IMPACT OF ELECTRONIC TAXATION ON REVENUE GENERATION IN NIGERIA PERSPECTIVE FROM FEDERAL INLAND REVENUE SERVICES

Gambo Joshua Samuel[1] Onyeka Leo Onuorah[2]
[1]*Department of Accounting, Nigerian Defence Academy, Kaduna*
[2]*Department of Political Science, Nigerian Defence Academy, Kaduna*
Correspondence: *olonuorah@nda.edu.ng*

Abstract
This study examines the impact of electronic taxation on revenue generation in Nigeria, with a particular focus on the Federal Inland Revenue Service (FIRS). The rapid evolution of digital technologies has brought significant changes to tax administration systems worldwide, and Nigeria is no exception. The study investigates how the adoption of e-taxation has affected tax compliance, the efficiency of tax collection, and overall revenue generation. Specifically, it explores the relationship between e-taxation and tax revenue, evaluates the reduction in tax malpractice, and identifies the challenges impeding the successful implementation of e-taxation systems in Nigeria. Using both quantitative and qualitative research methods, the study gathered data from 325 respondents, including taxpayers, tax officials, and other stakeholders involved in the Nigerian tax system. The findings suggest a positive correlation between e-taxation and improved revenue generation, enhanced efficiency in tax collection, and reduced incidences of tax evasion. However, the study also highlights significant challenges such as inadequate digital infrastructure, low levels of digital literacy, and cybersecurity risks that hinder the full potential of e-taxation. Based on these findings, the study recommends measures to address these challenges, including the enhancement of digital literacy programs, investment in digital infrastructure, and stronger cybersecurity protocols. The study concludes that while e-taxation holds great promise for improving revenue generation, its success in Nigeria will depend on overcoming existing barriers to ensure broader accessibility and greater public trust in the system.

Key words: *Electronic Taxation, Revenue Generation, Tax Compliance, Tax Administration, Digital Infrastructure.*

Introduction

Taxation is a critical component of a nation's revenue generation and economic development. It serves as a primary source of government income, enabling the provision of public goods and services, infrastructure development, and social welfare programs. For a developing country like Nigeria, optimizing tax revenue has become increasingly essential to reduce dependence on oil revenue and ensure sustainable economic growth (Odusola, 2016). Despite its importance, Nigeria's tax system has

historically been plagued by inefficiencies, corruption, low compliance rates, and high levels of tax evasion. These challenges have necessitated the adoption of innovative solutions, such as electronic taxation (e-taxation), to modernize tax administration and enhance revenue collection. Electronic taxation involves the integration of technology into tax processes, including registration, filing, payment, and record-keeping. By leveraging technology, governments can streamline tax administration, reduce manual interventions, and improve compliance among taxpayers (Omogbai & Ehigiamusoe, 2020). The Federal Inland Revenue Service (FIRS), which is responsible for collecting federally imposed taxes in Nigeria, introduced e-taxation as part of its reform agenda to address inefficiencies in the traditional tax collection system. The implementation of e-taxation has been facilitated by technological advancements and digital transformation initiatives, which align with global best practices in tax administration (Olusola & Awogbemi, 2021).

The potential of e-taxation to enhance revenue generation is significant. It reduces the administrative costs associated with traditional tax collection methods, minimizes opportunities for corruption, and provides taxpayers with more convenient channels for compliance. Studies in other African countries, such as Kenya and Rwanda, have demonstrated the positive impact of e-taxation on revenue mobilization and compliance (Kiring'a & Wanyoike, 2020). However, the Nigerian context presents unique challenges, including limited infrastructure, low digital literacy, and resistance to change among taxpayers. Despite the promising prospects of e-taxation, its adoption in Nigeria is still at an evolving stage, and its impact on revenue generation remains an area of critical analysis. Existing literature emphasizes the importance of addressing the systemic challenges that undermine the effectiveness of e-taxation systems. For instance, Ndubuisi and Ifere (2021) highlight that a lack of taxpayer education and technical infrastructure has hindered the full implementation of e-taxation in Nigeria. Similarly, cybersecurity concerns and data privacy issues pose significant risks to the credibility and adoption of e-tax systems (Abubakar & Ibrahim, 2022).

