transactions. Unless the revenue administration's professional and technological competence is on par, the implementation of tax laws will face significant challenges due to corruption, tax havens, and the increasing prevalence of electronic financial transactions (Oyebanji, 2006). This will additionally decrease the likelihood of monitoring taxable transactions and combating tax evasion. Tax enforcement is crucial for enhancing the capacity of revenue administration. Tax enforcement is a significant means of generating revenue. Therefore, the objective of this study is to examine tax enforcement strategies and revenue generation in Nigeria in order to address the existing knowledge gap.

Aim and Objectives of the Study

The main purpose of this study was to investigate the effect of tax enforcement on tax revenue in Nigeria.

Research Questions

1) What is the effect of tax enforcement by litigation on personal income tax revenue in Nigeria?
2) What is the effect of tax enforcement by distrain on personal income tax revenue in Nigeria?

LITERATURE REVIEW

Theoretical Review

Classical Theory of Tax Compliance

This study is premised on Classical Theory of Tax Compliance. The A-S models, which are based on the deterrence theory, are another name for this theory of tax compliance. According to the idea, the taxpayer is likely to maximize the anticipate rewards of the tax evasion gamble, weighing the advantages of successful tax cheating against the uncertain possibility of being discovered and penalized by tax authorities (Sandmo, 2005). According to Alabede, Zainol-Affirm, and Idris (2011), tax audit and penalty play a significant role in the deterrence theory. They also emphasized how the fear and penalties associated with this theory of tax compliance force taxpayers to pay taxes. According to Trivedi and Shehata (2005), deterrence theories propose that taxpayers "play the audit lottery" by calculating the financial effects of various complying options. Verboon and Dijke (2007) stated that the essence of the deterrence model of tax compliance is to chiefly examine the interaction between probabilities of detection and sanction severity that should affect non-compliance. According to Brook (2001), traditional theory only considers economic analysis; nevertheless, social and psychological factors play a significant role in comprehending the problem of tax disobedience. Hasseldine (2000), Torgler (2002), and Kirchler (2007) are three significant studies on the impact of deterrent on compliance. According to Elffers (2000) and Braithwaith (2003), rational people would not comply in the majority of societies around the world because deterrence levels are low if deterrence (i.e., likelihood of detection and severity of sanctions) were the most significant factor in explaining compliance.

Conceptual Review:

Taxation

Tax is a compulsory financial contribution that individuals are required to make to the government in order to support public services and enhance the welfare of society (Appah & Zibaghafa, 2018; Appah, 2019). Similarly, Bhartia (2017) highlighted that taxes are obligatory payments made by individuals, partnerships, and corporations to the government, without any explicit or immediate reciprocation of benefits. Onwuchekwa & Aruwa (2014) stated that tax is an obligatory payment made by all economic entities to the government of a particular tax jurisdiction. However, they failed to disclose the specifics regarding the allocation of the funds or the extent to which the services rendered were commensurate with the amount collected.

The Nigeria Tax System

The Nigerian government functions within a federal framework, which has consequences for the administration of its tax system and fiscal policies. The Nigerian tax system has been widely criticised by experts for its lack of balance and excessive dependence on oil revenue. Notwithstanding this dominant impact, taxation remains a vital method of generating income. The Nigerian tax system comprises a wide range of statutes that play a vital role in generating revenue for the government at various levels, facilitating public initiatives and projects. The Personal Income Tax Act (PITA) enables the evaluation and gathering of taxes from diverse income sources, encompassing individuals, families, trustees, communities, and estates. As per this legislation, any earnings derived from a trade, business, profession, or vocation are liable to be taxed by the tax authority of the taxpayer's residential jurisdiction. The taxable incomes under this legislation can be derived from sources within or outside of Nigeria. Corporate entities are liable to be taxed in accordance with the provisions of the Companies Income Tax Act (CITA).

