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DIGITAL TAX ADMINISTRATION AND REVENUE GENERATION IN LAGOS STATE, 2008-2018

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Abstract:
Since the adoption of the digital tax administration in Lagos State, the state's Internally Generated Revenue (IGR) has grown from a monthly average of N600 million in 1999 to N34 billion in 2018. Despite this significant growth, studies have not empirically examined the extent to which the application of the digitalized tax administration system has influenced the revenue profile of the state. This study, therefore, examined: (1) whether the automation of tax collection improved revenue generation in Lagos State; and (2) how the self-assessment filing (SAF) system impacted willful revenue remittance in Lagos State. The study adopted both the survey and documentary methods of data collection. Content analysis was employed in analyzing secondary data, and primary data sourced from field surveys were analyzed using simple descriptive statistics. The theoretical framework of the Unified Theory of Acceptance and Use of Technology (UTAUT) and time series research design were adopted in viewing the trend of IGR generation in Lagos since 2008. The study found that digital tax administration through automation of tax collection and the SAF system has improved the IGR of Lagos State within the period under study. The study recommends, among others, the intensification of digital tax administration through public enlightenment.

Keywords: taxation, Internally Generated Revenue (IGR), self-assessment filing system, tax automation, LIRS

List of Abbreviations and Acronyms
EBS-RCM - Electronic Banking - Revenue Collection and Monitoring;
ERA - Electronic Revenue Assurance System;
e.Tcc - Electronic Tax Clearance Certificate Card;
ICT - Information and Communication Technology;
IGR - Internally Generated Revenue;
LASAA - Lagos State Signage & Advertisement Agency;
LASG - Lagos State Government;

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LIRS - Lagos State Island Revenue Service;
LSETF - Lagos State Employment Trust Fund;
LUC - Land Use Charge;
MEPB - Ministry of Economic and Public Budget;
PAYE- Pay As You Earn;
SAFS - Self-Assessment Filing System;
TMA - Tax Monitoring Agents;
UTAUT - Unified Theory of Acceptance and Use of Technology.

1. Introduction

Information and Communication Technology (ICT) has brought with it so many revolutions in all sectors of governance and the economy. In the area of financial governance, ICT has 'revolutionalized' tax administration, moving it from analogue systems to a digitalized platform where human errors and influence in revenue generation are highly monitored and curtailed. As such, many countries look up to digitalized platforms to manage their revenue generation. Denmark, for instance, represents a classical example of where a digital tax administration system has led to efficient revenue generation and management (Borup, 2006). Denmark operates a complete automation of its reporting operations, an internal logical controller, a digitalized communication system between the government and taxpayers, and a transparent and user-friendly system (Borup, 2006).

Unlike many developed countries, tax administration in many low-income economies like Nigeria is inversely faced with corruption, evasion, poor statistical data collection, and management, among others. These have made tax evasion very easy, and the collected ones were usually diverted to private pockets. BBC (2019) observed that less than 30% of Nigerians paid taxes in 2018. This perennial occurrence engenders funding gaps, thus explaining the need for periodic tax reforms.

In light of the above, therefore, taxation in Nigeria has undergone several reforms in the past. This was in order to address certain needs at different points in time. The oil boom period (1960–1975), for instance, witnessed some tax reforms aimed at maximizing revenue generation. Some of these reforms came as the Income Tax (Amendment) Act of 1966, the Capital Gain Tax Act of 1967, and the Income Tax Management (Amendment) Act of 1990, among others. During this time, various regional and state tax laws on individuals in Nigeria were also introduced (Obasi, 2013).

The need for more income generation led to the adoption of modern technologies in the revenue administration of many countries; thus, it made for a shift from a traditional method of tax collection to a digitalized system. In leveraging the digitalized system, the Lagos state government introduced the use of ICT in its tax administration system. Fowler (2014) affirmed that Lagos could not have relied majorly on statutory allocation from the federal government, given the population surge in the state. As such, the imperativeness of high revenue generation to effective governance necessitated the introduction of certain tax reforms in Lagos State (Ajani, 2014). These reforms birthed new tax regimes that are based on the automation of tax collection and the use of the self-assessment filing (SAF) system in Lagos State.

Automation of tax collection entails the establishment of digital platforms that enable taxpayers to fulfill their tax obligations online or electronically (Waso, 2014). Ofurum (2018) viewed it as a method by which electronic media is used in the assessment, collection, and administration of taxation processes. The idea is that an automated tax system would mitigate the inherent waste associated with traditional methods of revenue collection (Muita, 2011; Qassim *et al.*, 2018).

The SAF system, on the other hand, entails the process whereby taxpayers are expected to accurately calculate their taxes, file returns, and pay accrued returns in a timely manner (FIRS, 2016). Since the emergence of these digitalized processes, scholars are yet to empirically examine their impacts on revenue generation in Lagos State. Lagos, as Nigeria's most commercial nerve centre, continues to witness an influx of people on a daily basis. Collection of taxes from this surging population was a huge task, thus leading to tax reform that introduced complete digitalization of the tax administration system in 2008. Meanwhile, the state before 2008 represented the true picture of Nigeria based on issues of tax administration, evasion, and shoddy practices characteristic of many tax collectors. Digitalized tax administration is aimed at bridging the gap by discouraging tax evasions, eliminating illegal activities of tax collectors, expanding the tax net and boosting the IGR profile. In consideration of these advantages, this study empirically examined the extent to which the application of the digitalized tax administration system influenced the revenue profile, particularly the IGR of Lagos State, between 2008 and 2018.

1.1 Statement of the Problem

In the early days, tax administration made use of analog and traditional methods of revenue collection. This hampered the dignity of the revenue profession. For example, Zachaeus of the Holy Bible was proscribed as a sinner primarily because of his job as a tax collector. This bad image had, over time, affected tax practices across many countries, including Nigeria. Going forward, the effect of inadequate revenue generation on the economies of states prompted the adoption of an improved tax administration regime. This is in order to address inherent pitfalls associated with the old system of tax practices in many countries like Denmark, the USA, New Zealand, Japan, and Austria. The e-countries, according to Mohd (2010), adopted SAF as far back as between 1913 and 1993. Eissa (1996) opined that the reform in the US, for instance, was aimed at promoting revenue collection in the states.

In addition to SAF, many advanced countries have leveraged ICT to better their revenue generation systems. An example is the introduction of e-taxation in the USA in 1986, Canada in 1993, and the use of an electronic tax filing system in Austria in 1987, which have proven helpful in reshaping these countries' tax collection systems (Ofurum, 2018). Scholars such as Akpubi *et al.* (2019) observed that a country's revenue generation capability is largely dependent on the efficiency of its tax system. This has been proven true with the rapid decline in oil revenue, which has exposed the inefficiency of the

Nigerian tax administration system. Essentially, tax administration in Nigeria is characterized by corruption, poor data management, analogue methods, a low level of transparency, and poor tax knowledge (Oseni, 2016).

In the face of poor tax compliance and a growing funding gap arguably caused by the use of traditional methods of tax and revenue collection, which is a serious challenge in the 21st century, the Lagos state government, like some developed countries, introduced automated revenue and SAF revenue collection platforms. The initiative, which has proven useful in many countries of the world (Ofunam, 2018), is aimed at creating a more efficient, convenient, and transparent system. It is targeted at mitigating rampant corrupt practices associated with manual methods of revenue collection. However, the efficiency of this reform in Lagos, when compared to other Western countries, is still a subject of intense debate in literature. Although the likes of Babatunde (2008) and Hamzat (2019) noted that the reform could promote tax administration and revenue collection efficiency in Lagos State, studies are yet to significantly investigate the success rate of the digital tax administration system in the state. Carnahan (2015) feared that technological gaps, low tax knowledge, and a high illiteracy rate could affect tax compliance rates in many less developed systems, including Lagos State. Others note that complete automation of the system, which implies using machines to perform more tax work hitherto done by people, would lead to job losses (Gaus & Hoxtell, 2019). Although this observation could inform a departure for studying the link between the use of ICT in tax administration and the increase in unemployment in Nigeria, scholars are yet to assess the impact of the novel introduction to the revenue profile of Lagos State. This study filled this gap using the following research questions:

1) Did automation of tax collection improve revenue generation in Lagos state between 2008- and 2018?
2) How did the SAF system impact on willful revenue remittance in Lagos state between 2008 and 2018?

1.2 Objectives of the Study

The study has both broad and specific objectives. While the broad objective is to examine the impact of digital tax administration on revenue generation in Lagos state between 2008 and 2018, the specific objectives are to:

1) Ascertain if automation of tax collection improved revenue generation in Lagos state between 2008 and 2018.
2) Examine how the SAF system impacted willful revenue remittance in Lagos state between 2008 and 2018.

1.4 Significance of the Study

The study of digital tax administration and revenue generation in Lagos State has both theoretical and practical significance, and it is tailored towards addressing some related or identified academic and political problems. Theoretically, this study contributes to the enrichment of the contemporary body of literature in the area of tax governance or administration. It does this by firstly examining the impact of automation of tax collection on revenue generation in Lagos State and secondly ascertaining how the SAF system impacted willful revenue remittance in Lagos State between 2008 and 2018. These are necessary aspects of tax reforms in the state that need scholarly attention. The study will also assist future researchers and students who may wish to undertake further research on the challenges of revenue generation in Nigeria.

Practically, this study shall benefit policymakers and political stakeholders in both Lagos and other state governments in Nigeria. This is because it will help to enlighten them on the need to be judicious in the management of public funds—the need to avoid wastage and promote public-driven economic policies. The study shall also sensitize policymakers on the need to promote tax-friendly policies and adopt the right tax administration and revenue generation reforms like automation of tax collection and the SAF system, which would help to enhance tax compliance and revenue yield. This is important given the necessity of adequate funding for governments. As such, a strong IGR yield is needed to survive economic turbulence and retardation.

2. Literature Review

The study adopted the thematic approach of literature review based on the variables of the research questions; thus, the following themes were reviewed:

1) Automation of tax collection and revenue generation;
2) Self-assessment filing system and revenue remittance.

