

*Impact of Technology Operations: Case of Nigeria  
Electronic Tax System*

Adegbola OTEKUNRIN, Department of Accounting and Finance, Landmark  
University, Nigeria

Kudzanai MATOWANYIKA, Graduate Business School, Chinhoyi University of  
Technology, Chinhoyi, Zimbabwe

Damilola FAGBORO, Department of Accounting, University of Lagos

Temitope ELEDA, Department of Accounting and Finance, Landmark University,  
Nigeria

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System**

Adegbola OTEKUNRIN Department of Accounting and Finance, Landmark University, Nigeria E-mail- [otekunrin.adegbola@lmu.edu.ng](mailto:otekunrin.adegbola@lmu.edu.ng)

Kudzanai MATOWANYIKA Graduate Business School, Chinhoyi University of Technology, Chinhoyi, Zimbabwe E-mail- [kudzaimatowanyika@gmail.com](mailto:kudzaimatowanyika@gmail.com)

Damilola FAGBORO Department of Accounting, University of Lagos E-mail- [damilola-fagboro@gmail.com](mailto:damilola-fagboro@gmail.com)

Temitope ELEDA Department of Accounting and Finance, Landmark University, Nigeria E-mail- [eleda.temitope@lmu.edu.ng](mailto:eleda.temitope@lmu.edu.ng)

**Abstract** The switch from a manual system to an electronic and technological system has become a very essential form of transformation that has brought about a commendable change in the interaction between the corporate world, government, and the citizens. The advantages of implementing the electronic system for filing and paying taxes can be beneficial for both

taxpayers and the tax authorities. Where the taxpayers can easily and timely access their tax portals and register to pay their taxes and submit tax returns anytime, anywhere. They are also able to store and retrieve their documented information. The tax authorities also have their workload reduced, where the costs and manual processes of handling tax payment issues and tax returns have been eased with the e-filing system. Furthermore, the electronic tax system will reduce the incidents of tax malpractices and corruption. The system will ensure good security and a backup plan, where inputted information will be secured and the case of fraud or information leakage will be mitigated. Overall, the electronic tax system guarantees a sound ground for executing tax administrations and operations.

**Keywords:** Electronic tax system, Federal Inland Revenue Service, Operation

### **1.0 Introduction**

Tax report from the Federal Inland Revenue Service (FIRS), 2015, Presidential Committee on National tax policy states that “the principal objective of the Nigerian tax system is to contribute directly to public finance and governance through improved policy formulation, collection and appropriate utilization of tax revenue for the benefit of the Nigerians. Besides, the Nigerian tax system is expected to encourage economic growth and development, generate stable revenue or resources needed by the government to accomplish loadable projects and or investments for the benefit of the people, provide economic stabilization, and pursue fairness and distributive equity and correction of market failure and imperfections.” The use of technology to develop the tax system eases tax payment and collection, reduces evasion and avoidance of tax, reduces the workload of tax officials, and ensures good relationships with taxpayers and tax authorities by reducing errors in tax dues and filing of tax returns. An electronic tax system is identified as a key to promoting an efficient tax administration and will lead to effective operations and mitigate the challenges and weaknesses in the tax administrative body when implemented appropriately.

### **2.0 Electronic Tax System**

Electronic tax is an advent of technology into the tax system that will enable proper handling of the tax administration and its activities. Activities such as registration, assessment, filing of returns, and making claims can be done using computerized tax administration (Flossy, Makokha & Namusonge, 2017). The electronic tax system is an online platform where taxpayers can access all services regarding tax and communicate with the responsible tax and financial authority (Wasao, 2014). In Nigeria, the electronic tax system is now part of the reform for collecting tax revenues and is driven emphatically by the Nigeria Federal Inland Revenue Authority to achieve an efficient tax system, thus improving economic development in the country. The advantages of implementing the electronic system for filing and paying taxes can be beneficial for both taxpayers and the tax authorities. Where the taxpayers

can easily and timely access their tax portals and register to pay their taxes and submit tax returns anytime, anywhere: they are also able to store and retrieve their documented information. The tax authorities also have their workload reduced, where the costs and manual processes of handling tax payment issues and tax returns have been eased with the e-filing system. **2.1 Operations of Electronic Tax System** In Nigeria, the Federal Inland Revenue Service (FIRS) introduced six services and modes of conducting operations of the electronic tax system; E-registration: This service allows for the registration of citizens as taxpayers. They can as well register for the various available taxes. E-stamp duties: An electronic service that makes room for payment of stamp duties on valid and qualifying documents. E-tax payment: This service will allow the payment of all types of tax and levies through any electronic platform like Remita, Interswitch, or the Nigeria Inter-banking Settlement System (NIBSS). E-filing: This platform will enable registered taxpayers to file their tax returns as they can upload relevant documents on the site. This would relieve the stress of going to tax offices. E-receipt: The e-service is for collecting and verifying the receipts generated for taxes paid through the e-tax payment platform. E-tcc: A medium that can be used by taxpayers to apply for an electronic tax clearance certificate, receive it, and verify its authenticity. The electronic tax system is primarily introduced to function as technological support to taxpayer services. Providing more than information and services electronically in relation to tax activities; it enables tax administration to be done at reduced cost and is a mechanism to tackle the challenges faced in the tax administration system. (Otekunrin, Asamu & Olowookere, 2019; Otekunrin, Fagboro, Nwanji, Asamu, Ajiboye & Falaye, 2019; Otekunrin, Iyoha, Uwuigbe & Uwuigbe, 2017; Otekunrin, Nwanji & Obasaju, 2018; Otekunrin, Nwanji, Egbide, Fakile, Lawal, Ajayi, Falaye & Eluyela, 2018; Otekunrin, Nwanji, Agba, Olowookere, Fakile, Lawal, Ajayi, & Falaye, 2018). The Federal Inland Revenue Service (FIRS) of Nigeria uses tax-promax, which is the software, use by this Nigeria tax authority to access and collect tax revenue. Tax Pro-Max Solution is used for filing tax returns by taxpayers, step-by-step filing and payment process. It can be found on <https://taxpromax.firs.gov.ng>. The taxes pro-max contain the following on the dashboard: 1. Taxes Due, 2. Ledger Balance, 3. Concluded Assessment, 4. Group Taxes, 5. Credit Reports, 6. Taxpayer's Details, 7. Process Tax Clearance Certificate (TCC). Then from the process button, it will take you to schedules. These schedules are as follows: a) Revenue, b) Non-Current Assets, c) Current Asset, d) Cost of Sales, e) Other Income, f) Operating Expenses, g) Current liabilities, h) Long Term Liabilities, i) Ownership/Capital Structure, j) Reserve, k) Profit Adjustment, l) Balancing Adjustment, m) Loss Relieved, n) Capital Allowance

### 3.0 Conclusion

Globally, the electronic tax system is progressively phasing out the manual tax processes.

In Nigeria, people viewed electronic taxation like other new policies to be a suspicious means for the government to embezzle more funds. If well implemented and widely used by taxpayers, the electronic tax system will be of beneficial advantage to both taxpayers and the tax authorities. Tax administration will function well, taxpayers clearly identified, revenue collections will improve and compliance costs will reduce. Broadly, transforming the tax system with the medium of technology will efficiently reduce tax evasion and become a wall of defense against injustice and ineffectiveness in the tax administrative system (Barati & Bakhshayesh, 2015)

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