This study examines the effect of e-taxation on revenue generation in Nigeria, focusing on the Federal Inland Revenue Services. It explores the relationship between e-taxation and tax revenue generation, evaluates the extent to which e-taxation reduces tax malpractices, and identifies the challenges associated with its implementation. In addressing these objectives, the study seeks to provide evidence-based recommendations for optimizing e-taxation in Nigeria to achieve sustainable revenue growth and administrative efficiency. The findings of this study are expected to contribute to the growing body of knowledge on e-taxation and its role in modernizing tax systems in developing countries. Furthermore, it will provide policymakers and tax administrators with actionable insights to improve the efficiency and effectiveness of

Nigeria's tax system, ultimately fostering economic development and reducing the nation's reliance on oil revenue. Finally, the study is timely, given the global emphasis on digital transformation and its role in fostering transparency, efficiency, and accountability in governance. By way of highlighting the potential of e-taxation to enhance revenue mobilization, this research supports broader efforts to modernize public finance management in Nigeria and align it with international best practices.

Statement of the Problem

Nigeria's economy is heavily reliant on oil revenues, which account for a significant portion of government income. However, the volatility of oil prices and the global push for renewable energy have exposed the vulnerability of such reliance, necessitating a shift towards alternative sources of revenue, particularly taxation. Despite its potential, Nigeria's tax system is fraught with challenges, including low tax compliance, widespread tax evasion, inefficient administration, and corruption. These challenges have historically limited the ability of the Federal Inland Revenue Services (FIRS) to optimize revenue generation, thus constraining the government's capacity to fund developmental initiatives (Odusola, 2016). Traditional methods of tax administration, characterized by manual processes and limited technological integration, have proven inadequate in addressing these challenges. In response, the FIRS introduced electronic taxation (e-taxation) as a modern approach to tax administration. E-taxation systems, which encompass online registration, e-filing, automated payment systems, and digital records, are designed to enhance transparency, reduce human interference, and simplify tax processes (Omogbai & Ehigiamusoe, 2020). While the adoption of e-taxation has shown potential in improving tax compliance and revenue generation in other countries, its effectiveness in the Nigerian context remains underexplored, particularly in addressing tax malpractices and administrative inefficiencies.

Despite the potential benefits of e-taxation, the system faces several challenges in Nigeria. These include infrastructural deficits, limited internet penetration in rural areas, low levels of digital literacy among taxpayers, resistance to change, and concerns about cybersecurity and data privacy (Abubakar & Ibrahim, 2022). These challenges undermine the full realization of e-taxation's benefits and raise critical questions about its impact on revenue generation and tax administration efficiency in the country. Thus, there is a need to assess the extent to which e-taxation has contributed to revenue generation, reduced tax malpractices, and addressed the systemic inefficiencies of Nigeria's tax system.

Objectives

This study seeks to fill this gap by providing an evidence-based analysis of the impact of e-taxation on revenue generation, focusing on the operations of the Federal Inland Revenue Services.

Literature Review

Understanding the Concept of Electronic Taxation and Revenue Generation

Electronic Taxation (E-Taxation) refers to the use of digital platforms and technologies to manage various aspects of tax administration, including tax collection, payment, filing, and compliance. E-taxation leverages information and communication technology (ICT) to streamline the tax system, making it more efficient, transparent, and accessible to both taxpayers and tax authorities. The introduction of e-taxation has revolutionized the way governments manage taxes, offering significant potential for increasing revenue generation, reducing fraud, and improving the overall efficiency of tax collection processes (Alm, 2019; Sikka & Willmott, 2010). E-taxation typically encompasses several functions, including e-filing, where taxpayers electronically submit their tax returns, e-payment, where they can pay taxes through online platforms, and e-compliance, which enables governments to monitor tax payments and identify potential cases of non-compliance. The goal of e-taxation is to enhance the effectiveness and efficiency of tax systems while reducing the barriers typically associated with traditional, paper-based tax systems (Adeyemo, 2017). A core feature of e-taxation is the ability for taxpayers to file tax returns and make payments online.

This eliminates the need for physical paperwork and in-person visits to tax offices, reducing administrative costs and improving the overall efficiency of the tax collection process. Taxpayers can file returns, check balances, and make payments through government-run tax portals or authorized third-party platforms (Sharma & Kumar, 2016). Electronic taxation systems also facilitate better tax compliance by automating processes that were previously susceptible to human errors or manipulation. These systems can automatically check for discrepancies in returns, track payments, and flag any inconsistencies for further review by tax authorities (Lapuerta et al., 2020). Automation ensures that taxpayers meet their obligations and reduces opportunities for fraud and evasion (Sikka & Willmott, 2010).