2.1 Automation of Tax Collection and Revenue Generation

Over the years, taxation has been a veritable means of revenue generation. This is captured in various definitions offered by some scholars. According to Anyanwu (1998), tax is a compulsory payment occasionally levied on goods and services paid by private individuals, institutions, or groups to the government. As a mandatory payment, governments charge taxes to the masses with the view of generating revenues, redistributing income, and managing the economy. As a means of fund generation, taxes are very essential to any given state because necessities are on the government to perform their statutory functions. Therefore, as these responsibilities increase, the sources of its finance should equally increase. As an important means of revenue generation, Ipaye (2010, p. 1) opines that tax is an "*obligatory financial charge levied by the government on persons, entities, tractions, or properties in order to generate public funds. Tax entails all governmental levies on the person, property, privileges, occupations, and enjoyment of the people and includes levies and imports. However, it usually exempts penalties, administrative fees, and direct charges*." To some other views, tax is a mandatory fee enforced by the government through its workers on its masses or on their properties in order to achieve some goals. This definition appears vague given the inability of this view to specifically and clearly identify the specific objectives of taxation. The later opinion opined that tax is "*equally a compulsory levy on income, consumption, and production of goods and services as provided by the relevant legislation*."

Taxation is arguably the most important revenue-generating tool for many countries. Studies have shown that it has contributed over 80 percent of about half of a country's national income. In the world today, western nations are believed to collect more revenue, especially from direct taxes, than developing countries, which depend more on trade and consumption taxes. The cases of some countries like France, Sweden, Cuba, Denmark, and Norway, where taxation contributes more than 30% of their national income, are examples (Esteban and Max, 2020).

Theoretically, it is believed that high revenue generation genders better provisions of social goods, thus alienating the claim that countries like France and Sweden enjoy better social amenities because of the greater availability of funds to the government. The importance of taxation to nations cannot be overemphasized; hence, the global inquiry for a better tax administration and revenue collection model has led to the digitization of the tax system in many countries. This outcome was influenced by the advancement of ICT, which Gupta (2008) noted has re-sharpened governmental functions in recent times. Today, many government governments across the globe offer digitalized services (West, 2000). This has helped to promote better governmental administration processes. According to Tapscott *et al.* (1999), automation of government services helps the government to retain its importance, especially in this computer age. Lam (2005) opined that such a system promotes efficiency, transparency, accountability, and higher accessibility to public services. Behatnager (2000) believes this system is both time- and cost-effective. Prattipati (2003) linked the differences in the introduction of automated government services across the globe to the level of technological development in various countries. For example, Gupta (2008) pointed out that the prevalence of more rural dwellers in developing states affects accessibility to automated government services. This is as a result of the poor availability of ICT facilities and necessary equipment.

What, then, is automation of tax collection? Generally, this implies a system whereby revenue remittance is done electronically. According to Waso (2014), this process entails the establishment of digital platforms that enable taxpayers to fulfill their tax obligations online or electronically. It provides an electronically structured system that captures: tax registration, filing of tax returns, payment, e-receipts, and e-TCC issuance. Deloitte (2017) opined that automation of tax collection is a system that enables taxpayers to fulfill their tax obligations online. Today, the use of automated systems of tax collection and revenue generation has become an increasing practice in many developed countries like the US, Japan, etc. This is in an effort to enhance income generation (Barati *et al.*, 2015). Whereas Smith (1998) pointed out that the innovation makes for a better tax system, Pavlakis (2018) opined that the use of ICT in tax administration enhances accuracy and efficiency in data processing, transparency, and tax compliance.

According to Akpubi *et al.* (2019), e-taxation comprises the use of internet services to perform the following activities in Nigeria and beyond. They are:

- e-registration
- e-assessment
- e-filing;

- e-payment;
- e-stamp duty;
- e-receipt and;
- e-Tcc.

Electronic Registration of Taxpayers is a process that enables the registration of new taxpayers by the Internal Revenue Service. For instance, this provision is captured on the LIRS website, which enables the registration of new taxpayers in the state. E-filing is an electronic tax process that helps payers file their returns online. E-payment entails remitting taxes and revenues through approved designated electronic channels such as WebPay, Bank, etc. The e-stamp fee is a stamp duty levy on some documents. E-receipt is online or electronic-generated proof of payment issued by the government to payers upon payment. E-Tcc is an electronic tax clearance certificate. This is issued within 48 hours after payment in Lagos State.

To William (2017), the use of technology promotes better tax administration by simplifying the complex activities involved in processing tax returns, such as computation and verification of data. Given that revenue administration across the globe entails the involvement of large data processing, Barati *et al.* (2015) agreed that e-taxation is essential in order to prevent tax evasion and general inefficiencies associated with manual methods of revenue collection. Going forward**,** Return (2018) highlighted some usefulness of this method, which includes:

- Blocking financial loopholes emanating from corrupt practices,
- The simplification of tax filing and return payment makes it time-effective,
- It is cost-effective for payers who can readily file and remit their returns from the comfort of their homes and offices,
- The system is faster and more transparent, unlike the old method,

Agreeing with the above view, Alake (2011) pointed out that e-taxation has reduced tax evasion in Iraq. According to Qassim (2018), this system is more effective because of its ability to reduce personal contact with tax officials, enhance fair application of harmonized tax laws, and time effectiveness in the overall tax administration and revenue generation. The importance of automation of tax collection and revenue collection across the globe has been further acknowledged by other scholars who support the idea that the system has a positive effect on productivity, performance, and efficiency in tax administration. Some of them include Turan *et al.* (2007), Othman (2011), Mamta (2012), and Mustapha (2013), among others. Considering the impact of e-taxation on a global scale, Lagos State, Nigeria, has therefore leveraged the advancement in information and communication technology to drive a better tax system **(**Hamzat, 2009). This introduction is necessary because of the challenges associated with the traditional system of revenue collection in Lagos State, which include poor statistical data collection, corruption, tax evasion and avoidance, multiple taxation, complexity of payment, and the use of analogue equipment. This system has, in the past, made for inefficient tax administration in Nigeria and Lagos in particular; thus, it has favoured several dubious practices like mismanagement, unaccountability, and corruption among officials. During this era, Akpubi (2019) pointed out an incident where there was the disappearance of about 12 billion Naira by tax officials.

Therefore, in order to boost revenue generation by blocking all associated financial loopholes, the state government introduced an electronic method of tax collection, which replaced the old analogue system. This method, among others, employed an e-filing system, which outlawed the manual system that enabled taxpayers to fill out a tax return form (Form H1) at the LIRS office. Today, filing is done electronically, and payments are made through both online (e-payment) and banking channels. Regarding the efficiency of this reform, Hamzat (2019) noted that the initiative has enhanced internally generated revenue in Lagos State. He opined that about 80% of revenue payments are now remitted electronically as such, which contributed to boosting IGR generation to about 75% with statutory allocation accounting for only 25% of the state's revenue. According to BRC (2019), the reform is to improve tax administration and promote tax compliance in the state. It simplified tax registration, assessment, filing, and payment systems, as these can take place anywhere and at any time.

The importance of ICT in revenue collection led to its use in many sectors. Notably, its use became important in the hospitality industry (hotels, event centres, and restaurants) as a result of the high level of non-compliance by the sector; hence, the introduction of the Electronic Revenue Assurance System (ERA) became essential in the state (Akinsami, 2018). Generally, ERA is a system that uses an Electronic Fiscal Device Software Application that gives customers receipts and invoices with a special QR code. This, in turn, contains or shows the list of purchases or services made or delivered, as the case may be, and the imputed automation of consumption tax remittance in real time (https://theeagleonline.com.ng/lirs-to-commerce-automated-collection-of-tax-from-hotels-others).

The adoption of ERA is aimed at enhancing automatic tax compliance in the collection of consumption taxes by blocking all leakages that aided tax avoidance and evasion and helping to increase revenue generation in Lagos State (Abioye, 2018). ERA as an automated tax system, has simplified revenue collection in the state (Babatunde, 2008). Nevertheless, for an effective operation of ERA, there is a need for proper integration of their systems (of all companies under this industry) to the LIRS central server for the purpose of facilitating the monitoring of consumption tax transactions (5%) and remittance of such to the state (Akinsami, 2018). This implies that companies in this hospitality sector would, therefore embrace total/effective computerization/electronic documentation of their business transactions for easy tracking of their returns by the government (LIRS), as analogue documentation of profits would hamper the ERA objective. Thus, until total willingness is achieved, taxpayers may not be able to achieve the needed compliance.

In light of the above, the tax automation system has also transcended property tax collection in the state. This is an essential area that has contributed significantly to Lagos State's IGR growth. The state's property tax has been relatively harmonized by its Land Use Charge Law, which, according to the government, is intended to be a single property charge that replaces other related property taxation like the grand rate, tenement rates, and neighbourhood improvement fees. Erukume (2018) affirmed the need to merge various property taxes into a single council tax, which resulted in the emergence of land use charges in Lagos State. This is to help the government address its huge infrastructure deficit of over $50b. Although LUC Law No. 11 of 2001 (as amended in 2018) did not affect public properties like religious, charitable, and government-owned buildings or properties. The law is, however, applicable to properties accommodated in the above exempt categories.

Notably, the rates payable under the reviewed LUC law are:

- Commercial property (residential use) - 0.5%;
- Commercial property (business use) -1.25%;
- Industrial premises for manufacturing uses -0.5%;
- Residential property (occupied by the owner) -0.15%;
- Owner's occupier pensioner's property - exempted from assessment but yet liable to whichever is applicable to tenement rate, ground rent or neighborhood charges.
- Family compounds are exempted but subject to a tenement rate at the last assessed amount, with an increase of 25% of that amount. Notably, the charged rate is per annum of the assessed property value (LSMF, 2017).

