

Abstract

Tax Offences are basically committed with the intent of depriving the government of its much-needed financial revenue and this informed the decision to undertake this research. This article analyzed tax offences in Nigeria and the legal framework for combating them. The main objective of this study was to identify tax offences and their causes and propose measures to extirpate them. The study adopted a doctrinal methodology of research which involved both primary and secondary sources. Findings revealed that low tax penalty, high tax rates, improper use of tax revenue by the government, poor tax administration amongst others were the root causes of tax offences in Nigeria. It was recommended, inter alia, that the penalty for tax offences should be upwardly reviewed, tax rates should be reduced and government should not only put adequate measures to enhance efficiency in tax administration but also ensure that the revenue realized from tax is put to good use for the overall benefit of taxpayers as this will significantly galvanize their resolve to pay taxes and eschew tax offences. It is believed that these measures will go a long way towards combating tax offences and improving the revenue yield derived from taxes in Nigeria.

Keywords: Tax, Taxation, Tax Offences, Tax Evasion, Tax Avoidance, Nigeria

1. Introduction

Tax offences are serious problems because of their debilitating effects on the economy and the challenges they pose to the Nigerian tax authorities and tax administration¹; they are hydra-headed monsters that have reared their ugly heads not just in Nigeria but in most other emerging countries of the world. In Nigeria, tax offences are committed almost on daily basis through series of evasive strategies despite the availability of an array of weapons at the disposal of the tax authorities begging to be used to checkmate them². They have been described as despicable practices detrimental to national development³. Regrettably, a lot of revenue has been lost due to tax crimes; it has been reported that billions of naira have been lost due to tax crimes and curbing these unfortunate happenings has become the priority of tax authorities in Nigeria⁴. Tax offences are serious acts of sabotage and constitute a serious impediment to the economic growth and development of Nigeria as much revenue is lost due to them. They heavily harm the economy, lower investment levels and reduce government revenue generation. It is in the light of the above that this work attempts an examination of tax offences as well as their causes and the measures to be deployed to bring them down to a minimum.

2. Meaning and Nature of Tax Offences

The Federal Inland Revenue Service (Establishment) Act⁵ defines tax offence as ‘failing to deduct or remit taxes (e.g. VAT, PAYE), making false statement or returns, obstructing tax officers’. Tax offence has been defined as the violation of any law, regulation or legislation⁶. It has to do with offences committed in relation to taxation⁷. Tax offences are basically tax criminalities which are forbidden and sanctioned by the laws. Tax offences may be committed by under reporting of income, non-compliance with statutory requirements, negligence such as non-filing of returns or administrative vices such as failure to remit collected taxes by tax authorities, etc. The nature of tax offences is that they can be both civil and as well criminal vices. Both taxpayers and tax authorities can commit tax offences. Some of the tax offences, under the tax laws in Nigeria, are considered and treated as serious offences and severe punishment are always meted on those who are guilty of such crimes. Others, on the other hand, are considered as less serious or mild offences and therefore attract only fines in the form of money or sanctions. The damage done to the Nigerian economy and its budgets as a result of tax crimes or offences is enormous ranging from financial loss to reduction of economic performance, public confidence, reputation and credibility. Tax offences remain a huge threat to Nigeria’s economic growth and development as well as fiscal stability.

3. Identification of Tax Offences

The identification of tax offences involves systematic procedures and mechanisms through which tax authorities detect irregularities or fraudulent activities that breach tax laws. The methods employed are both proactive and reactive, combing administrative tools, legal instruments, and technological innovations. Some of the methods of identifying tax offences or crimes are:

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¹ A A Adekoya, T A Adewale and A B Lawal, ‘Forensic Accounting, Tax Fraud and Tax Evasion in Nigeria- Review of Literatures and Matter for Policy’, *International Journal of Emerging Trends in Social Sciences: Consideration*, Vol.9 No. 1, 2020, 21-28.

² S M Olokooba, M Awodun *et al*, ‘Tax Offences: Clogs in the Wheel of Progress and Development of Nigeria as a Nation’, *NAUJILJ* 9(1) 2018, 226.

³ *Independent Television/ Radio v ESBIR* (2013) 14 NWLR (Pt 1374) 1.