Tax Revenue

Taxation and the management of tax affairs are essential elements in the process of nation-building, especially in developing or transitioning countries such as Nigeria. Kiabel and Nwokah (2009) argue that taxes provide the financial means for states to achieve their objectives. Taxes also play a crucial role in the relationship between the state and society, and they influence the balance between wealth accumulation and redistribution, which defines the social characteristics of states. Taxes contribute to the development of resources, credibility, and approval. Nigeria, a former British colony, achieved independence through an enactment of the British Parliament on October 1st, 1960, and subsequently became a republic within the Commonwealth in 1963. Consequently, she met the requirements to levy taxes and gather income as a result. The tax system in Nigeria originated in 1904 with the introduction of the personal income tax Ordinance in the northern region of the country, prior to its unification under colonial rule.

Components Tax Revenue:
Personal Income Tax
This is a tax imposed on the earnings from employment and any additional income received by individuals. The term "individuals" refers to individuals who are employed and those who are self-employed, such as lawyers, accountants, doctors, and shop traders, engaged in a trade, business, profession, or vocation. The regulation of the assessment and collection of this tax in Nigeria is governed by the Personal Income Tax Act No. 104 LFN, 1993. This law grants the essential procedures and administrative authorities to enforce and gather taxes from individuals, partnerships, executors, trustees, family or community corporations, sole corporations, or groups of individuals. The State Board of Internal Revenue (SBIR) collects Personal Income Tax from individuals residing in the tax territory on behalf of the state government. The Federal Government collects taxes from specific groups of individuals, including members of the Armed Forces, the Nigeria Police, residents of the Federal Capital Territory (FCT), External Affairs Officials, and non-resident individuals. This tax collection is carried out by the Federal Board of Inland Revenue (FBIR).

Company Income Tax
Ogbonna and Appah (2016) defined companies income tax as a tax which is imposed on the profit of companies (excluding the profit from companies engaged in petroleum operations) accruing in, derived from, brought into or received in Nigeria in respect of any trade or business, rent, premium, dividends, interest, royalties and any other source of annual profit. According to Ani (2004), CIT is a direct tax levied on the profits of companies. Companies Income Tax is derivable from the taxable profits of companies that are incorporated under the Companies and Allied Matters Act, 1990 as amended till date or any other law that may replace it dealing with the incorporation of companies. In line with Section 8(1) of the Companies Income Tax Act (CITA), CIT is payable upon profits of any company accruing in, derived from, brought into or received in Nigeria in respect of any trade or business that may have been carried out. Currently, the rate of CIT is 30% of assessable profit. Chigbu and Njoku (2015) explained that company income tax was the tax on the profit made by companies. It was introduced in Nigeria in1961 and has since been administered by the Federal Internal Revenue Services. Since the enactment, the law on CIT has passed through a series of amendments. The rate of CIT varies according to the operation and size of turnover per annum.

Tax Enforcement
The tax authorities follow specific procedures outlined in the tax laws and regulations. These procedures involve issuing a demand notice to taxpayers, requiring them to file their annual returns. Taxpayers have the right to object to the assessment and request amendments if necessary. They can also file appeals. Once the taxes are collected, the authorities are responsible for their administration. Procedures are established to enforce delinquent taxes in cases where voluntary compliance is challenging. These procedures involve penalties, civil and criminal litigation, distraining and selling the property of defaulting taxpayers, conducting searches and seizures, and utilizing tax clearance certificates, among other measures. These procedures will not prevent the authority from utilizing the other procedure, if it becomes necessary and advantageous.

Tax Litigation
There are provisions in the Nigerian tax laws that empowered the relevant tax authority to file a civil action or a criminal action against a taxpayer who commit any of the itemized offences contained in the relevant tax laws. On conviction the defaulting taxpayers or tax officials may be subjected to various fines and or terms of imprisonment. The FIRS Act empowers the service to sue and recover from any defaulting taxpayer any amount that is due for payment which was not paid, or prosecute any taxpayer or tax official who violates any of the provisions of any relevant tax law. Section 34(1) of the Act provide, "Without prejudice to any provision of this Act or any other law listed in the first schedule to this Act, any amount due by way of tax shall constitute a debt due to the service and may be recovered by a civil action brought by the service." These sections gave the Service the power to file a civil action against any defaulting taxpayer to enforce the payment of the overdue tax. Section 47 of the Act, specifically, provides that, "The service shall have powers to employ its own legal officers who shall have powers to prosecute any of the offences under this Act subjects to the powers of the Attorney General of the Federation 358." However, despite the ample provisions to prosecute tax offences and to file civil suits to recover delinquent taxes, the tax Courts and tribunals are very slow in tax proceedings, which causes delay in justice delivery, which makes both the relevant tax authorities and taxpayers to show strong reluctance to seek legal redress.