Therefore, the adoption of electronic forms of revenue remittance in the state enables property owners to remit their taxes through any of the 19 accepted banks or through e-payment platforms such as WebPay, PayPoint, and United States dollars. This automated form of revenue remittance would, apart from making payment easier and more convenient to payers, help boost the state's IGR growth by blocking financial loopholes in parastatals and ministries (https://www.thisdaylive.com). In general, the use of ICT in tax administration has enabled the e-registration of taxpayers, an e-filing system, an e-payment method, the issuance of an e-receipt within 72 hours after payment, and the provision of a personal electronic tax clearance card (e.Tcc), which is the first of its kind in Nigeria (Flower, 2014). Irrespective of the view that revenue automation promoted transparency and accountability in the system (Hamzat, 2019), which, according to Flower (2014) increased Lagos IGR yield, it is, however, worrisome that this initiative is yet to be relatively extended to road taxation. According to MEPB (2013, p. 38), "*the present need for transportation in Lagos urban by all modes (including walking) is plus or minus 20 million people daily, with walking trips accounting for 40% of total trips*." This shows the ability of the sector to generate higher road taxes; unfortunately, all modes of transportation in the state are below optimal performance. The bus public transport operation suffers from a high level of fragmentation and inadequate regulation. The rail transport has few existing rail corridors, and the existing ones are grossly underutilized. In water transport, there is no coordination among the regulatory agencies. In non-motorized transport, infrastructure facilities are extremely limited throughout the state (MEPB, 2018, p. 38). Therefore, while unregulated commercial buses contributed 68% of motorized trips in 2011, government commercial buses (BRT) contributed only 3% of motorized trips in 2011 (MEPE, 2013). Unfortunately, the commercial buses that contribute more motorized trips in the state are not fully subjected to e-taxation. The unregulated, analogue, and shameful method leads to corruption, embezzlement, exploitation, multiple taxation, and unaccountability in revenue remittance. Thus, the inability of the reform (e-taxation) to fully capture all road taxes undermines the efficiency of its tax collection and revenue generation in the state. In contrast, full automation of all taxes and levies across all sectors would help to bridge financial loopholes by ensuring that all revenue is remitted directly into the government's coffers and, as such, increase income generation in the state.

2.2 Self-Assessment Filing System and Willful Revenue Remittance

As noted earlier in the study, tax is an important source of revenue generation in many countries. In 2007, for example, tax collection in relation to US GDP contributed 28.33% to government income (OECD, 2020). Therefore, the absence of willful revenue remittance offers serious challenges to governments around the world (Mohammed, 2016). Non-tax compliance results in avoidance and tax evasion. Conceptually, tax avoidance and evasion are mechanisms by which reductions in tax liabilities are perpetuated by taxpayers. Soyede and Kajola (2006) argued that tax evasion and avoidance are two ways in which this act is often perpetuated. They explained that tax evasion entails a deliberate and willful practice of not disclosing full taxable income in order to pay fewer amounts as a contravention of tax laws, whereby taxable persons neglect to pay tax or reduce their liability by making fraudulent or false claims on the income tax form. They, however, defined tax avoidance as the arrangement of taxpayers' affairs using tax shelters in the taxes and avoiding tax traps in the tax laws in a bid to pay less tax than ought to be paid. Hence, the person pays a lesser amount of tax by taking advantage of the loopholes in tax laws.

Ola (1980, p. 1), in differentiating between the two concepts, viewed that "*tax evasion is an illegal, misstated, or omitted source(s) of income with the view of reducing one's tax liability. Tax avoidance is a lawful means of employing the services of lawyers and accountants to find loopholes in tax laws—producing more children, taking on more life assurance policies, entering into deeds of agreement with a view to splitting one's income with anyone other than wife and children*." Both tax evaders and tax avoiders have a similar goal of reducing their tax liabilities, but while tax evasion is aimed at escaping tax liability, whether fully or partially, through defaulting tax laws, tax avoidance is also geared at escaping tax liability by circumventing the law. The former is, therefore, labelled a criminal act because it involves the act of making untrue declarations either by under or over-reporting relieves and allowances; the latter is not criminal because he had only employed the loopholes in the tax law to reduce tax liability (Olabisi, 2010). Nightingales (1997) viewed tax avoidance as the legal arrangement of the taxpayer's affairs in order to reduce the tax liability, whereas tax evasion is simply illegal tax avoidance, illegally because the taxpayer did not act within the framework of the law. Tax evasion is the end product of tax avoidance; no wonder Soyade and Kajola (2006) asserted that overindulged tax avoidance results in tax evasion. Hence, tax evasion starts where tax avoidance stops. Whatever the case, Duru (2009) opined that all citizens have the right to reduce the amount of taxes they pay, provided it is done legally. Tax evasion and tax avoidance are long-ago practices that have eaten deep into the fabric of the system and, as such, have affected revenue generation. They are fundamental problems seen in most developing countries and, therefore, should be taken seriously in order to curb their ill consequences on the economy.

The above problem led to a global inquiry on improved methods of tax administration and revenue collection. The search was germane in order to promote tax compliance across the board. Tax compliance is essential for improved income generation in any country. By tax compliance, we mean the degree to which taxpayers fulfil their tax obligations. According to Verboon and Dijk (2007), it includes the willful level of revenue remittance by taxpayers. Badara (2012) defined the concept as the ability of payers to correctly file, complete, and satisfactorily remit their returns in line with tax laws. Brown *et al.* (2005) identified three forms of tax compliance. The first is filing compliance. This is determined by how timely taxpayers remit their returns. Secondly is payment compliance—it entails how promptly payers comply with their tax payment responsibilities. The third is reporting compliance. This shows the level of truthfulness in filing and reporting accurate tax returns.

The rate of tax compliance in a state can be influenced by some factors. According to Alm (2006), the government's performance affects voluntary revenue remittance. This is because people will be more willing to pay taxes when the government's performance is commendable enough to earn their trust. Unfortunately, the Nigerian (Lagos State) government is yet to earn such trust from taxpayers because the increased revenue generation in the state has not led to a corresponding impact on the lives of the masses. Urbanisation challenges such as poor transportation, housing, bad roads, dilapidated social amenities, and traffic gridlocks remained unabated despite improved revenue generation in the state. Also, the ironic increase in the state's debt profile is another area of concern. According to Budgit (2018), p. 22, "*Lagos has the highest domestic debt rate in the country. Its total debt profile as of 2016 was N311bn. The state's debt in 2015, 2014, and 2013 amounted to N218.54bn, N268.07bn, and N278.87bn, respectively. According to him, Lagos's external debt rose by 89.85%, from $611 million to $1.16 billion between 2012 and 2014 and to $1.2 billion and $1.17 billion in 2015 and 2016, respectively*."

In light of the above, therefore, the need to improve tax compliance and infrastructural development in the state necessitated the adoption of the self-assessment filing system in Lagos State in 2008, following its introduction by the federal government in 1992 (Appa and Ebimobowe, 2014). Self-assessment is a tax filing system operational in many countries, including Nigeria. This is a system by which taxpayers are legally responsible or empowered to determine their taxable revenues and liabilities and file returns in accordance with the existing tax guidelines in a given country (Mohd, 2010). Appah (2014) noted that SAFS focuses on those whose incomes are not captured by the PAYE system. As such, the reform is a form of personal income tax used to assess self-employed individuals; with this scheme applicable to employees, self-employed, limited liability companies, and VAT payers, new taxpayers can now assess themselves and pay the calculated amount (Budgit, 2018, p. 4). This initiative has also been captured by tax automation in the state, which enables taxpayers to assess and file their tax returns electronically. The introduction of this e-filing system outlawed the old manual filing method in the states. Self-assessment and filing systems promote tax compliance, Mustapha (2013); Othman (2011); Mamti (2012); and Ozgen *et al.* (2007). It enables taxpayers to assess themselves and file returns electronically. According to Agawal (2006), the system increased revenue remittance by simplifying tax assessment and filing, which can now be done anywhere and anytime.

Cornell (1996, p. 12) opined that the self-assessment filing system is a "do-it-yourself" system whereby taxpayers have to be essentially acquainted with the tax laws in order to be able to understand, interpret, and apply such laws to their personal circumstances. However, the challenging issue is to what extent taxpayers know tax laws, especially in a developing country like Nigeria where tax education and awareness are relatively low. This reform nevertheless became important given its successful application in America, its unique features, such as the ability to promote voluntary compliance, improve taxpayers' competence, and effective data processing, which helps in fraud discovery, and the criticisms that are associated with the direct method of tax assessment. This British model of direct tax assessment system viewed taxpayers as bereaved of tax knowledge and, as such, should not be trusted with any information provided (Enahoro and Olabisi, 2012), unlike the American model of self-tax assessment system, which, according to Malik (2010) is based on the assumption that taxpayers should be treated cautiously because they are not only stakeholders but co-partners. Taxpayers are honest, and they are in a good position to file returns given the fact that they own their businesses and thus know their profit margin. The need to encourage this system of taxation brought the introduction of some incentives, which, according to Kiabel and Kwikpasi (2001), are as follows:

1) Acceptance of instalment payments, although not more than six instalments, and that's not exceeding 30th November in the year of assessment.
2) Nonpayment of provisional tax.
3) A bonus of 1% tax payable.
4) Computation and account returns can be submitted or filed within eight months of the company's year-end.

However, to attain desired compliance, taxpayers under such a system need clear enlightenment and good knowledge of the workings of the system, as well as the need to be compliant (Sarker, 2003). This system wields some benefits, including being less expensive, reducing the administrative burdens associated with assessment work, promoting early and prompt collection of taxes, and reducing corrupt practices and fraudulent activities of some tax collectors (Sarker, 2003). Nigeria, among many other countries of the world like the US, UK, Japan, Australia, Indonesia, New Zealand, Pakistan, Ireland, Sri Lanka, Canada, and Malaysia, have adopted a self-method tax assessment system (Mohd, 2010). This was adopted in U.S in 1913 to increase revenue collection; in Japan in 1947 to increase tax compliance, trust and effective tax administration in the country; Canada in 1985 to increase tax awareness, simplicity of the system and promote willful revenue remittance; Australia in (1986/87 for companies and for individuals in 1992) in order to enhance equity, fairness and simplicity of the system; UK (1999 for companies and for individuals in 1996/7) to attain an efficient tax system marked by simplicity and fairness; Malaysia in (2001 for companies and for individuals in 2004) to improve tax compliance and revenue collection at minimal cost; New Zealand in 1988 to achieve willful compliance through a simplified and good tax system; Ireland 1988to achieve willful revenue remittance by tax payers; Sri Lankain 1972 to run a cost effective but a very efficient tax administration system; Pakistan in 1979 to enhance better tax system; Indonesia (1982 for companies and for individuals in 1984) to increase awareness of tax laws as well as the overall efficiency of its tax system and in Nigeria in 1992 to promote revenue collection and address inefficiency of its tax system (Mohd, 2010 and Abdulsalam *et al.*, 2015).