⁴ I P Okoeguale and E Kemebradikemor, ‘Tax Fraud in Nigeria: A Review of Causal Factors’, *Journal of Taxation and Economic Development, Chattered Institute of Taxation of Nigeria*, Vol. 19 (1) 2020, 64-80.

⁵ Federal Inland Revenue Service (Establishment) Act, 2007, s. 40(1).

⁶ R D Selkur, ‘Prosecution in Criminal Tax Proceeding in Nigeria: Legal Challenges’, online article available at <<https://doi.org/10.5771/2363-6262>>; accessed on 24th September 2025.

⁷ S M Olokooba, M Awodun *et al*, *op cit*, 227.

Tax Audits and Investigations: Routine and special audits remain one of the primary ways of identifying tax offences. During audit, the tax authority reviews financial statements, tax returns, and other related documents, or assess compliance. Discrepancies such as underreported income, overstatement of expenses, or false declarations may signal fraudulent conduct⁸.

Third Party Information and Whistleblower Tips: Information from third parties, including banks and other financial institutions⁹ enable the tax authorities to find out instances of tax offences. Additionally, Nigerian's whistleblower policy encourages informants to report financial misconduct, including tax evasion in exchange for monetary rewards¹⁰.

Data Matching and Technology-Driven Analysis: Modern identification methods rely heavily on data analytics and electronic surveillance. Through integrated tax administration systems and data matching, authorities can detect inconsistencies between reported income and actual economic activity. Recently, the FIRS deployed the Tax Pro-Max platform which automates tax filings and crosschecks taxpayers' data with bank records, customs data, and Corporate Affairs Commission (CAC) registrations¹¹. This has helped significantly in enhancing the accuracy and efficiency of identifying potential fraud.

Cross-Border Co-operation and Exchange of Information: Tax offences or crimes, especially the multinational ones, require international co-operation. Nigeria is a signatory to many multilateral agreements. This allows the FIRS the opportunity to receive information on tax-related issues from other jurisdictions thereby uncovering off share tax evasion schemes.

Field Intelligence and Surveillance: The employment of tax enforcement officers to conduct field surveillance operations help to uncover tax crimes/offences. The operations may include physical inspections of business premises or monitoring of lifestyle and asset acquisition inconsistent with reported income¹².

4. Tax Offences under the Nigerian Tax Law

Under the Nigerian Tax Laws, there are numerous tax offences recognized and acknowledged, they are briefly discussed herein. Considering that tax evasion is the major tax offence, it is sought to treat it first in general before looking at other offences thereafter. Tax Evasion is the intentional and illegal act of concealing or misrepresenting financial information to avoid paying tax¹³. It also involves deliberate actions to deceive tax authorities such as under reporting income, overstating deductions, or concealing assets¹⁴. Tax evasion more so further involves the concealment of or disguising income or assets to avoid taxation. The International Monetary Fund (IMF)¹⁵ defines tax evasion as the deliberate act of concealing or misrepresenting information to reduce tax liability. In the words of Smith¹⁶, it is the illegal act of avoiding tax payments through fraudulent means. Tax evasion occurs when someone intentionally avoids paying their taxes by not reporting all of the person's income or by falsely claiming deductions. This very criminal act always results in penalties or even criminal charges. It is a very serious offence which can attract severe consequences. In *FBIR v Halliburton*¹⁷, Halliburton was investigated for large scale tax evasion and the court emphasized on corporate liability and tax compliance. The Nigerian relevant tax statutes provide against the offence of tax evasion¹⁸.

In order to do justice to this study, it is important to distinguish between tax evasion and tax avoidance because they are very similar. Tax avoidance has been stated to be 'the lawful carrying out of a transaction which was either entered into, or which took a particular form, for the purpose of minimizing taxation'¹⁹. Essentially then, whereas tax avoidance is lawful, tax evasion is unlawful. It is important to bear this distinction in mind because although tax avoidance schemes are frowned upon, they are legally permitted whereas tax evasion is outrightly unlawful and committing it results in sanctions. Tax can be evaded in so many ways including; Failure to get registered with the relevant tax authorities, refusing to file return, statement or information or keep records as required, making of incorrect return by omitting or understating any income liable to tax or refusing or neglecting to pay tax, overstating of expenses so as to reduce taxable profit or income that will lead to payment of less than otherwise have been paid, hiding away totally and without paying tax returns²⁰.