Many e-taxation systems are integrated with broader financial and business systems, allowing tax authorities to track transactions in real time. This integration enhances the ability to identify non-compliant taxpayers, monitor economic activity, and detect underreporting or tax evasion (Pires & Silva, 2017). The link between e-taxation and broader national accounting and financial systems also ensures a more accurate representation of tax revenue, which is critical for national planning and budgeting.One

of the main benefits of e-taxation is the increased transparency it offers. Through digital platforms, all transactions can be tracked, recorded, and accessed by authorized entities, providing an audit trail that makes tax administration more accountable. The electronic nature of these platforms also reduces the opportunities for corrupt practices by eliminating direct human interaction between taxpayers and tax authorities (Hoffmann et al., 2020).

Furthermore, revenue generation refers to the process by which governments collect funds through taxation to finance public goods and services. E-taxation plays a critical role in improving the efficiency of revenue generation by providing tax authorities with digital tools to increase tax compliance, broaden the tax base, and minimize tax evasion. The relationship between e-taxation and revenue generation is deeply intertwined; the implementation of digital tax systems can directly enhance the revenue base of a country, especially when combined with other reforms that improve tax administration (Sharma & Kumar, 2016). The global trend towards digitization means that countries adopting e-taxation are better positioned in an increasingly interconnected world economy. As businesses operate across borders and engage in digital transactions, having a modernized taxation system allows countries to capture revenue from these activities effectively.

The Role of E-Taxation in Nigeria's Revenue Generation

In Nigeria, e-taxation has become a central element of efforts to modernize the tax system and enhance revenue generation. The Federal Inland Revenue Service (FIRS) has made significant strides in implementing digital tax solutions, such as the Integrated Tax Administration System (ITAS), which allows businesses and individuals to file taxes electronically. However, the adoption of e-taxation in Nigeria is still in its early stages, and there are several challenges that must be addressed, including low digital literacy, inadequate internet infrastructure, and concerns regarding cybersecurity (Adeyemo, 2017; Obara, 2019). The Nigerian government has identified e-taxation as a key strategy for increasing the country's tax revenue, particularly in light of the economic challenges posed by oil price volatility. The introduction of e-taxation in Nigeria by the Federal Inland Revenue Service (FIRS) in 2015 aimed to modernize tax administration and improve revenue collection efficiency. By means of modernizing tax administration, e-taxation can help the government generate more revenue from diverse sectors of the economy, reduce its dependence on oil revenues, and improve public services (Hussein & Adeoye, 2018).One of the primary benefits of e-taxation is its ability to reduce tax evasion and fraud.

Traditional tax collection methods often suffer from inefficiencies, including manual processing errors and opportunities for corruption among tax collectors. By digitizing the process, e-taxation minimizes human intervention, thereby reducing the likelihood

of fraudulent activities. This shift not only enhances transparency but also builds taxpayer trust in the system. Moreover, e-taxation facilitates easier access to tax-related services for businesses and individuals alike. Taxpayers can register for a Tax Identification Number (TIN), file returns, and make payments from the comfort of their homes or offices without needing to visit tax offices physically. This convenience is particularly significant in a country like Nigeria, where geographical barriers can hinder access to government services. Despite these advantages, the impact of e-taxation on revenue generation has been mixed. Research indicates that while there was an optimistic significant impact of pre-e-taxation company income tax and value-added tax on revenue generation, post-e-taxation results showed a contrary insignificant effect on these revenues (Chukwuebuka, 2022). This suggests that while e-taxation has potential benefits, its implementation must be accompanied by robust taxpayer education initiatives and improved infrastructure to maximize its effectiveness.

Empirical Review

Several studies have highlighted the potential of e-taxation to enhance tax revenue generation through improved compliance and administrative efficiency. Alm (2019) underscores that e-taxation platforms offer a more efficient, transparent, and user-friendly approach to tax administration, which can result in increased tax revenue. The automation of tax filing and payment systems reduces errors and delays, and the transparency afforded by digital systems encourages taxpayers to comply with tax regulations (Sharma & Kumar, 2016). The objectives of Maisiba and Atambo's (2016) study were to determine the effects of electronic tax payments on the Kenya Revenue Authority's (KRA) efficiency in collecting taxes in Uasin Gishu County, to determine the effects of electronic tax filing on that organization's efficiency in collecting taxes in that county, to identify the difficulties in using the electronic tax system, and to offer potential solutions. KRA Uasin Gishu County served as the case study for the project's research methodology. Respondents were given questionnaires as the primary means of gathering data. The survey had 102 respondents as its target audience, including KRA employees and tax payers. Using SPSS, field data were examined using both descriptive and inferential statistics. The significant findings were that the majority of respondents agreed that KRA has a strong electronic tax payment system and that the majority of KRA officials are familiar with and trained in using it.