The effective implementation of SAF varies in different countries. Generally, Mohd (2010) opined that factors such as level of tax knowledge and awareness, simplicity of the system, tax audits, and enforcement means such as penalties also differ among countries. For example, countries that undertake regular tax education and awareness operate automated tax systems, effective monitoring systems, and enforcement mechanisms would have a higher tax compliance rate than others. Countries like Canada, the US, and Britain undertake various tax enlightenment programs for their people. In 1998, Australia introduced the "Teaching Tax with Tax Files Programme" (ATO, 2009). In the UK, tax awareness was promoted using various events and methods such as storytelling, workshops, competitions, tours, and drama (HMRC, 2009). Many other countries, like Japan, Canada, and New Zealand, also participated in school campaigns, among others. In general, the use of leaflets, fliers, electronic media, and billboards has been a good means of creating this awareness in many countries. As a source of government income, revenue from the self-assessment system is meant to contribute to the state's IGR yield through the wilful remittance of revenue by taxpayers. Since its inception in Nigeria, SAF has contributed to state revenue collection. However, irrespective of the advantages of these revenue reforms, as pointed out by many scholars, it is important to point out that the systems possess some challenges, especially for developing countries. According to Wilian (2017), automation gadgets could be very costly to procure as they involve the use of modern IT software and equipment.

3. Gap in Literature

Whereas many scholars/studies like Mustapha (2013), Othman (2011), Mamti (2012), Ozgen *et al.* (2007), and Agawal (2006) have emphasized greatly the importance of tax automation both globally and locally, the study, however, observed that the import of these reforms seems to have overshadowed the demerit of full computerization of tax administration and revenue collection processes. Primarily, this would lead to job loss, given the replacement of manpower (tax and revenue collectors) by machines. The implication thus would be an increase in unemployment, poverty level, and consequently social vices. Nevertheless, whereas studies have highlighted the negative impacts of a full computerization of tax administration and revenue collection processes (Gaus & Hoxtell, 2019), the empirical contribution of digitalized tax administration is yet to be well established in Nigeria. This would be possible if necessary; emphasis on this gap is also accorded by other scholars.

4. Theoretical Framework

The study adopted the Unified Theory of Acceptance and Use of Technology (UTAUT) Model. Venkatesh postulated the theory in 2003. UTAUT emerged from a comparative study of eight (8) related technologies acceptance models, which, according to Liebenberg *et al.* (2018), include:

- Theory of Reasoned Action;
- Theory of Planned Behaviour;
- Technology Acceptance Model;
- Motivational Model;
- Hybrid Model;
- Theory of Diffusion of Innovation;
- Social Cognitive Theory.

Among the above models, this study opted for UTAUT because of its self-explanatory, comprehensive, and apt nature to the study. However, it shares some common assumptions with other theories like Davis' Technology Acceptance Model, which opined that how easy a technology is and its perceived importance are core factors that influence its adoption. However, this theory is limited to situations where the use of ICT is non-mandatory. Nevertheless, UTAUT overcomes this pitfall by extending its application to environments where the use of ICT is compulsory. As such, we believe this model will better explain tax automation and revenue generation in Lagos State, Nigeria.

Going forward, Venkatesh (2003) structured the UTAUT Model to capture a commonly agreeable view on the acceptance of the use of technology. Basically, this theory is guided by four major principles, which are performance expectancy, social influence, effort expectancy, and facilitating conditions.

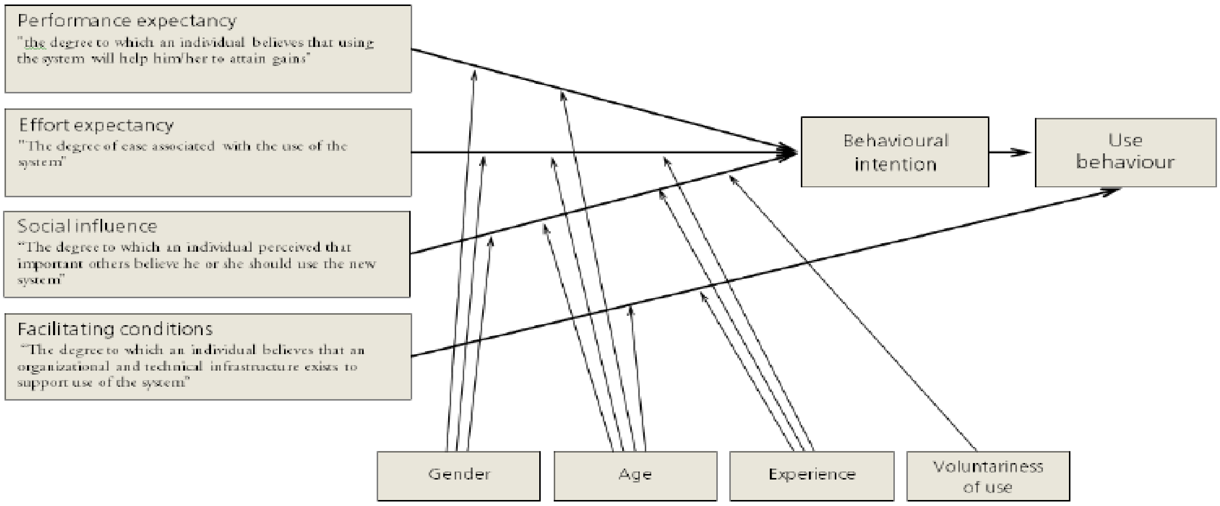
Firstly, performance expectancy deals with people's desires or expectations on how new technologies will enhance their job accomplishments (Venkatesh, 2003). The adoption of new innovations (ICT) is usually faced with the perception that it would help to increase work performance. This thus influences people's receptive tendencies towards welcoming new technologies.

Secondly, the social influence principle deals with the degree of importance and social acceptance given by society to a given technology. According to Liebenberg *et al.* (2018), this is influenced by the level of people's personal experiences and exposures. Thus, its acceptance and workability in one society can influence its adoption in or by another society, state, or country, as the case may be.

Thirdly, effort expectancy is the level of usability associated with a particular technology. Davis *et al.* (1989) see it as the degree to which using a system is simple, less difficult, and effortless in its usage. He opined that people tend to accept technology that needs fewer technicalities and is easy to use, unlike complex technologies.

Fourthly, facilitating conditions are the extent to which people believe that an organization or a state, as the case may be, may have the needed facilities to run and maintain a given ICT/technology. Venkatesh (2003) pointed out that an enabling environment is a vital factor in the adoption of a new technology.

Figure 1



Source: Adel (2009)

From the diagram above, gender, age, experience, and voluntariness of use are identified as influencing factors. It showed that while PE, EE, and SI influence behavioural intention and usage behaviour, FI determines users' behaviors. It also links gender to PE, EE, and SI as an indirect determinant. Age is identified to play an important role among PE, EE SI, and FC, as well as experience expected for PE. Furthermore, lastly, the voluntariness of use is influenced by social influence (SI). Dulle *et al.* (2011) noted that age and experience play roles in the acceptance of new technology. According to the Technology Acceptance Model and UTAUT Model, age is an important variable because younger people tend to accept and adapt easily to modern and new technologies. They believe that people of younger ages are exposed to computer environments even from a younger age. In Lagos State, therefore, the hospitality sector, for instance, is significantly comprised of active ages. This was noted by the Ministry of Tourism in its survey report (2020, p. 19), which stated that "*a significantly young demographic population presents an opportunity to grow and develop a career in the industry*." This, by implication, means that active ages are/or would constitute the demography of taxpayers in the sector.

5. Application of Theory

The application of this theory is centered on UTAUT's four major principles, which are social influence, performance expectation, effort expectation, and facilitating conditions. Firstly, the social influence principle opines that states often replicate or adopt innovations that are obtainable in other countries as they believe doing so enables them to meet up with trendy, current, and global practices. It believes that this replication of ideas is socially engineered, which our study agrees played an impact on the adoption of both tax automation and self-assessment filing systems in Lagos State. This is because the use of ICT in tax administration and revenue generation has become a common practice among many countries of the world. This is due to the fact that taxation has become an important means of fund generation for most governments. For example, many developed countries like France, the U.S., Norway, and the U.K. depend majorly on tax-derived revenue (Ofurum *et al.*, 2018). Equally, the use of the self-assessment filing tax system as commonly used in the US, UK, Japan, Australia, Indonesia, New Zealand, Pakistan, Ireland, Sri Lanka, Canada, and Malaysia (Mohd, 2010) socially influenced its adoption in Nigeria. This is further because of its adjudged success rate and impact in improving voluntary revenue compliance in these countries, thus its introduction in Lagos State.

Secondly, this theory advocates that the use of ICT in tax administration enhances performance through the enhancement of accountability, transparency, and higher revenue yield. This also fostered its introduction by the Lagos state government. This is because, according to Pavlakis (2018), the use of ICT in tax administration enhances accuracy and efficiency in data processing, transparency, and tax compliance. Qassim (2018) agreed that this system is more effective, given its ability to reduce personal contact with tax officials. Flower (2014) noted that tax automation has helped to block financial loopholes in the Lagos state revenue administration system. Thus, our study pointed out that accountability, transparency, higher income generation, time and cost-effectiveness, and reduction in corruption emanating from personal dealings with tax officials are valid ingredients of performance expectations in the study.