Tax evasion can also be orchestrated through the following means: making misrepresentations about earnings in order to pay less taxes; making misrepresentation about payment purposes, such as charity, in order to evade paying taxes on certain sums; intentional misrepresentation of material facts which affect the amount of tax obligation; failure to furnish tax returns; failure to keep proper tax records; and failure to report income, earnings, profit, etc²¹. Other methods are: failure to pay tax by a taxable individual or company; making false claim with the aim of obtaining allowances in respect of children when in reality, the taxpayer either has no children or has fewer children than he claims; making false claim in respect of allowance for a wife when

⁸ A. Sanni, *Introduction to Nigerian Taxation* (CIBN Press, 2012), 212.

⁹ Federal Inland Revenue (Establishment) Service Act, 2007, 2007, s.63.

¹⁰ Federal Ministry of Finance, 'Whistleblower Policy Guidelines (2017)', <<https://finance.gov.ng>>. accessed 6th September 2025.

¹¹ Federal Inland Revenue Service, Tax Pro-Max Implementation Report (FIRS, 2012), <<https://www.firs.gov.ng>>. Accessed 6th September 2025.

¹² T. Fowler, 'Tax Investigation and Enforcement in Nigeria: Emerging Tools and Challenges', (2019) 27, *Nigerian Journal of Taxation*, 183.

¹³ P Harris, 'Tax Avoidance and Tax Evasion', *Journal of Tax Research*, 17(2), 2019, 12-20

¹⁴ Ibid

¹⁵ International Monetary Fund (IMF), *Tax Evasion*, (IMF Publishing, 2018), 10.

¹⁶ D Smith, 'Tax Evasion and Tax Avoidance', *Journal of Accounting and Finance*, Vol.20, No.1, 2020, 1-10.

¹⁷ (2024) JEL 36223 (CA).

¹⁸ Companies Income Tax Act (CITA), s.40; Personal Income Tax Act (PITA), s.95; Federal Inland Revenue Service (Establishment) Act, 2007, s.25.

¹⁹ MC Flesh, 'Tax Avoidance- The Attitude of Courts and the Legislature', 1968 21 *Current Legal Problems*, 215. See also the case of *Akinsete Syndicate v Senior Inspector of Income Tax* FSC 164/63 (Unreported Decision) which unequivocally declared that tax avoidance is acceptable.

²⁰ S Lekan & O Sunday, *Taxation: Principles and Practice in Nigeria* (Ibadan: Silicon Publishing Company, 2006) 42.

²¹ G Etomi, 'Law of Taxation', in G Etomi ed, *An Introduction to Commercial Law in Nigeria: Text, Cases and Materials* (Lagos: MIU Professional Publishers Limited, 2014), 336.

in reality, the taxpayer is a bachelor, widower or divorcee; making false claim in respect of capital allowances when in reality, the taxpayer never owned any capital assets or if he owned them, such capital assets had become defunct due to transfer of ownership or sale thereof or the taxpayer had already exhausted full claim thereon; making false claim with the aim of obtaining allowance for fictitious dependent relatives or where they are real, the taxpayer is not responsible for their maintenance; making false claim for allowance in respect of premiums on life insurance policy, when in reality, the policy is defunct either because the taxpayer has not paid his premiums regularly or is yet to execute a legally binding life insurance policy contract; understating income receipt from trade, business, profession, vocation or employment; omitting to declare gross amount of dividends received from Nigerian companies; omitting to declare income receipts, including rent from realty; omitting to declare state income received in or brought into Nigeria from sources outside Nigeria. omitting to declare state income received in or brought in from other sources not expressly specified in Part 8 of the Income Tax Form; making false claim of contribution to a pension scheme, National Provident Fund or charitable fund when in reality, the taxpayer has never made any such contribution; failure to declare all benefits in kind received such as cost of utilities paid or subsidized by an employer or other perquisites of office; and failure of a taxable person to file tax returns to the appropriate tax authorities within the stipulated period.²² According to Abdulrazaq, tax can also be evaded by: 'refusing to furnish a return, statement or information or to keep record required as contained in Personal Income Tax Act, 1961, making an incorrect return by omitting or understating any income liable to tax as contained in Personal Income Tax Act, 1961, giving any incorrect information to any matter or thing affecting liability to tax as written in Personal Income Tax Act, 1961; refusing or neglecting to pay as written in Personal Income Tax Act, 1961; Corruption'.²³