Wamathu (2013) investigated how Kenyan audit businesses' financial results were impacted by electronic taxation. According to the study's findings, timely returns have been filed ever since the introduction of I-tax, the audit period has been cut in half, and responders were well informed. I-Tax was reliable, user-friendly, and cost-effective. Respondents were aware that I-Tax was an electronic cash register and electronic signature device, and that I-Tax was also user-friendly. System failures during login

were also less frequent. As the study showed that system failure affects system logins, she advised the Kenya Revenue Authority to invest in technology to prevent system failure. Technology use is discouraged by system failure.

Sagas, Nelimalyani, and Kimaiyo (2015) evaluated the effect of the electronic tax register on Kenya's western region's revenue collection by the Kenya Revenue Authority. According to the results of their investigation, 75% of the respondents believed that ETR devices have reduced instances of tax evasion. Due to their effectiveness, 86% of the respondents believed that ETRs had contributed to an increase in revenue collection.

Numerous efforts have been made to improve income collection through taxation in order to further the nation's economic development. The effects of electronic internally generated revenue (e-IGR) on the development of Ebonyi State's infrastructure were assessed in the work of Nkanor and Udu (2016). The study's primary goal is to quantify, using capital expenditure as a proxy, the impact of manual and electronic internally produced revenue on infrastructure. The necessity to experimentally establish this relationship was brought on by the declining oil earnings and ongoing demand for public utilities. Three hypotheses were developed in order to reach the study's principal goal. This study used an ex-post facto research design, which involved using already-existing data. With the aid of SPSS version 17.0, data elements for manual and electronic income and capital expenditure (infrastructure) of the Ebonyi State government between 2011 and 2014 were gathered and analyzed using regression and Pearson correlation approach. However, one cannot disregard the rate at which their degree changed, indicating an increase in linkages. The results demonstrate that the level of relationship between each independent variable (IGR and e-IGR) and the dependent variable, Infrastructure development employing capital expenditure, was quite low. In general, it was found that there is no meaningful degree of association between the variables investigated.

In Nigeria, the Federal Inland Revenue Service (FIRS) has implemented the Integrated Tax Administration System (ITAS), which has led to an increase in tax compliance, particularly among corporate taxpayers. Obara (2019) noted that e-taxation systems have made it easier for Nigerian businesses and individuals to file returns and make payments, thus broadening the tax base and increasing overall tax revenue. However, Adeyemo (2017) observed that while e-taxation has improved tax revenue collection, Nigeria's dependency on oil revenues still limits the overall impact of digital tax systems on the economy. The impact of computerized tax systems on tax administration in Nigeria was examined by Ayodeji (2014). He said that the government and other important stakeholders in Nigeria turned their attention to the cash earned locally as a result of the declining global fortune caused by the decline in the price of crude oil, the

country's main source of wealth. The study found that electronic tax systems play a significant role in the increase of internally generated revenue in Nigeria by ensuring compliance and thereby boosting productivity and economic activity in the nation. However, the challenging task of increasing internally generated revenue necessitates the adoption of electronic tax systems technologies to drive Tax administration. It is a driving force behind increased prosperity and the eradication of poverty in Nigeria and the entire African continent. Hussein and Adeoye (2018) conducted a study on the role of e-taxation in Nigeria, finding that the adoption of digital platforms has improved revenue collection, although challenges such as limited digital infrastructure and low levels of digital literacy hinder its full potential. Similarly, Lapuerta et al. (2020) argue that e-taxation is particularly beneficial in developing economies, where traditional tax systems have often been inefficient and prone to evasion.

Theoretical Framework - Diffusion of Innovations Theory

This study is anchored on Everett Rogers' (1962) Diffusion of Innovations Theory, which explains how new technologies and ideas spread within a social system. The theory identifies five key attributes that influence adoption: relative advantage, compatibility, complexity, trialability, and observability. These attributes provide a useful lens for understanding taxpayers' acceptance of e-taxation in Nigeria. E-taxation presents a relative advantage through improved efficiency, reduced processing time, and enhanced convenience compared to traditional manual tax systems. Its compatibility with existing administrative structures and users' technological practices further shapes its acceptance. However, perceived complexity, especially among individuals with limited digital skills, may hinder adoption if platforms are considered difficult to navigate. Trialability, through pilot schemes or phased rollouts, allows taxpayers to test the system and reduces uncertainty. Finally, observability, or the visibility of successful outcomes—such as quicker processing and reduced errors—encourages wider diffusion. By applying the Diffusion of Innovations Theory, this framework helps clarify how perceptions, usability, and contextual factors collectively influence the adoption and spread of e-taxation in Nigeria.