Thirdly, effort expectation, which deals with ease of usage, is questionable in this study. This is because the level of ease is influenced by indirect determinants like age, education, and user experience/knowledge. Gilbert *et al.* (2004) noted that, notwithstanding that automation of government services could be time- and cost-effective, the user's knowledge of ICT is a challenging factor associated with the system. This system could become more expensive for less ICT-knowledgeable users in the state who may, therefore, need to hire the services of an ICT expert. Therefore, whereas e-taxation may be relatively easy for the literate class and large organizations with ICT-experienced and knowledgeable staff, the less educated and micro firms may find it challenging.

Fourthly, the facilitating environment plays an important role in the usage of ICT in the state's tax administration and revenue generation system (Gupta, 2008). On an individual note, whereas medium and large organizations in the state may afford the provision of ICT infrastructures to undertake this task, the informal and small firms may not. Also, organizations and individual taxpayers in very rural areas of Lagos State may find it difficult to electronically self-assess, e-file, and pay their returns due to a lack of facilitating services like internet facilities, nearness to receiving banks, and knowledge/experience. On the part of the government, there is a need for the employment of more revenue technical experts/workers, adequate funds for the procurement of updated ICT software and equipment, regular maintenance of the system; and general training of staff. The study unveils that whereas social influence and performance expectation influence the adoption of tax automation and self-assessment filing systems in the state, effort expectancy and facilitating conditions could hamper its efficiency if necessary precautions are neglected, thus pointing out the need for the government to provide an enabling environment, intensify tax enlightenment campaigns, and periodically train both its workers and taxpayers on the usage of ICT in carrying out their tax responsibilities.

6. Hypotheses

The study was guided by the following hypotheses:

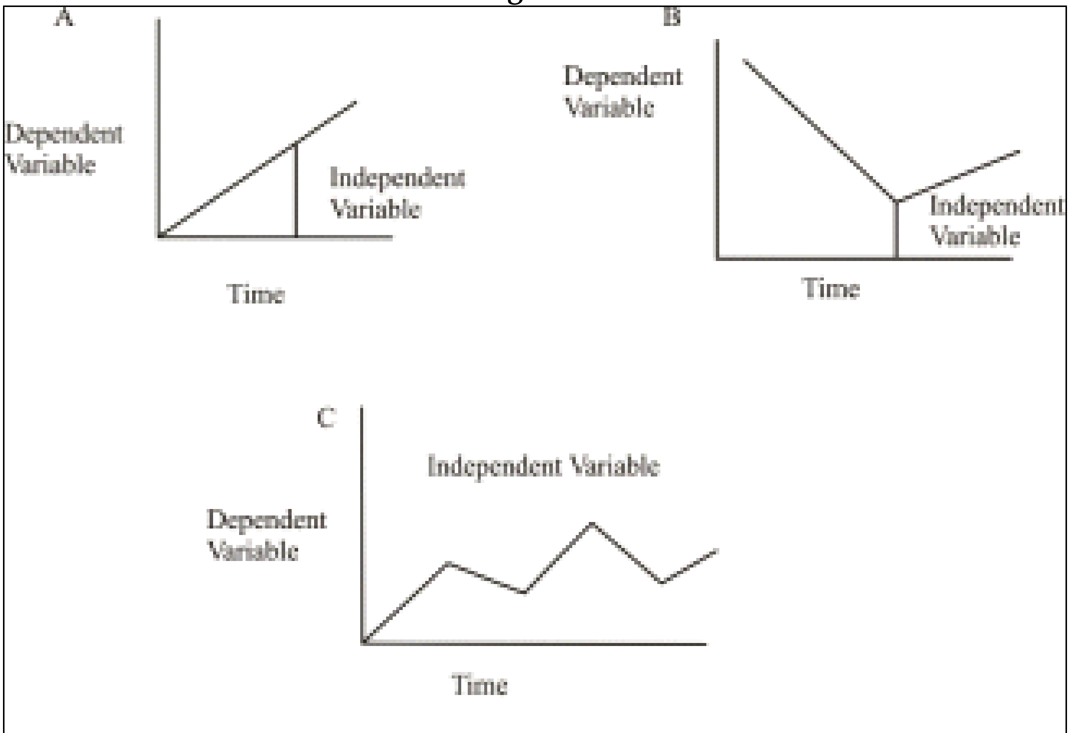
1) Automation of tax collection improved revenue generation in Lagos state between 2008 and 2019.
2) Self- assessment filing system impacted positively on willful revenue remittance in Lagos state between 2008 and 2019.

7. Research Design

The trendy nature of the research necessitated the adoption of a time series research design. This design "includes a successive observation throughout a programmed intervention and assesses the features of the change process" (Gottman *et al.*, 1969, p. 299). Time series helps to check and estimate a systematic behavioural pattern or action at a given time. A cross-sectional time series involves measuring the relationship between some variables of interest at one point in time and is suited for large samples. This type of time series examines time-dependent variation that can be observed within an individual subject. However, interrupted time series tries to ascertain if a program has an intended impact on the behaviour of a target; the pre- and post-intervention segments of the temporal observations of the behaviour should show significantly different levels and/or trends (Cook and Compbell, 1979; McDowall *et al.,* 1980; Mohr, 1992).

It is frequently used in the impact analysis of a policy. This means that if a program has any significant impact, such an impact will be identified by the differences between the observation after the intervention point and the counterfactual, the projection of the correctly modeled-before series into the post-intervention period. It tests the impact of one or more factors on the dependent variable by comparing the observed values of the dependent variable with the values forecasted by the factors. Time series designs and various measures of the dependent variables are considered poor and after the introduction of the independent variable for one or more groups. "*The pre-measurements allow a researcher to establish trends in the dependent variables that are presumably unaffected by the independent variable so that appropriate conclusions can be drawn about post-treatment measures*" (Ugwueze, 2017, pp. 46-47). The trend in the dependent variable may, in some cases, increase over time and decrease with the chances of increasing over time or increase and decrease at an irregular interval. This thought is captured in the diagram below.

Figure 2



Source: Johnson and Joslyn (1995: 139). *Political science research methods.*

In this study, therefore, a look at the dependent variable (revenue generation) and independent variable (tax administration) shows that the more urbanization challenges arise due to some factors like population growth, the need for high revenue generation also increases, leading to tax reforms in other to meet the challenging needs (Diagram B).

Representing further:

O1 O2 O3 O4 X O5 O6 O7 O8

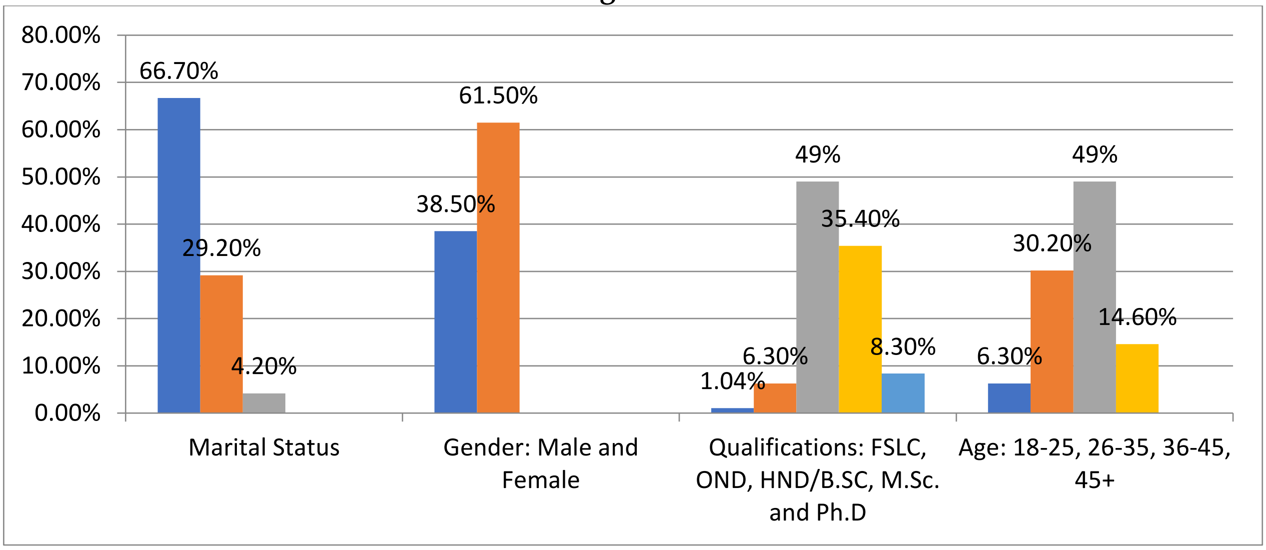
Where:
O1-O8 = various periods of observations of the dependent variables over time. This observation looked at the pre-automated tax collection era to the automated period of revenue generation in the state.
X = independent variable looked at the general reforms, specifically the automation of tax collection and self-assessment filing system in Lagos state.

7.1 Methods of Data Collection

This research adopted both documentary and survey methods of data collection. The documentary research, as applicable or adopted in this study, entails the evaluation of documents that have information about the event we intend to study (Bailey, 1994). Therefore, the study relied on official documents and materials from authentic sources; examples are materials from the Lagos State Government website and the LIRS website, among others. In addition to the documentary method, the study also employed the survey method to retrieve data from primary sources. Thus, the researcher administered structured questionnaires, particularly to field officers of LIRS.

A total of 120 questionnaires were printed and administered to the staff of LIRS as follows: Head Office Ikeja (100), Mushin tax station (10), and Apapa LIRS tax stations (10). Out of the questionnaires distributed, a total of 96 (81 from Ikeja Office, 5 from Mushin and 10 from Apapa) were filled and returned. Below are the compositions of our randomly selected respondents.

Figure 3



Source: Field work (2019).

7.2 Methods of Data Analysis

The study adopted both qualitative descriptive and quantitative statistical methods of data analysis. Whereas secondary data were subjected to qualitative descriptive or content analysis, the primary data were analyzed using simple descriptive statistics. As such, the study employed simple percentages in analyzing information presented in tables and chat columns. We adopted these methods of analysis because they are more straightforward, understandable, and relevant for explaining how digital tax administration has improved Lagos State's IGR.