Tax Distrain Enforcement
Over the years, there has been a battle between the defaulting taxpayers and the relevant tax officials in respect of enforcement of delinquent taxes. Taxpayers always seek to find ways or means to throw the burden of income taxation off their shoulders, thereby refusing to comply with the provisions of the relevant tax laws. There are set down procedures and standards that are to be followed by the tax officials that include penalties, civil and criminal litigations, distrain of defaulting taxpayer's property, use of tax clearance certificate, etc. for effective enforcement of such delinquent taxes in the Nigerian tax laws. Distrain or Distress, was defined as the seizure of someone's property in order to obtain payment or satisfaction of a claim, as a pledge for performance of a duty or in reparation of injury. It is an act or process whereby a person seizure the personal property of another in satisfaction of a claim. The amendment to the Personal Income Tax Act, in 2011, effectively introduced amendments with respect to the power to distraint property in personal income tax matters.

Tax Enforcement and Tax Revenue: A Stylized Effect
Tax evasion and avoidance negatively impact government revenue. Tax avoidance leads to investment distortion by encouraging the acquisition of assets that are either exempt from taxation or undervalued for tax purposes. Avoidance manifests itself through the allocation of resources towards the acquisition of art collections, the migration of individuals and capital. According to Toby's observation in 2023, the taxpayer engages in evasion by employing different practices. These practices undermine ethical principles and contribute to inflationary pressures. This assertion can be reinforced by the fact that due to tax evasion, both individuals and companies possess a substantial amount of disposable income. Corporations announce increased dividends, resulting in individuals receiving a substantial net income. This leads to an expansion of the monetary supply without a commensurate increase in the production of goods and services. This phenomenon is referred to as inflationary trends, in which a significant amount of money pursues a limited supply of goods. Implementing an effective tax collection system is anticipated to successfully accomplish the predetermined objectives for the society.

Empirical Review
Oladele, Ndalu and Micah (2021) studied tax enforcement measures and revenue generation in Nigeria. The study investigated the relationship between tax enforcement measures and revenue

generation in Nigeria with its specific objectives such as to determine the relationship between tax enforcement measures dimensions and value added tax. The population of the study consisted of 26 tax offices across South – South, Nigeria with 900 staff of Federal Inland Revenue Service (FIRS). The sample size for the study consisted of 277 staff of FIRS which was determined using Taro Yemane formula for sample size determination. Primary data were collected from respondents using the questionnaire instrument. Pearson Product Moment Correlation Coefficient was also used with the aid of Statistical Package for Social Sciences (SPSS) version 23.0 to test the null hypotheses. The findings of the study reveal that tax penalties has a significant relationship with value added tax. While tax amnesty has a strong relationship with value added tax. The findings indicate that there is a positive relationship between tax enforcement measures and revenue generation.

Oladele, Aribaba, Ahmodu, Yusuff and Alade (2019) studied tax enforcement tools and tax compliance in Ondo State, Nigeria. This study assessed the effectiveness of tax enforcement tools as panacea for improving tax compliance and overall tax income in the Ondo State, Nigeria. Survey research design was adopted using primary data sourced through administration of structured questionnaire on 150 selected respondents from among staff of Federal Inland Revenue Service and State Board of Internal Revenue Service within the state. The Taro Yamane formula and judgment sampling technique were used to arrive at the sampled respondents. The Outcome of Ordinary Least Square regression analysis showed a positive and significant relationship of the two explanatory variables with tax compliance.