Methodology

The study adopts both qualitative methods. Given that qualitative methods help to explain phenomena being studied in greater detail (Silva, 2007; Lee, 2003) and help to stress the discovery and explanation of people's experiences, the approach will be adopted. This approach differs from a quantitative approach that focuses on testing variables and confirming the findings using a confirmatory statistical technique (Silva, 2007). The research design adopted for this study is survey design and a survey instrument was employed to gather data on factors shaping the use of E-Taxation on Revenue Generation in Nigeria. The population of the study consist of employees of

the FIRS (captured from Abuja and Lagos Head offices).

Table 1: Population

S/No.	Local Government Area	Population
1	FIRS, Abuja	2,200
2	FIRS, Lagos	4,500
TOTAL		**6,700**

Source: FIRS HR Unit (2024)

The sample size of the study is determined using the Taro Yamane formula as shown below:

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

Where n = Sample size
N = Population of the study (in this case 581,700)
e = The margin of error (in this case 5%)

Therefore:

$$n = \frac{6,700}{1+6,700(0.05)^2}$$

$$n = \frac{6,700}{1+6,700(0.0025)}$$

$$n = \frac{6,700}{1+16.75}$$

$$n = \frac{6,700}{17.75}$$

$$n = 377$$

Therefore, the sample size for the study using the Taro Yamane formula is 377. From the sample size of the study, eighteen (18) respondents were selected for focused Group Discussion (FGD). Therefore, the study adopted a purposive sampling technique whereby the participants were chosen based on their availability, accessibility and knowledge of the subject under investigation. The study's sample frame consist of taxpayers, tax officials, and other stakeholders involved in the Nigerian tax system.

Data for the study were obtained through primary and secondary sources of data collection. Structured questionnaires were administered (to 359 respondents) and a

focused group discussion was conducted (with 18 respondents) to extract first-hand information on the subject matter. Secondary sources of data collection such as academic journals, government reports and publications related to the subject under investigation were used to support the data obtained through the questionnaire and FGD. Furthermore, the data collected were subjected to content analysis, and the survey data were initially analyzed using descriptive statistics (tables, frequency counts, and percentages).

Data Analysis

Data Presentation

A total of three hundred and fifty-nine (359) copies of the questionnaire were administered to the respondents and a sum of three hundred and twenty-five (325) copies were duly filled and returned for the study. Table 2 is the bio data of the respondents in categories of gender, age, educational qualification and years of service.

Table 2: Bio Data of Respondents

Category	**Frequency (N=325)**	**Percentage (%)**
Gender		
Male	200	61.5%
Female	125	38.5%
Age		
18-29 years	100	30.8%
30-39 years	120	36.9%
40-49 years	70	21.5%
50 years and above	35	10.8%
Educational Qualification		
Secondary Education	50	15.4%
Bachelor's Degree	150	46.2%
Postgraduate Degree	100	30.8%
Others (e.g., Diplomas)	25	7.6%
Years of Service		
1 – 6	95	29.2%
7 – 14	180	55.4%
15 years and above	50	15.4%

Source: Field Survey (2024)

Table 2 shows that a majority of respondents (61.5%) were male, while 38.5% were female. The dominant age group was 30-39 years (36.9%), followed by 18-29 years (30.8%). Regarding educational qualifications, 46.2% of respondents held a Bachelor's degree, and 30.8% had postgraduate qualifications. Most respondents (55.4%) have been with the organisation for 7 – 14 years, while 29.2% have been with the organisation between 1 – 6 years; and 15.4% have been there for over 15 years. This structured format provides a clear and concise representation of the study's respondents' demographics.

Objective 1: To Examine the Significant Relationship between E-Taxation and Tax Revenue Generation in Nigeria

To analyze the first objective, respondents' opinions were collected through a questionnaire. The results were presented using frequency counts and percentages, as shown in Table 2 below.