7.3 Logical Data Framework

Table 1

Research Questions	**Hypotheses**	**Major variables of the hypothesis**	**Empirical indicators of variables**	**Sources of Data Collection**	**Methods of Data Collection**	**Methods of Data Analysis**
Did automation of tax collection improve revenue generation in Lagos state between 2008 and 2018?	Automation of tax collection improved revenue generation in Lagos state between 2008 and 2018.	(X) Automation of tax collection. (Y) Revenue generation in Lagos state	X * Online revenue remittance through QPay * Electronic Revenue Assurance System * Reduction in physical contact and payment *Issuance of electronic receipt upon tax payment and e-tcc within 48 hours. Y * Income from statutory allocation (federal transfer) which is made up of company income tax, tariffs on imports, value-added tax and revenue from the oil sector. * IGR from Pay As You Earn (PAYE), Direct Assessment, Withholding tax, Capital gains tax, Stamp duties, Pools betting and lotteries, gaming and casino taxes, Road taxes, Business premises registration fee, Development levy, Naming of street registration fees, property tax (land use charge) Market taxes and levies.	Primary and Secondary sources of data.	Documentary and survey (Questionnaire) method	Content analysis and simple descriptive statistics

			* Capital receipt revenues from grants, gifts and loans.			
How did SAF system impact on willful revenue remittance in Lagos state between 2008 and 2018?	SAF system impacted positively on willful revenue remittance in Lagos state between 2008 and 2018.	(X) SAF system. (Y) Willful revenue remittance in Lagos state	X *Registration of new individual tax payers on government revenue website. *Personal assessment of one's incomes. *Direct filing and payment of returns by tax payers. Y *Timely self-assessment of income. *Correct filing of returns. *Payment compliance. This implies prompt payment of taxes by payers. *Trustfulness in filing and reporting accurate tax incomes.	Primary and Secondary sources of data.	Documentary and survey (Questionnaire) method	Content analysis and simple descriptive statistics

7.3.1 Empirical Verification

Basically, Lagos State derives its revenue from IGR, statutory allocations, and capital receipts. While grants and loans make up capital receipt revenues, statutory allocation (federal transfer) constitutes *"revenue from company income tax, tariffs on imports, value-added tax, and revenue from the oil sector"* (Budgit, 2018, p. 16). IGR, however, has been the state's backbone revenue source (LIRS, 2016). The state IGR as authorized by the Nigeria Decree No. 21 of 1998, Part II, Schedule I, is derived from: Pay As You Earn (PAYE), Direct Assessment, Withholding Tax (individuals only), Capital Gains Tax, Stamp Duty on Instruments Executed by Individuals, Pools betting and lotteries, gaming and casino taxes, Road taxes, Business premises registration fee in respect of urban areas defined by each state maximum of N10,000 for registration and N5,000 per annum for renewal of registration; and rural areas N2,000 for registration and N1,000 per annum for renewal of registration, Development levy (individuals only) not more than N100 per annum on all taxable individuals, Naming of street registration fees in the state capital, right of occupancy fees on land owned by the state government in urban areas of the state, and market taxes and levies where state finance is involved (Eze, 2006). Appendix 1 provides a comprehensive list of tax sources and legal instruments for establishing them.

PAYE is a personal income tax. It is a tax deducted from the salaries of employees resident in the state. This deduction, which is remitted to LIRS, is made six months after the establishment begins operations. Whereas the monthly remittance is done before the 10th of the preceding month, the employers are to duly file updated returns on all salaries at the end of the year (before the 31st of January of the preceding year). Based on the Lagos graduating scale PAYE system, Table 1 represents the LIRS annual taxing scale.

Table 1: LIRS annual taxing scale

S/N	Price range of items	Percentage charge
1	Below 300,000	1%
2	The first 300,000	7%
3	The next 300,000	11%
4	The next 500,000	15%
5	The next 500,000	19%
6	The next 1,600,000	21%
7	Above 3,200,000	24%

Source: LSETF (2016).

However, while tax avoidance is criminalized, improper filing is liable to a penalty of the total sum due and 10% annual interest every affected year (LSETF, 2016). The government has, in a bid to discourage tax evasion, prosecuted not less than 376 organizations for failing to comply with their tax obligations in 2015, thus serving as a deterrence to others (LASG, 2016). PAYE taxation, as enabled by Section 81 of the Personal Income Tax Act (PITA), contributed the bulk of Lagos State IGR. As such, the place of PAYE in the IGR growth of the state cannot be overemphasized. For instance, in 2010, PAYE contributed N104.68 billion, representing the bulk of the state's IGR. Also, in

2011, about N120.25b was remitted to the state's coffees from PAYE revenue (Flower, 2014).

Table 2 shows PAYE's contribution to the state's IGR growth from 2010-2016.

Table 2: Revenue Figure from PAYE in Lagos State 2010-2015

Year	Amount (billion)
2008	NA
2009	NA
2010	104.68
2011	120.25
2012	172.44
2013	NA
2014	153.61
2015	175.43
2016	190.66
2017	NA
2018	NA

Source: Budgit (2018).

Data for 2008-2009, 2013 and 2017-2018 were not available on Budgit and could not be made available by the time I visited the LIRS office. However, from the records of those available, it is likely that there has been a progressive improvement. Another IGR source of the state is withholding tax. This entails the advance or prepaid payment of income. Notably, withholding tax is not an entirely different tax of its own but rather a means of deducting other taxes that may be lost through tax evasion or avoidance; thus, it is collected at the point of payment to a beneficiary. Individuals and organizations liable to income tax are equally liable to withholding tax (see Table 3 for the taxing system). Such a tax is deducted at the point of income receivable for services or payment accruing from investment (LIRS, 2016).

Table 3: Withholding Tax for Companies and Individuals in Lagos State

SN	Type of Payment applicable to Companies	WT Rate for Companies - %	WT Rates applicable to non-corporate (individual firms, professions etc.) - %
1	Dividend, Interest, Rent	10	10
2	Royalties	15	15
3	All aspects of building, construction and related activities	5	5
4	All types of contract and agency arrangement other than outright sale and purchase of goods and property in the ordinary course of business	5	5
5	Consultancy and Professional Services	10	5
6	Management Services	10	5
7	Commissions	10	5
8	Technical Services	10	5
9	Directors' Fees	10	10

Source: LASG (2017).

Capital Gain Tax is a revenue source levied on gains derived from sales of capital assets. These chargeable assets include foreign currencies, debts, options, and incorporeal property—properties created by the person disposing of them or coming to be owned without being acquired, for example: buildings, copyrights, chattels, shares, machinery, etc. They are subjected to a 10% tax rate as effective from 1996 (LIRS, 2016).

Another item on the list of withholding taxes is stamp duty tax, which is a tax exerted on all legal instruments and documents carried out by individuals, like property documents (sales of homes, buildings, land, etc.), which, if not stamped, will not be received in any judicial proceedings in the state. In real estate-related transactions, a general stamp duty of 75 kobo is charged for every N200. Notably, 75 kobo stamp duty is charged for every 50 naira in the case of sales conveyances or real property. For lease and rental agreements, a stamp duty of 16 kobo is charged for every 200 naira on the consideration of the lease or rental agreement. Furthermore, whereas an unmetered rate of 2% stamp duties and 2% capital gain tax are paid on gross profit, a new real estate owner in the state is subjected to a 3% registration fee and 8% of the value of the property as the governor's consent fee. Properties inherited by traditional rulers, pensioners, family compounds, public libraries, religious bodies, and cemeteries are excluded from such taxation (http://www.wikiprocedure.com/index.php/lagos-register-for-a-stamp-duty-tax#fee).

IGR is also derived through the payment of the signage permit fee. Lagos State Signage and Advertisement Agency (LASAA) generates revenue through money obtained from application and signage payment fees from both corporations and individuals in the state. Accordingly, the application processing fees are as follows:

Table 4: LASAA Application Processing Fees

Building type	New Application	Additional Sign	Change of Sign
Single Business Unit	N11,000	N5,500	N1,000
Multi-tenanted/Mixed use/Residential	N6,000	N3,000	N1,000
Small Format	N5,000	NA	NA
Temporary	N10,000	NA	NA
LED	N500,000	NA	NA
Street Lamp Poles	N10,000 per street	NA	NA

Source: (LASAA, 2019).

Hotel occupancy and consumption tax are compulsory payments deducted on goods and services consumed in event centres, hotels, bars, and restaurants in the state. The burden is shouldered by the consumers of such services. Given the incompliance behaviour of some taxpayers, the system proposed the adoption of automated invoicing and an electronic revenue assurance system. This reform, according to LIRS Chairman, Mr. Ayodele Subair, would increase Lagos consumption tax revenue by 400%. This system specifically targets hotel occupancy and consumption tax, which, since its establishment in 2009, has not been efficient because of the incompliant behaviour of some hospitality business owners. As such, its introduction will help the government track or monitor their accrued consumption taxes from its server, thereby increasing government IGR by blocking all leakages (Abioye, 2018).

Table 5: Taxable Goods and their Applicable Rates

S/N	Goods	Rate (%)
1	Beer	5
2	Wine, liquor and Spirits	5
3	Jewels and Jewelries	5
4	Cigarettes and Tobacco	5
5	Electrical and Electronics equipment	5
6	Carpets and Rugs (excluding Linoleum)	5
7	Soft drinks (including mineral water)	5
8	Building materials	5
9	Interior decoration items, including wallpapers, etc.	5
10	Furniture, furnishing accessories	5

Source: The Law of Lagos State Vol. 7, Cap. S3 Part 1.

The state has reaped bountiful revenue from consumption tax accruing from sources like hotel occupancy and VAT. This tax, according to Budgit (2018), contributed 8.23 billion to the state's IGR in 2017. Road taxation is also a variable IGR source for Lagos State. It is the tax levied for the use of vehicles on roads within a given state. According to Budgit (2018, p. 15), *"road taxes are daily levies paid by commercial transporters operating within Nigeria's states"*. In Lagos, total receipts under road tax were approximately N9.54b in 2016, accounting for about 3.16% of total IGR. The table below shows the revenue generated from road tax in Lagos State from 2010-2015.