Abiola and Asiweh (2012) studied the impact of tax administration on government revenue in a developing economy – A case study of Nigeria. This study attempts to look at the Nigeria Tax administration and its capacity to reduce tax evasion and generate revenue for development desire of the populace. The study made use of 121 online survey questionnaires containing 25 relevant questions. Descriptive statistics were used to analyze 93 usable responses. The study found among other things that increasing tax revenue is a function of effective enforcement strategy which is the pure responsibility of tax administration. Nigeria lacks enforcement machineries which include among other things, adequate manpower, computers and effective postal and communication system. The study has clear practical implications for tax practitioners and government policy makers in developing countries in particular.

Okoye (2019) studied the influence of tax amnesty programme on tax compliance in Nigeria, moderating the effect of political trust. The survey research design was employed to understand the taxpayer's perception of the Voluntary Assets and Income Declaration Scheme (VAIDS). Data was collected through the administration of questionnaires to taxpayers across the most commercial states in Nigeria. The data obtained were analyzed using the frequency table, the Cronbach alpha test, and the binary logistic regression technique. The survey showed that the compliance rate was about 22%. The study showed that the primary driver of tax compliance in Nigeria is unannounced ad hoc tax audit; this implies that tax compliance will increase when taxpayers are aware there is an unannounced ad hoc tax audit. It is evident from this study that the low tax compliance was as a result of the moderating effect of political trust of the taxpayers as indicated by the amnesty trust and trust showed a negative relationship with tax compliance in Nigeria.

Enahoro and Jayeola (2012) studied tax administration and revenue generation of Lagos State Government, Nigeria. The study examines the overall effectiveness of tax administration in relation to assessment, collection and remittance of tax in Lagos State, Nigeria. A survey questionnaire of the machinery of tax administration was carried out where 130 questionnaires were administered to analyze the opinion of civil servants directly connected with tax administration in the five Local government areas of Lagos State (Somulu, Mushin, Ikeja, Kosofe and Surulere). Hypothesis tested for the relationship which exists between tax administration, tax regulation and revenue generation. The Kendall measure was adopted and the finding is that the tax administration in Lagos state is not totally efficient. Hence, tax administration affects the revenue generated by the government; also, there is a significant relationship between tax administration, tax policies and tax laws.

Feyitimi and Yusuf (2014) examines how tax is being administered in Nigeria and attempts to look the level of voluntary tax compliance based on the theory that there is a mutual relationship and fiscal as well as social contract between the country and its citizens and how effective is the enforcement strategy responsibility in tax administration in Nigeria. The authors concluded that Taxation is a dynamic subject which grows with the constant in the economic environment in which it operates, that is the most reason the policy guiding it need to be reviewed constantly. Taxes are paid by taxpayers not only because of the feedback they get in terms of provision of social amenities by the Government who happens to be the custodian and administrator of taxes but because they are forced to do so. The Nigerian Government is to be held accountable for the taxes and other revenues received from the populace but in the contrary, the Nigerian tax system is faced with the issue of non-accountability as regards the provision of fundamental infrastructures and basic amenities for the taxpayers who have to pay through their noses most of the time because of the difficult survival terrain in the country. Nigeria is governed by federal system so; its fiscal operation is also in line with the same principle constituting a serious implication on the form of the management of the system.

METHODOLOGY

Research Design

This study will make use of a non-experimental survey research design and the subjective judgment of respondent's technique. The study will utilize a survey research design. The design permits the examination of the independent variables in respect of their relationship with the dependent variable. The choice of this design was informed by the nature of the research problem and the objectives of the study.

Population of the Study

The target population of this study will consist of respondents selected from management personnel, officials and key staff of the FIRS. The reason for this selection is that these are respondents that can adequately supply information on tax enforcement and tax revenue.