Table 3 Relationship between E-Taxation and Tax Revenue Generation

Statements	**Responses**	**Frequency (N=325)**	**Percentage (%)**
E-taxation has improved tax revenue generation in Nigeria.	Strongly Agree	140	43.1%
	Agree	115	35.4%
	Neutral	30	9.2%
	Disagree	25	7.7%
	Strongly Disagree	15	4.6%
E-taxation encourages compliance through convenient processes.	Strongly Agree	130	40.0%
	Agree	120	36.9%
	Neutral	35	10.8%
	Disagree	25	7.7%
	Strongly Disagree	15	4.6%
E-taxation reduces delays in tax payment processes.	Strongly Agree	150	46.2%

Statements	Responses	Frequency (N=325)	Percentage (%)
	Agree	110	33.8%
	Neutral	30	9.2%
	Disagree	20	6.2%
	Strongly Disagree	15	4.6%

Source: Field Survey (2024)

The results show strong support for e-taxation, with most respondents agreeing that it improves tax revenue generation, encourages compliance, and reduces payment delays. Positive responses exceeded 70% across all indicators, while less than 15% were neutral or negative, indicating minimal resistance. Qualitative content analysis from focus group discussions further reinforced the positive relationship between e-taxation and tax revenue generation in Nigeria.

Key Themes from Content Analysis

The content analysis revealed four major themes regarding the impact of e-taxation in Nigeria. First, respondents and tax administrators consistently noted that e-taxation has improved revenue collection by automating processes and reducing manual bottlenecks, making tax payments easier to track. Second, e-taxation was widely perceived to enhance taxpayer compliance by simplifying procedures and increasing the transparency of tax obligations. Third, digital platforms were seen as improving transparency and reducing corruption by minimizing human interaction and limiting opportunities for discretionary manipulation. Fourth, the data indicated that e-taxation has helped reduce tax evasion through clear digital records that allow authorities to easily identify non-compliant taxpayers. Despite these benefits, some challenges were identified, including limited internet access in rural areas, low digital literacy among certain taxpayer groups, and concerns about cybersecurity. These issues, though raised by a minority, highlight the need for improved infrastructure and taxpayer support to fully optimize e-taxation systems.

Objective 2: To Evaluate the Extent of Tax Malpractice Reduction with the Adoption of E-Taxation in Nigeria

For this objective, the study sought to understand the extent to which e-taxation has contributed to reducing tax malpractices, such as tax evasion, underreporting of income, and corruption in the tax system. Below is the presentation of the analysis using frequency counts and percentages.

Table 4: E-Taxation's Impact on Tax Malpractice Reduction

Statements	**Responses**	**Frequency (N=325)**	**Percentage (%)**
E-taxation has helped to reduce tax evasion in Nigeria.	Strongly Agree	135	41.5%
	Agree	105	32.3%
	Neutral	45	13.8%
	Disagree	25	7.7%
	Strongly Disagree	15	4.6%
E-taxation has reduced underreporting of income among taxpayers.	Strongly Agree	120	36.9%
	Agree	110	33.8%
	Neutral	50	15.4%
	Disagree	25	7.7%
	Strongly Disagree	20	6.2%
E-taxation has minimized opportunities for tax fraud and corruption.	Strongly Agree	140	43.1%
	Agree	95	29.2%
	Neutral	45	13.8%
	Disagree	30	9.2%
	Strongly Disagree	15	4.6%

Source: Field Survey (2024)

The results show strong agreement that e-taxation has reduced major tax malpractices in Nigeria. Most respondents affirmed that digital tax systems help curb tax evasion, reduce income underreporting, and minimize fraud and corruption by improving transparency and accountability. Fewer than 15% expressed neutral or negative views, largely due to issues such as limited internet access and low digital literacy. Qualitative content analysis further supports the finding that e-taxation contributes significantly to

reducing tax-related malpractices in Nigeria.

Key Themes from Content Analysis

The content analysis revealed that e-taxation has substantially reduced tax malpractices in Nigeria. First, e-taxation was widely viewed as effective in curbing tax evasion by providing automated records that make it easier for authorities to detect non-compliance—a finding supported by 73.8% of survey respondents. Second, the system was seen to reduce income underreporting, as digital records limit opportunities to falsify financial information, aligning with the 70.7% agreement rate in the survey. Third, respondents highlighted that automation has reduced corruption and fraud by minimizing human contact and increasing transparency, consistent with survey feedback. Fourth, e-taxation was credited with improving transparency and accountability through clear digital audit trails. Despite these benefits, challenges such as poor internet access, low digital literacy, and resistance to digital platforms persist, particularly in rural areas. Overall, both qualitative and quantitative evidence confirm that e-taxation has significantly reduced tax malpractices, though infrastructural and skill-related constraints remain.

Objective 3: To Identify the Challenges of E-Taxation in Improving Revenue Generation in Nigeria

This objective aims to explore the challenges faced in the adoption and implementation of e-taxation in Nigeria. It investigates various issues such as infrastructural challenges, taxpayer education, resistance to technology, and cybersecurity concerns. The table below presents the analysis based on responses from 325 participants.