Some of the tax offences specifically provided under the Federal Inland Revenue Service (Establishment) Act²⁴ in Nigeria are: *The Offence of Failing to Deduct or Remit Tax*: Section 40 of the Federal Inland Revenue Service (Establishment) Act²⁵ provides that any person who being obliged to deduct any tax under this Act or the laws listed in the First Schedule to this Act but fails to deduct, or having deducted, fails to pay for the service within 30 days from the date the amount was deducted or the time the duty to deduct arose, commits an offence and shall, upon conviction be liable to pay the tax withheld or not remitted per annum and interest at the prevailing Central Bank of Nigeria minimum rediscount rate and imprisonment for a period of not more than three years. In *Seven Up Bottling Company v Lagos State Board*²⁶ of Internal Revenue, the Court of Appeal stated the law when it held that failure to remit tax deducted from salaries or emoluments of employees was unlawful and a debt to the Lagos State Board of Internal Revenue which was enforceable and recoverable in the court of law.

The Offence of Obstructing Tax Officers: The Law is settled that any person who obstructs, hinders, molests or assaults any authorized tax officer in the cause of performance of any function or the exercise of any power under the Act is guilty of an offence. Any person who does any action which impedes or is intended to impede the carrying out of any search, seizure, removal or distraint is guilty of an offence if a person rescues, damages or destroys anything liable to seizure, removal or distraint or does anything intended to prevent the procuring or giving of evidence in connection with anything that is liable to seizure, removal or distraint²⁷. He is guilty of an offence and shall be liable on conviction to a fine not exceeding N200,000 or imprisonment for a term not exceeding 3 years or both if one prevents the arrest of any person by a person duly engaged or acting or rescues anybody so arrested²⁸.

The Offence of Making False Statements and Returns or Declaration: The Federal Inland Revenue Service (Establishment) Act²⁹ provided that any person who make, sign or deliver to The Federal Inland Revenue Service or any officer of the service any document which is false or untrue is guilty of an offence in a situation where the full amount of any tax payable is not paid or any overpayment is made in respect of any repayment of tax as a result of any false declaration, the unpaid tax or the overpayment shall constitute a debt due to the service³⁰. The Act further provides that anybody who commits an offence under section 42 of the Act³¹ (i.e. false declaration) is liable on conviction to a fine not exceeding N200,000 in addition to payment of the amount of tax unpaid or overpayment made in respect of any repayment or to imprisonment for a term not exceeding 3 years or to both fine and imprisonment. Companies Income Tax Act³² also provides criminal penalties for the offence of false statements and returns.

The Offence of Impersonation or Illegal Assumption of Character of Authorized Officers: It is a serious tax offence to impersonate or assume the character of an authorized tax officer. Any person who knowingly and who is not an authorized officer of the service but who assumes the name, designation or impersonates the character of an authorized officer for the purpose of gaining admission to any building or other place or in order to do any act which he is not entitled to do, is guilty of an offence, and he should be liable on conviction to a fine not exceeding N200,000 or to imprisonment for a term not exceeding 3 years.

The Offence of being armed while committing an offence: The Law provides that any person who in the commission of an offence under the Act is armed with any offensive weapon commits an offence and is liable on conviction to imprisonment

²² MT Okorodudu, 'Measures against Tax Evasion and Avoidance: Some Equity Questions and Suggested Reforms' (Being a Paper Presented at the 15th Annual Senior Staff Conference of the Federal Inland Revenue Department, December 1985) 27-29.

²³ M T Abdulrazaq, *Principles and Practice of Nigerian Tax Planning and Management* (Ilorin: Batay Law Publishing Ltd, 1993) 3.

²⁴ Federal Inland Revenue Service (Establishment) Act, 2007

²⁵ Ibid.

²⁶ (2000) 3 NWLR (Pt. 650) 565.

²⁷ See generally, s. 41(a), (b) & (c).

²⁸ Ibid, s. 41 (d).