Sample Size

In most cases, a sample corresponds proportionally to the size of the population it is selected from. The sample size, according to Ligthelm and Van Wyk (2005), is a lower portion of the whole population. One aspect of research design that researchers must take into account as they organize their study is sample size. Achieving a result that is both clinically and statistically significant and ensuring that research resources are used effectively and ethically are two reasons why it is important to calculate the necessary sample size appropriately. Study participants agree to participate on the grounds that it may advance their understanding of the topic under investigation. However, enrolling participants in a study may not be ethical if the sample size is insufficient to provide a reliable answer to the research question. In determining the sample size for the target population for this study, Taro Yamane (1973) statistical formula is applied as stated thus:

$$n = \frac{N}{1 + N(C)^2}$$

Where;

n = sample size,

N = population size,

C = level of significance or error (0.05)

Sampling Technique

In management research, probability and non-probability sampling techniques are the two main methods employed. With probability sampling, every component of the population (such as individuals or families) has a chance of being selected, and the mathematical likelihood that any one of them will be chosen may be computed. According to Bryman and Bell's (2007) advice, the accuracy of the results increases with sample size. Non-probability sampling is a sampling method when samples are collected in a way that does not provide every member of the population an equal chance of being chosen. The researcher will adopt the simple random sampling technique in selecting the sample. This is because all the participants were given equal chances of participating in the study. Hence the researcher only identified those participants who are willing to provide the information required.

Sources of Data

For this study, both primary and secondary data will be used to derive useful information needed for the successful conduct of this research study. Both data will be collected from tax administrators and website of the FIRS.

Method of Data Collection

The research instrument that will be used in the collection of data in this study is the questionnaire. In a bid to get the precise opinion, the questionnaire will be designed in a way that enables respondent to choose the most appropriate option out of the alternative questions. The questionnaire will be arranged in two sections; the first briefly captured the socio-demographical information of the respondents while the second part focused on questions bordering on the subject matter. The questions in the questionnaire were close-ended and were also drafted in simple, explicit, and understandable language. Also, the questionnaire is structured in an anonymous form to avoid revelation of respondents' personal information and to enhance the data collection vital information from the respondents. Hence, a Linkert 5-point questionnaire will be adopted to collect information from the respondents. The Questionnaire will be coded as 5-Strongly Agree, 4-Agree, 3-Undecided, 2-Disagree, and 1-Strongly Disagree.

Validation of Instrument

Validity is the property of a data collection tool or technique that allows it to measure what it is intended to measure, according to Best and Kahn (2006). There will be a variety of actions performed to support the validity of this study. First, the use of simple random samples will give the study rich data that allowed the findings to be generalized to larger groups. Second, the utilization of questionnaires and interviews as data collection tools will produce good results.

Reliability of Instrument

The consistency of an instrument or technique is what is meant by its reliability (Best and Kahn 2006). In this study, reliability will be attained by evaluating respondents' consistent results. Through information gathered from pertinent respondents, with a focus on key issues related to tax enforcement, tax revenue-impairing factors, proper wording of instructions, and logically arranged questions that will be asked, the validity of the data will be ensured. Additionally, Cronbach Alpha will be used to check the construct's internal consistency.

Method of Data Analysis

Data analysis, according to Marshall and Rossman (1999), is the process of giving the vast amount of gathered data organization, order, and significance. It is characterized as a messy, hazy, and time-consuming process, but also as creative and exciting. Making meaning of, analyzing, and theorizing data, in general, denotes a search for general assertions among categories of data, even when it doesn't happen in a linear manner (Schwandt, 2007). As a result, it is possible to conclude that data analysis calls for the use of logic in research. In this regard, Best and Khan (2006) unequivocally assert that the application of deductive and inductive logic to the research is represented by the analysis and interpretation of data. In this study, the use of questionnaires will be adopted as the instrument for data collection. The Linkert 5-point questionnaire will be adopted to collect information from the respondents. Microsoft Excel will then be used to code the information for further analysis. The Questionnaire will be coded as 5-Strongly Agree, 4-Agree, 3-Undecided, 2-Disagree, and 1-Strongly Disagree. Furthermore, both the dependent variable and the independent variables will be operationalize using a 5-point Linkert Scale Questionnaire. A weighted average was obtained for each response of the participants relating to the Questionnaire question of the variables under study. The Statistical Technique of STATA will then be used to conduct a descriptive analysis of the variables as well as correlation of the variable. Furthermore, regression analysis will be carried out to test the hypothesis if it is certified that all the assumptions of regression analysis technique has not been violated. Such assumptions include normality of residue, heteroscedasticity, multicollinearity, and model specification.