Table 5: Respondents' Perception of Challenges to E-Taxation in Revenue Generation

Statements	**Responses**	**Frequency (N=325)**	**Percentage (%)**
Inadequate internet access in rural areas hinders e-taxation adoption.	Strongly Agree	145	44.6%
	Agree	100	30.8%
	Neutral	45	13.8%
	Disagree	25	7.7%
	Strongly Disagree	10	3.1%
Lack of digital literacy among taxpayers hampers effective use of e-taxation systems.	Strongly Agree	125	38.5%
	Agree	120	36.9%

Statements	**Responses**	**Frequency (N=325)**	**Percentage (%)**
	Neutral	50	15.4%
	Disagree	20	6.2%
	Strongly Disagree	10	3.1%
Cybersecurity and data privacy concerns impede e-taxation implementation.	Strongly Agree	140	43.1%
	Agree	95	29.2%
	Neutral	45	13.8%
	Disagree	30	9.2%
	Strongly Disagree	15	4.6%
Resistance to change among taxpayers affects the successful implementation of e-taxation.	Strongly Agree	115	35.4%
	Agree	105	32.3%
	Neutral	70	21.5%
	Disagree	25	7.7%
	Strongly Disagree	10	3.1%
Inadequate infrastructure and technology in government agencies limit e-taxation effectiveness.	Strongly Agree	130	40.0%
	Agree	110	33.8%
	Neutral	50	15.4%
	Disagree	25	7.7%
	Strongly Disagree	10	3.1%

Source: Field Survey (2024)

The findings show several key challenges affecting the implementation of e-taxation in Nigeria. Inadequate internet access—especially in rural areas—was widely identified as a major barrier. Respondents also highlighted low digital literacy among taxpayers, concerns over cybersecurity and data privacy, and general resistance to adopting new digital systems. Additionally, many noted that insufficient infrastructure and outdated

technology within government agencies hinder effective system performance. These challenges collectively limit the ability of e-taxation to fully enhance revenue generation. Content analysis of qualitative data further reinforced these themes.

Key Themes from Content Analysis

Content analysis revealed several major challenges affecting e-taxation in Nigeria. First, inadequate internet infrastructure—especially in rural areas—limits taxpayer access and hinders system adoption, reflecting the strong agreement in the survey results. Second, low digital literacy remains a significant barrier, as many taxpayers lack the skills to use online platforms effectively. Third, cybersecurity and data privacy concerns reduce trust in the system, with respondents expressing fear of data breaches. Fourth, resistance to technological change, particularly among older and traditional taxpayers, slows adoption. Fifth, inadequate technological infrastructure within government agencies leads to inefficiencies and delays in processing online transactions. Finally, some respondents noted political and bureaucratic bottlenecks that slow the rollout and expansion of e-taxation systems. These challenges collectively restrict the full effectiveness of e-taxation in improving tax administration.

Discussions of Findings

E-Taxation and Revenue Generation

Findings show a strong positive relationship between e-taxation and tax revenue generation in Nigeria. Most respondents agreed that e-taxation improves compliance, enhances tracking of payments, and increases revenue. Content analysis supported this, emphasizing automation, reduced errors, and simplified filing. These results align with existing studies showing that digital tax systems improve efficiency, transparency, and public trust. However, challenges—especially in rural areas—limit the full realization of e-taxation's potential.

Reduction of Tax Malpractices

The study found that e-taxation significantly reduces tax evasion, income underreporting, and corruption. Respondents agreed that automation enhances transparency and limits opportunities for fraudulent behavior. FIRS officials noted that digital tracking makes evasion more difficult. These findings support earlier research showing that digital systems reduce manipulation and bribery by minimizing human discretion. Still, cybersecurity and data privacy concerns remain barriers to full adoption.

Challenges Affecting E-Taxation's Effectiveness

The effectiveness of e-taxation in Nigeria is constrained by poor internet connectivity, particularly in rural areas, low digital literacy among taxpayers, concerns over cybersecurity and data privacy, resistance to technological change among older and traditional taxpayers, and inadequate government infrastructure, including insufficient tools, systems, and trained personnel, reflecting common challenges in developing countries that must be addressed to maximize the benefits of digital tax systems.