Table 6: Revenue Figure from Road Taxes in Lagos State 2010-2015

Year	Amount (billion naira)
2008	NA
2009	NA
2010	7.51
2011	7.97
2012	4.36
2013	N/A
2014	4.58
2015	9.52
2016	NA
2017	NA
2018	NA

Source: Budgit (2018).

The data in Table 6 show that there has been inconsistent revenue generation from road taxes. The inconsistency has been blamed on the poverty and character of road taxpayers (Field Work, 2019). However, beginning in 2015, when road taxpayers embraced SAF, there was a recorded improvement.

Another crucial revenue source for Lagos State is direct assessment. This is a "form of personal income tax used to access tax for self-employed individuals. With the self-assessed tax scheme, a new taxpayer can access himself and pay the calculated fee" (Budgit, 2018, p. 4). This system provides a platform where those outside the PAYE system freely assess their tax liabilities and file the accrued returns to the government. The payer obtains the self-assessment form (available at the LIRS website) and self-assesses himself based on his income category, after which payment is made online or at any of the revenue-collecting designated bank branches. Upon payment, an automated receipt is generated, and the payer's electronic tax card is provided within 48 hours after payment. The assessment result in the preceding year is expected to be filed promptly without notice or demand. As part of state tax reform, SAF was introduced in 2008 to assess the taxes of self-employed individuals in the state. This scheme aims to expand the tax net, especially to capture informal sector employees.

According to Gbolahan, an LIRS online customer service officer, SAF helps taxpayers assess themselves based on their income. However, he acknowledged that there could be attempts to file an inaccurate return; thus, SAF is subjected to reviews by tax administrators. He also noted that this has helped to increase revenue generation in the state. Since its introduction, SAF has contributed to the state's IGR growth, as much revenue has been derived from direct assessment. For instance, Direct Assessment contributed N7.51 billion to the state IGR in 2010 and 7.97b in 2011 (Budgit, 2018). However, there was a drop in 2013, which peaked in 2014. Table 7 shows the revenue generated from direct assessment from 2010-2016.

Table 7: Revenue Figure from Direct Assessment in Lagos State 2010-2016

Year	Amount (billion naira)
2008	NA
2009	NA
2010	7.51
2011	7.97
2012	N/A
2013	1.89
2014	9.39
2015	9.197
2016	6.616
2017	NA
2018	NA

Source: Budgit (2018).

Finally, other IGR sources in the state, such as stamp duties on individuals' market taxes, development levies, and gaming and casino taxes, among others, have also contributed to the state's IGR growth.

The below points to the accrued revenue sources from other taxes from 2010-2015.

Table 8: Revenue Figure from Other Sources (taxation) in Lagos State 2010-2015

Year	Amount (billion)
2008	NA
2009	NA
2010	37.78
2011	74.54
2012	40.51
2013	N/A
2014	N/A
2015	74.08
2016	NA
2017	NA
2018	NA

Source: Budgit (2018).

Notably, revenue collection in the state has been enhanced through the automation of revenue remittance, among other tax reform processes. The reform was necessary, given that the state needs adequate funding (increased revenue generation) to be able to execute developmental projects (Fowler, 2014). Consequently, it was observed that the need to expand the tax net in the state led to some reform processes, including the introduction of the SAF system and the automation of tax payments, among others, in the state (Asaolu *et al.*, 2015). The reform made for the automation of revenue collection necessitated the payment of taxes at any of the 1,200 designated revenue-collecting bank branches or 36 LIRS tax stations in the state. The reform also made for the establishment of about 40 mini-tax offices in major places like market areas in the state. Thus, it is enhanced that any staff does not collect all revenue generated by the state, but rather, all payments are made into a single Treasury account. As such, it has helped to block loopholes and, in return, increased revenue generation in the state.

More so, LIRS introduced a tax education and enlightenment team, consisting of about 40 teams whose job it is to visit companies, markets, and businesses for the purpose of enlightening taxpayers, educating them, and ascertaining if they are tax compliant. This effort was extended by LIRS in partnership with other departments and agencies that demand proof of tax compliance or payment from individuals or establishments seeking to transact one business or the other with them. Equally, as part of the resolution criteria for traffic-related offences and the request to stand as a surety in court for any bailable offence in the state, the reform ensured that such a person should present evidence of being tax compliant before such an appeal could be considered by the presiding judge. Further, the introduction of decentralization of operational units (creation of new operational specialized units) e*nsured* that these units analyzed trends in different sectors (formal and informal) to ensure tax monitoring in the state. In the bid to impact good tax culture in the residence, periodical or annual tax essay competitions for secondary and primary schools are organized by LIRS. The winners are rewarded during the organization's yearly taxation stakeholder meeting. The introduction of an online customer service centre is not left out either. This is an online support centre geared toward handling customers' enquiries as well as providing useful information to its visitors. However, unresolved problems are directed to appropriate units or offices for further attention. These reforms contributed to taxpayers' growth rate and, consequently, the state's IGR increase.

Table 9: Tax Payers' Growth Rate 2012 -2017

Year	2012	2013	2014	2015	2016	2017
Figure	3,133,888	4,174,847	4,504,927	4,591,559	4,902,386	5,000,000

Source: LIRS (2016).

Given these reforms, to what extent has it contributed to the state's revenue generation? According to Lagos State's Commissioner for Economic Planning and Budget, Mr. Segun Banjo pointed out that the state has received a total amount of 141 billion (63 percent) in revenue in 2018 (first quarter) against N124.141b (77%) generated in 2017. While out of the (141 billion) revenue, the state internally generated N103.476 (57%) as against 96.7 billion (73%) in 2017 and the sum of 38.481b (87%) received as federal transfer in the year 1st quarter. Further, Mr. Bango explained that LIRS generated 84.1b (81%) from the 2018 IGR (first quarter), as opposed to the 74b it generated in 2017. Notably, the amount generated by LIRS excluded revenue from LUC but rather comprised taxes like PAYE, direct assessment, and others (Ayomi, 2018).

Table 10: Revenue Generation in Lagos State 2012-2016

Year	Total IGR	Other IGR	LIRS IGR
2012	213,737,442,782	41,301,922,911	172,435,519,871
2013	241,297,009,930	40,692,440,913	200,604,569,017
2014	276,469,451,299	59,469,437,736	217,000,013,563
2015	268,224,782,434	39,415,333,105	228,809,449,329
2016	299,425,091,965.36	55,142,515,035.36	244,282,576,930

Source: LIRS (2016).

The table shows that LIRS generated over 80% of the state's IGR. Its remarkable effect or contribution is also seen in its generating capacity in 2018, where the establishment generated N84.1 billion (81%) out of the N103.476 billion IGR generated for the first quarter. This increase was necessitated by the implementation of various reforms driven by the adoption of technological innovations and some other reforms, like the granting of autonomy to LIRS in 2006 and the adoption of SAF in 2008. The reforms that were greatly adopted by LIRS are reflected in its IGR generation capacity. Table 10 affirmed this, and the statistics in Table 11 show that Lagos State enjoys high revenue generation.

Table 11: Lagos State Revenue Figure 2007-2018 Amount in Naira (billion)

Year	IGR	Statutory Revenue
2007	83.0	35.76
2008	129.6	47.99
2009	178.5	37.64
2010	173.4	48.21
2011	199.9	69.86
2012	202.8	66.99
2013	219.2	70.94
2014	277.1	59.85
2015	276.6	45.03
2016	302.4	33.87
2017	341.0	43.19
2018	680.1*	57.5

Source: Budgit (2018).

Having analyzed revenue generation in Lagos State, it is equally imperative to briefly examine the impact of its revenue growth on the state. Given the revenue growth of Lagos State, the state is expected to have massive infrastructural development with good social amenities, among others. Nevertheless, while many scholars and studies have greatly emphasized the state's IGR growth, many also have paid less attention to the state's inability to drive corresponding developmental projects. This is shown by the level of urbanization challenges confronting the state.

Housing problems, traffic gridlock, insecurity, and inadequate transport systems, among others, have been persistent occurrences in the state. Although population upsurge and inflation rate are contributory factors to the state's urbanization challenges, however, the impressive IGR growth is yet to produce a corresponding impact on the lives of the people. Budgit (2018) affirmed that the conditions of social amenities in the state, when put side by side with the state's revenue, are just as disconcerting. Rather than channelling the revenue to people-orientated projects, more attention seems to be given to officeholders. For example, "*the overhead cost of maintaining the office of the governor of Lagos in 2017 was N6 billion, an amount significantly higher than that of the office of the president (N1.32 billion) in 2018*" (Budgit, 2018, 7). Amid soaring IGR, the state debt profile, both domestic and external, records the highest throughout the federation.

Table 12: Lagos State Debt Profile 2011-2017

Year	Domestic Debt Profile (Amount in naira& billion)	External Debt Profile (Amount in $)
2011	157.54	491.85m
2012	230.43	611.25m
2013	278.87	938.14m
2014	268.07	1.17bn
2015	218.54	1.21bn
2016	311.76	1.38bn
2017	363.29	1.47bn

Sources: DMO, Budget Research.

These debts consume some chunk of the state's revenue through debt servicing charges. According to Budgit (2018), the cost of servicing this public debt has increased from N4.5 billion in 2009 to N35.9 billion in 2018. In 2015, Lagos spent 12.9% of its revenue on debt servicing.