Measurement of Variables

S/N	Variables	Category	Measurement
1	Personal Income Tax	Dependent	Total amount of revenue collected from personal income tax
2	Company Income Tax	Dependent	Total amount of revenue collected from company income tax
3	Enforcement by Distrain	Independent	The percentage of delinquent taxpayers who comply with obligations after facing distraint.
4	Enforcement by Litigation	Independent	Expenses incurred by tax authorities in pursuing legal action against non-compliant taxpayers

PRESENTATION, ANALYSIS AND DISCUSSION OF RESULTS

Table 4.1: Analysis of Questionnaires

Questionnaires	Copies	Percentage
Retrieved	350	95%
Un-retrieved	21	5%
Sent copies	371	100

Source: Researcher's Compilation from Field Survey, 2024

From the table above, 371 copies of Questionnaires were sent to 371 Respondents, out of which 350 were retrieved. This represented 95% of the sent Copies and thus was found suitable for analysis as against the 21 copies that were not retrieved, representing just 5% of the Sent Copies.

Data Presentation

The data for the study is presented in Appendix B. However, in testing for the effect of the above variables on taxation revenue, the study conducted pool least square regression before proceeding to check for inconsistencies with the basic assumptions of the OLS regression. Succinctly, these diagnostics tests include test for multicollinearity as well as test for heteroscedasticity. The study also performs preliminary pre-regression analysis such as descriptive statistics, Cronbach Alpha test, correlation matrix and normality test, the results are analysed as follows.

Descriptive Analysis

In this section, the study examines the descriptive statistics for both the explanatory and dependent variables of interest. Each variable is examined based on the mean, standard deviation, maximum and minimum.

Descriptive Statistics of the Study

Variable	Obs	Mean	Std. Dev.	Min	Max

Pitx	350	3.931	0.720	1.800	5.000
Cgtx	350	3.729	0.725	1.600	5.000
Txds	350	3.411	0.536	2.000	4.500
Txlt	350	3.404	0.601	2.000	4.500

Source: Author's Compilation (2024)

Test for Consistency and Reliability

Table 4.3: Alpha Test for Reliability, Consistency and Validation

Item	Obs	Sign	Item-test Correlation	Item-rest Correlation	Interitem Covariance	Alpha
Pitx	350	-	0.7550	0.5149	.0149029	0.3138
Cgtx	350	-	0.7060	0.4354	.0182627	0.3635
Txds	350	-	0.3667	0.1047	.0368546	0.5188
Txlt	350	-	0.4771	0.1960	.0318102	0.4879
txsz	350	-	0.3214	0.1133	.0374757	0.5082
gndr	350	-	0.3302	0.1464	.0367999	0.4920
mast	350	-	0.3433		.0362759	0.5011
edug	350	-	0.2594		.0386564	0.5049
Test Scale					.0313798	0.5049

Source: Author Compilation from STATA 14

Normality Test

One of the assumptions of ordinary least squares regression is that the data is normally distributed.

Table 4.4: Normality Test

Variable	Obs	W	V	z	Prob>z
pitx	350	0.968	7.839	4.869	0.000
cgtx	350	0.980	4.925	3.770	0.000
txds	350	0.992	2.068	1.718	0.043
txlt	350	0.984	3.947	3.247	0.001
gndr	350	0.982	4.456	3.534	0.000
mast	350	0.977	5.515	4.038	0.000
eduq	350	0.980	4.782	3.701	0.000

Source: Author's Compilation from STATA 14

Data Analyses

The study test for the association between the independent variables and the dependent variables employed in the study using the Spearman Rank Correlation. The study employed Spearman Rank Correlation Coefficient because of rank-ordering causing outliers to contract toward the centre of the distribution (Fowler, 1987; Gauthier, & Kupka, 2001) hence controlling for the inflation of the Type I error which the Pearson Correlation Coefficient cannot control.