Conclusion and Recommendations

This study examined the impact of e-taxation on revenue generation in Nigeria, with a specific focus on the perspectives of the Federal Inland Revenue Service (FIRS). The research sought to explore the relationship between e-taxation and revenue generation, assess the reduction of tax malpractice due to e-taxation, and identify the challenges faced in the effective implementation of e-taxation systems. The findings of the study suggest that e-taxation holds significant potential to improve tax revenue generation in Nigeria by enhancing the efficiency of the tax collection process, increasing taxpayer compliance, and reducing opportunities for tax evasion and corruption. The data revealed that the introduction of e-taxation systems has led to more transparent, accountable, and streamlined processes for tax payment, which have contributed to an increase in revenue generation. Furthermore, the adoption of e-taxation has been associated with a notable reduction in tax malpractice, including underreporting of income and fraudulent activities, largely due to the automation of the tax collection process.

However, the study also identified several challenges that hinder the full potential of e-taxation in Nigeria. These include inadequate internet infrastructure, especially in rural areas, limited digital literacy among taxpayers, cybersecurity and data privacy concerns, resistance to technological change, and insufficient technological infrastructure within government agencies. These challenges significantly impede the effective adoption and implementation of e-taxation systems, thereby limiting their impact on revenue generation.

Based on the study's findings, the following recommendations are proposed:

1. Prioritize the development of internet and ICT infrastructure, particularly in rural areas, to bridge the digital divide and ensure broader access to e-taxation platforms.
2. Implement programs to improve taxpayers' digital skills, enabling effective use of e-taxation systems.
3. Address concerns over data privacy and security by establishing robust cybersecurity measures and regulatory frameworks.

4. Increase awareness of the benefits and functionalities of e-taxation to encourage wider adoption among taxpayers.
5. Equip tax administration agencies with the necessary tools, software, and trained personnel to effectively manage and support e-taxation systems.

References

Abubakar, M. A., & Ibrahim, S. Y. (2022). Cybersecurity challenges in electronic taxation systems: Implications for Nigeria. Journal of African Development Studies, 18(2), 45–60.

Adeyemo, D. (2017). The role of e-taxation in enhancing tax administration in Nigeria: Challenges and prospects. African Journal of Business and Economic Research, 12(3), 101-114.

Alm, J. (2019). The role of technology in tax administration: From e-filing to big data analytics. International Journal of Public Administration, 42(3), 255-273.

Chukwuebuka, N. I. (2022). "The Impact of E-Tax Assessment on Income Generation in Nigeria." International Journal of Business Management & Economic Research, vol. 26, no. 3.

Federal Inland Revenue Services (FIRS). (2023). Annual Report 2022. Abuja: FIRS Publications.

Hoffmann, M., Lapuerta, R., & Castillo, J. (2020). Cybersecurity concerns in the adoption of digital taxation systems: A global review. Journal of Information Security and Privacy, 14(2), 45-56.

Hussein, M., & Adeoye, B. (2018). Challenges in implementing e-taxation in developing countries: A case study of Nigeria. Journal of Information Technology & Politics, 15(1), 1-18.

Kiring'a, S. G., & Wanyoike, D. (2020). The impact of electronic tax system on tax revenue collection: Evidence from Kenya. International Journal of Business and Management, 15(2), 45–52.

Lapuerta, R., Pires, R., & Silva, P. (2020). Digital tax systems: Opportunities and challenges for developing economies. Journal of Development Economics, 31(2), 203-219.

Ndubuisi, C., & Ifere, O. (2021). The challenges of implementing e-taxation in developing economies: A case of Nigeria. African Tax Journal, 7(3), 90–108.

Obara, E. (2019). Digital literacy and tax compliance in Nigeria: The role of e-taxation systems. Journal of Business Administration, 21(4), 320-337.

Odusola, A. (2016). Tax policy reforms in Nigeria. World Institute for Development

Economics Research Discussion Paper No. 2006/03.

Olusola, A., & Awogbemi, C. (2021). E-taxation and revenue mobilization in developing countries: Evidence from Nigeria. Journal of Economic Policy and Reform, 34(1), 78–92.

Omogbai, O. E., & Ehigiamusoe, U. K. (2020). Technology adoption in public finance: The Nigerian e-tax experience. African Journal of Public Administration, 12(4), 112–124.

Pires, R., & Silva, P. (2017). Technology adoption and resistance to change in public institutions: A focus on tax reforms in Africa. African Journal of Public Administration and Policy, 6(2), 55-68.

Sharma, S., & Kumar, R. (2016). E-taxation and its impact on the efficiency of tax collection: A comparative study. International Journal of Accounting and Taxation, 4(3), 35-50.

Sikka, P., & Willmott, H. (2010). The dark side of e-government: Transparency, accountability, and the digital state. Public Administration Review, 70(1), 12-27.

World Bank (2018). Digital taxation and revenue mobilization in Africa: Opportunities and challenges. Washington, DC: World Bank Group.