²⁹ See generally Ibid, s. 42 (1) a and (b).

³⁰ Ibid, s. 42(2).

³¹ Ibid, s. 43(3).

³² See generally Companies Income Tax Act, 2004, ss. 92-99.

for a term not exceeding 5 years³³. If the person who is armed with offensive weapon caused injury to any officer or authorized officer of the service in the performance of any function of an offence and shall be liable on conviction to imprisonment for a term not exceeding 10 years³⁴. In a situation where the motive or intention of causing injury to an officer is to deprive the officer of going away with vital documents, money or objects, such acts will amount to voluntarily causing hurt or grievous hurt to deter public servant from carrying out his duty³⁵.

The Offence of Unauthorized Disclosure: It is provided in the Act³⁶ that any unauthorized disclosure by any employee or former employee of the Board or the Service or of person appointed by the Service as its agent or representative is an offence. It is further provided in the Act that such offence on conviction attracts a fine of N200,000 or a term of imprisonment for three years or both fine and imprisonment. Employees, former employees or any person appointed by the Federal Inland Revenue Service as its agents or representatives are expected to keep as secret and confidential any information or document that comes into their possession in the cause of the performance of their duties³⁷. Therefore, a person in control and possession of any document, information, return of assessment list or copy of such list relating to the income or profits or losses of any person who at any time communicates or attempts to communicate such information or anything contained in such document, list or copy to any person other than a person to whom he is authorized by the service to communicate it, commits an offence under the Act³⁸.

The Offence of Counterfeiting a Document: It is a very serious offence to falsify or counterfeit document. The Act³⁹ provides that is and offence to counterfeit or falsify any document which is required by or for the transaction of any business under the Act or any law listed in the First Schedule to the Act. Any person who knowingly accepts, receives or uses any document so counterfeited or falsified commits an offence⁴⁰. Anybody who alters any such document after it is officially issued⁴¹, or counterfeits any seal, signature, initial or other mark of or used by any officer for the verification of such a purpose relating to tax, also commits an offence⁴². In the same vein, an employee of the service who conspires, connives or participates in the commission of any of the offences under this section⁴³, commits an offence. All the offenders under section 43 (a-d) of the Act are liable on conviction to a fine not exceeding N200,000 or to imprisonment for a term not exceeding 3 years or do both the fine and imprisonment.

The Offences of Unauthorized Withholding of Money Collected, etc: According to the Act⁴⁴, any person who is appointed for due administration of the Act or employed in connection with the assessment and collection of tax who;

- a) demands from company an amount in excess of the authorized assessment of the tax;
- b) withholds for his own use or otherwise any portion of the amount of tax collected;
- c) renders false return, whether orally or in writing of the amount of tax collected or received by him;
- d) defrauds any person, embezzles any money or otherwise uses his position to deal wrongfully with the service;
- e) steals or misuses the documents of the services, and
- f) compromises on the assessment or collection of any tax,

commits an offence and is liable on conviction to a fine equivalent to 200 percent of the sum in question or to imprisonment for a term not exceeding 3 years or to both fine and imprisonment⁴⁵.

The Offence of Failure or Refusing to File Tax Returns by Banks in Nigeria: The law is that Banks in Nigeria are required to file their tax returns just like any other company in the country does. In a situation where a bank fails to do so, the penalties under the Act⁴⁶ and under CITA⁴⁷ would apply.

5. The Legal Framework for Combating Tax Offences in Nigeria

Constitution of the Federal Republic of Nigeria 1999 (as amended): The Constitution of the Federal Republic of Nigeria is the highest law in the country from which all other laws derive their source and existence. The Constitution provides that 'it shall be the duty of every citizen to declare his income honestly to appropriate and lawful agencies and pay his tax promptly'⁴⁸. The purpose of the above provision, simply put, is that every citizen of Nigeria should not just declare his income honestly, but also pay his tax as and when due to the appropriate tax authorities or agencies. It shows that the constitution encourages payment of tax and discourages non-compliance or tax offence.

Federal Inland Revenue Service (Establishment) Act 2007: The Federal Inland Revenue Service (Establishment) Act, among other things, laid out the offences and penalties for failure to remit tax to the government. This is provided for in Part IV of the

³³ Ibid, s. 45(1).