Correlation Analysis

Although the concepts of correlation and regression are intimately related, nevertheless they are different (Warren, 1971). **Table 4.5: Correlation Analysis**

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(1) pitx	1.000						
(2) cgtx	0.534	1.000					
(3) txlt	0.059	0.030	1.000				
(4) txds	0.106	0.194	0.249	1.000			
(5) gndr	-0.178	-0.061	-0.028	0.010	1.000		

(6) mast	-0.166	-0.099	-0.080	-0.057	0.033	1.000	
(7) eduq	-0.110	-0.050	0.018	0.023	0.165	0.041	1.000

Source: Author's Compilation from STATA 14

Regression Analyses

Specifically, to examine the cause-effect relationships between the dependent variables and independent variables as well as to test the formulated hypotheses, the study used a robust regression analysis since our results reveal the presence of heteroskedasticity. The robust regression and the OLS pooled results obtained is presented and discussed below.

Table 4.6: Regression Result

	OLS pitx	Robust pitx	OLS Cgtx
txlt	0.084	0.096	-0.037
	(0.072)	(0.074)	(0.074)
txds	0.121	0.125	0.234***
	(0.063)	(0.066)	(0.065)
gndr	-0.250**	-0.239**	-0.091
	(0.099)	(0.102)	(0.102)
mast	-0.282***	-0.282***	-0.171
	(0.102)	(0.105)	(0.105)
eduq	-0.309**	-0.299**	-0.203
	(0.139)	(0.144)	(0.144)
_cons	2.936***	2.922***	2.817***
	(0.485)	(0.502)	(0.501)
Observations	350	350	350
R-squared	0.114	0.104	0.068
Mean VIF	1.06		1.06
Hettest	6.47 {0.000}		1.12 {0.342}

Source: Author's Compilation from STATA 14

Regression Diagnostic Test

The study first conducts a panel least square regression analysis as seen in the table above then proceed to check for inconsistencies with the basic assumptions of the least square regression. These regression diagnostics tests include test for multicollinearity and test for heteroscedasticity.

Multicollinearity

Correlation is a problem when the independent variables are not independent. If the degree of correlation between variables is extremely high (perfect correlation), it can cause problems when you fit the model.

Test of Hypotheses

Following the above, the discussion of the robust regression results became imperative in testing hypotheses 1 – 3 and the OLS regression to test hypothesis 4-6. Below is a specific analysis for each of the independent variables for both models.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Summary

The study examined the critical role of tax enforcement in enhancing government revenue through effective taxation measures. The study outlined the importance of taxation as a fundamental means for government to generate revenue, which is essential for providing public services and infrastructure. In Nigeria, the effectiveness of taxation had been hampered by a heavy reliance on oil revenues, leading to a neglect of the broader tax base and an underdeveloped tax administration system. The study emphasized that taxes are compulsory contributions imposed on individuals and entities to fund government expenditures, and efficient tax administration was crucial for ensuring compliance and minimizing tax evasion.

Conclusion

In conclusion, the study aimed to investigate the effects of various tax enforcement measures on taxation revenue in Nigeria, particularly focusing on personal income tax and capital gains tax. The findings revealed that tax enforcement through litigation had a positive but insignificant impact on personal income tax revenue, indicating that while litigation might encourage some compliance, its overall effect on revenue generation was minimal. Similarly, enforcement through distraint showed a positive but also insignificant effect on personal income tax revenue, suggesting that it did not significantly alter revenue outcomes in this category.

Recommendations

Based on the study's conclusions, several strategic recommendations can be made for policymakers and tax authorities to enhance tax compliance and maximize revenue collection. The study highlights the limited effectiveness of litigation as a tax enforcement tool, particularly for capital gains tax. The complexities, costs, and lengthy nature of legal proceedings can diminish the potential benefits of litigation.

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