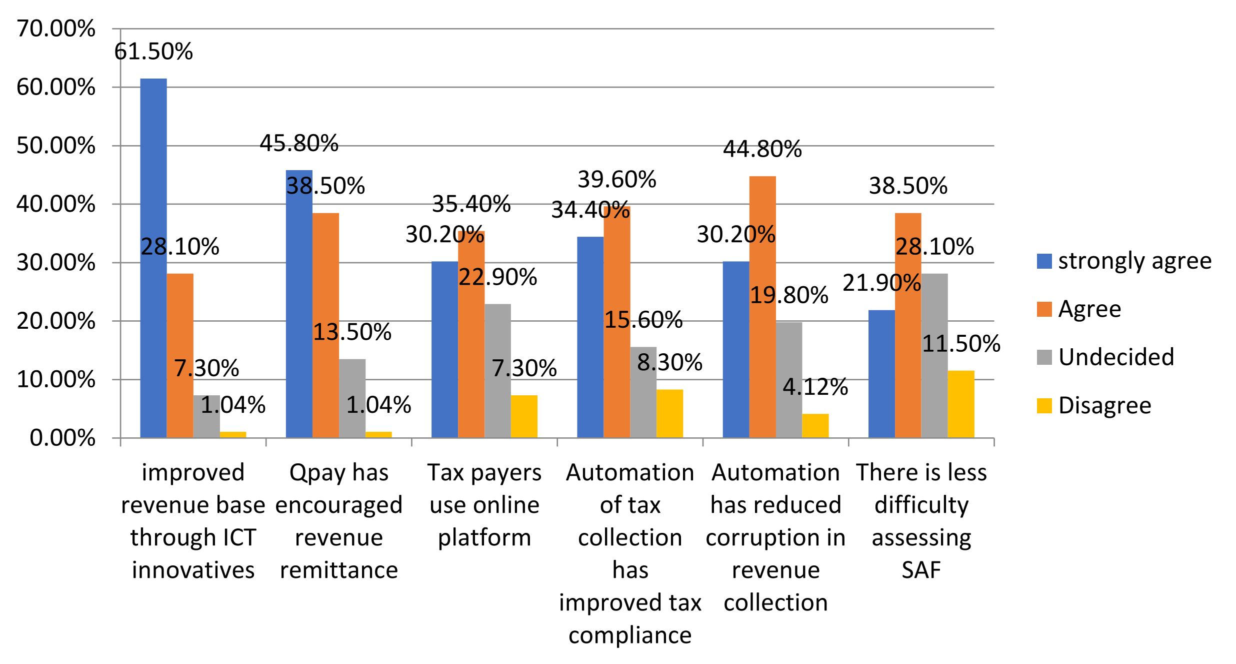
Table 13: Lagos State Debt Servicing 1998-2015

Year	Amount N
1998	400 million
1999	200 million
2000	300 million
2001	7.3 billion
2002	2.6 billion
2003	8.8 billion
2004	12.2 billion
2005	14 billion
2006	13.3 billion
2007	28.2 billion
2008	20.9 billion
2009	4.5 billion
2010	5.2 billion
2011	1.9 billion
2012	33.2 billion
2013	17 billion
2014	22.9 billion
2015	20.8 billion

Source: Budgit (2018).

Further results obtained from the field aimed at confirming some of the findings in these documents revealed that the introduction of electronic payment systems has made tax payments easier and more convenient. Whereas 59 respondents, representing 61.5% of our sample, strongly agreed that the introduction of electronic payment systems has made tax payment easier and more convenient, 27 (28.1%) agreed, 7 (7.3%) were neutral, 1 (1.04%) disagreed, and 2 representing 2.08% strongly disagreed (see figure 2). Thus, it is viewed that the introduction of electronic payment systems has made tax payment easier and more convenient in Lagos State. This could explain why the revenue base of Lagos State has appreciated since the digitization process.

Figure 2: Results of Field Survey



Source: Field work (2019).

Making payments through the state's online revenue and tax payment platform (QPay) is simple, safe, and reliable. 44 (45.8%) strongly agreed, 37 (38.5%) agreed, 13 (13.5%) were neutral, 1 (1.04%) disagreed, and 1 respondent representing 1.04% strongly disagreed. This response implied that making payments through the state's online revenue and tax payments platform (QPay) is not only simple and safe but also reliable. The implication is that there is a significant increase in the number of taxpayers who use the online payment platform. The results show that 29 (30.2%) strongly agreed, 34 (35.4%) agreed, 22 (22.9%) were neutral, 7 (7.3%) disagreed, and 4 representing 4.2% of the respondents strongly disagreed. Thus, it is implied that there is a significant increase in the number of taxpayers who use the online payment platform.

Those who manage the system affirmed that the increase was a result of the government's regular maintenance of the payment portal/server. As such, 25 (26.04%) strongly agreed, 44 (45.8%) agreed, 23 (24%) were neutral, 4 (4.2%) disagreed, and none strongly disagreed. The responses implied that automation of tax collection in Lagos State is enhanced by regular maintenance of the payment server/portal by the government. More importantly, it was observed that the automation of the collection system not only increased the internally generated revenue of the government within the period under study it also eliminated corrupt practices associated with revenue collection. Many of the people who responded to the questionnaires praised the initiative that brought automation to the tax system, given its elimination of multiple taxation and extortion from revenue collectors. Because there is less difficulty in assessing the SAF form on LIR's portal, many tax payers utilize the channel in fulfilling their tax obligations. The survey result showed that there is a continuous increase in the number of taxpayers that use the self-assessment filing system in the state, with 20 (20.8%) strongly agreeing, 40 (41.6%) agreeing, 24 (25%) neutral, 11 (11.5%) disagreeing, and 1 representing 1.04% of respondents strongly disagreeing. The implication is that the revenue base of Lagos State has appreciated over the years, especially beginning in 2008, when the system was introduced (see Table 14).

Table 14: Lagos State IGR 1999-2018

Year	Amount (Billion Naira)
1999	14.6
2000	11.6
2001	17.9
2002	20.8
2003	27.5
2004	33.9
2005	40.6
2006	61.7
2007	83.0
2008	129.6
2009	178.5
2010	173.4
2011	199.9
2012	202.8
2013	219.2
2014	277.1
2015	276.6
2016	302.4
2017	341.0
2018	680.1*

Source: Budgit (2018).

Although a lack of computer literacy could constitute a barrier to utilizing the channel, there are significant efforts aimed at assisting taxpayers in assessing SAF online. Some of the innovations introduced in SAF that have improved Lagos state revenue base are period auditing and honest filing, which have eliminated the hitherto inaccurate filing that undermined revenue collection prior to the reform. However, while the SAF system contributed to the expansion of the taxpayers' base in the state to the tune of 70.5% (Field Work, 2019), tax avoidance and evasion still remain a challenge to effective revenue generation in Lagos State. For instance, over 81.3% of respondents observed that however efficient the platform is, there are still many criminally-minded elements that could escape paying appropriate taxes.

8. Summary

The importance of effective tax administration and revenue generation led to the adoption of automated systems of tax and revenue collection by some countries of the world. Its adoption by the Lagos state government was also germane given the failure of the old analogue method to meet the pressing demand of the present century. As such, the traditional system of revenue collection gave way to e-taxation. This method fosters the use of ICTs in managing, conducting, directing, and overseeing the implementation of a state's tax laws and policies. Its elements, such as e-registration, e-filing, e-assessment, e-payment, e-receipt generation, and e-TCC issuance, were also looked at. Against this backdrop, the study interrogated two research questions that were fallouts of Lagos State's tax reforms. To ascertain the efficiency of this reform, the study reviewed the automation of tax collection and revenue generation, as well as self-assessment filing systems and revenue remittances, in its literature review. Employing the Unified Theory of Acceptance and Use of Technology model in the study was necessary in order to adequately explore the use of ICT in tax governance or administration.

9. Conclusion

The study generated two hypotheses: that automation of tax collection improved revenue generation in Lagos State between 2008 and 2018 and that the SAF system had a positive impact on voluntary revenue remittance in Lagos State between 2008 and 2018. In light of the data collected both from primary and secondary sources, the hypotheses were upheld given the ability of the examined reforms to improve revenue generation and also promote revenue remittance within the period under study. It was discovered that the increase in the state's economic growth (that is, IGR) was largely connected to the introduction of automation of revenue collection in the state, which helped to block loopholes and ensured that collected revenues were remitted directly into government coffers. In the same regard, the study also observed that the adoption of the SAF system encouraged willful remittance of taxes by payers, given that it lessened bureaucratic processes associated with tax assessment and payment and as such contributed to the IGR growth of Lagos State. However, whereas tax avoidance and evasion remain a challenge to the government, taxpayers are also faced with the problem of multiple taxation.

10. Recommendations

Based on our findings, this study has two major recommendations:

- The government should create an effective public awareness campaign on the usage of automated payment systems in the state. The enlightenment should capture both its importance and how to use it.
- Lagos Inland Revenue Service should endeavour to further simplify the self-assessment filing form in order to ensure that less formal literacy and computer skills are required in the direct tax assessment.

Conflict of Interest Statement

The author declares no conflicts of interest.

About the Author

Anioke Uchenna Vivian is a political scientist. Her research interests span governance, administration, international relations, and social research.

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Appendixes

The table below shows different types of taxes collected by the Lagos State Revenue Service:

Appendix 1: Taxes Collected by Lagos State Revenue Service

Taxes/Levies	Rates	Legal instrument	Remarks
Personal income tax: PAYE Direct Assessment	Graduating rate as given in the 6th Schedule of the Personal Income Tax (Amendment) Act 2011.	Personal Income Tax Act 2004 L.F.N Personal Income Tax (Amendment) Act 2011. Lagos State Revenue Administration Law	Personal Income Tax is collected from income-earning adults i.e residents within the state.
Withholding Tax: Interest Rent Royalty Director's fees Dividend Technical services Contract Building construction Consultancy/professional fees Commission	 10% 10% 5% 10% 10% 5% 5% 2.5% 5% 5%	Personal Income Tax Act 2004 L.F.N	Applicable to individuals, sole proprietorship and partnership
Capital Gain Tax	10%	Capital Gain Tax Act CAP 42 L.F.N 1990 Act CAP C, L.F.N. 2004	Individuals only
Stamp Duties	Flat rate	Stamp Duties Act Cap42 L.F.N.2004	Individuals and Cooperate Entities
Business Premises Registration fees in respect of: Urban areas Rural areas	 Registration=10,000 naira and annual renewal of 5,000 Registration=2,000 naira and annual renewal of 1,000	Personal Income Tax Act 2004 L.F.N Act 21 of 1998	Cooperate Entities
Tax on goods and services consumed in hotels, restaurants and event centres	5% of the total bill issued to the consumer, excluding Value Added Tax (VAT).	Hotel Occupancy and Restaurant Consumption Law 2009	This law is not applicable where the sales tax is collected.

Source:www.lirs.gov.ng.