³⁴ Ibid, s. 45 (2).

³⁵ See Penal Code, s. 252 (1) and (2).

³⁶ Federal Inland Revenue Service (Establishment) Act, 2007, s. 39 (2).

³⁷ Ibid, s. 50(1).

³⁸ Ibid, s. 50(2) (a).

³⁹ Ibid, s. 43(a).

⁴⁰ Ibid, s. 43(b).

⁴¹ Ibid, s. 43(c).

⁴² Ibid, s. 43(d).

⁴³ Ibid, s. 43 (a-d).

⁴⁴ Ibid, s. 44.

⁴⁵ Ibid, s. 44 (a-f).

⁴⁶ See Ibid, s. 41(3) and (5).

⁴⁷ Under the Companies Income Tax Act 2004, where there is failure to file tax returns by any company, the administrative penalties of N25,000 will be paid in the first month in which the failure occurs and additional N5000 for each subsequent month in which the failure continues.

⁴⁸ Constitution of the Federal Republic of Nigeria, 1999 (as amended), s. 24(f).

Act. In Section 40 of the Act, it provides that failure to deduct and remit tax to date the amount was deducted or the time the duty to deduct arose is an offence under the Act. In Section 41 of the Act, it is a criminal offence to hinder or assault a tax officer in the performance of his duties. Under Section 48 of the Act, the Service may compound any offence by accepting money not exceeding the maximum fine specified for any money received. The Act, furthermore, provides general penalties for persons, corporations and associations who commit tax offences.

Personal Income Tax Act 2004: The Personal Income Tax Act under Part xi, provides for offences and penalties against non-payment of Personal Income Tax⁴⁹. The Act provides that any person guilty of an offence under this Act, or any person who contravenes or fails to comply with any of the provisions of this Act or any rule or regulation made there under for which no other penalty is specifically provided, shall be liable on conviction to a fine of N5000 and where the offence is the failure to furnish a return, statement or information or to keep records required, a further sum of N100 for every day during which the failure continues and in default of payment, to imprisonment for six month, and the liability to such further sum shall commence from the day following the conviction, or from such other day thereafter as the court may order.

Companies Income Tax Act 2004: Companies Income Tax Act provides against tax offences. Under Section 94 of the Act, any person who violates or fail to comply with any of the provisions of the Act or any rule made thereunder for which no other penalty is specifically provided shall be liable on conviction to a fine of N20,000.00 and without prejudice to section 55(4) or (5) where such offence is the failure to furnish a statement or information or to keep records required a further sum of N2,000.00 for each and every day during which such failure continues and in default of payment to imprisonment for six months, the liability for such further sum to commence from such day thereafter as the court may order⁴⁹.

Investment and Security Act 2007: The Investment and Security Act provides against tax offences. The Act⁵⁰ provides that a public company who contravenes the provisions of sections 60,61,62,63 and 64 of the Act is liable to a penalty of N25,000 per day for the period the violation continues. The Act further provides that an auditor who contravenes the provisions of section 60,61,62,63 and 64 of the Act is liable to a penalty of N100,000 and a further penalty of N5,000 per day for the period the violation continues⁵¹.

Economic and Financial Crimes Commission Act 2004: The Economic and Financial Crimes Commission (EFCC) Act⁵² specifically included tax evasion as an economic and financial crime in Nigeria and it attracts some penalties for non-compliance in respect thereof.

6. Causes of Tax Offences in Nigeria

It is important to ascertain why people refrain from paying tax because it is only when one knows this that one can systematically and purposefully set out to tackle the problem. There are many factors that can lead to the commission of tax offences in Nigeria some of which are discussed below:

Economic Challenges: Many Nigerians or Taxpayers are facing a lot of economic challenges due to government policies. Many are in serious distress and deplorable economic situations which negatively affect their incomes. These economic challenges or problems reduce taxpayer's income and prevent them from meeting up with their ever-increasing responsibilities. A taxpayer facing hard times might tend to have the pressure to evade tax or defer tax expenses thereby committing a tax offence. The same applies to companies whose incomes have been affected by economic challenged or hard time. Economic situation or low income can lead one into committing tax offences.

High Tax Rates: Nigerians, like every other people, perceive tax as a burden; it has been correctly stated that nobody, no matter how rich, wants to pay tax⁵³. This issue is exacerbated when the rate of the tax payable is high so tax payers tend by all means to evade paying it thereby. The weight of tax is reflected on the rate at which a taxpayer's income is taxed. Many Nigerians and companies have always commented against the high rate of income taxes they pay to the government. The high rate of taxes in Nigeria discouraged or endangers growth among business as it increases the cost of doing business in the country. High tax rate gives the taxpayer the license or liberty in order to lower their tax liabilities thereby committing tax offence.

Improper Use of Tax Revenues by the Government: Taxes generate a lot of revenues for the government and the revenues so generated from taxes are supposed to be properly utilized in providing basic amenities for the people (who are usually the taxpayers). Unfortunately, the reverse is the case in Nigeria. There is dearth of basic amenities in Nigeria. No good roads, no water, no electricity and other basic things in life for the people. Persons in government look dry the revenues generated from tax and use same for personal aggrandizement or selfish interest. This attitude discourages the taxpayers to pay tax thereby committing an offence. It is the major cause of non-tax compliance in Nigeria. People feel discouraged to pay tax as the revenue generated from it is hardly used for their interest.

⁴⁹ See Personal Income Tax Act, 2004, s. 94.

⁵⁰ Investment and Securities Act, 2007, Section 65(1).

⁵¹ Ibid, s. 65(2).

⁵² Economic and Financial Crimes Commission Act, 2004, ss. 18 and 46.

⁵³ Y Osinbanjo, 'Property Taxation as Catalyst for Development – Land Use Charge Law of Lagos State' (2003) Vol 22 *JPPL*, 1.

Poor Tax Administration and Low Tax Penalty: A good tax administration is a product of a well-designed tax system and technical capacity. In Nigeria, tax administration is not efficient and effective. Tax personnel are poorly equipped, there is weak implementation of tax policies caused majorly by insufficient staff, poor use of technology, inaccessibility of major rural areas among others. Most taxpayers, because of this poor tax administration in the country, do not bother reporting their earnings or income because they know they would not be caught, thereby committing tax offence. There are also the issues of high level of corruption, extortion, bribery and expropriation among tax officials. When the cost of bribing tax officials is high, tax payers may consider evading the tax thereby committing tax offence. More so, tax penalties for violating or committing tax offences are relatively low. Taxpayers in Nigeria may prefer to commit tax offences and pay the penalties than doing the right thing as tax penalties in Nigeria appear to be more fines than imprisonment.

Illiteracy and Lack of Awareness: Most persons in Nigeria are not even aware that it is their constitutional duty or responsibility to pay taxes. It is because of this that some of them resist the imposition and collection of tax from them by the government and tax authorities. Lack of education is also another problem. The level of education of a person usually influences his behaviour and willingness to comply with tax payment. An educated person sees the need to pay tax in line with the provisions of the tax laws in Nigeria. Such cannot be said of the illiterate who does not even see payment of tax as his responsibility thereby evading same. Illiteracy and lack of awareness is a big factor that causes and influence the commission of tax offences in Nigeria.

Furthermore, a leading tax law scholar has outlined the reasons for tax evasion in Nigeria to include: excessive corruption by government officials; problems encountered in tax assessment; problems encountered in the collection of tax; the incompetence of tax authorities and general dishonesty among Nigerians.⁵⁴ Other reasons he outlined are lack of patriotism, inequity in the tax system, unfairness of the tax system and ignorance.⁵⁵ Elsewhere, he has also stated that the high tax rate is another factor as well as the existence of legal loopholes which are susceptible to exploitation.⁵⁶

7. Conclusion and Recommendations

Tax offences are dangerous and longstanding problems which have inflicted painful and debilitating hits on the revenue of Nigeria. Fortunately, the issue is not insurmountable. Accordingly, it is submitted that the following will go a long way towards counteracting or extirpating the problem of tax offences and thereby entrenching a positive paradigm for taxation in Nigeria with the concomitant benefits. Government should initiate policies that enable economic growth and improve the wellbeing of its citizen. With improved and beneficial policies and growth, the taxpayers' earnings will increase thereby making it easy for them to pay his tax as at when due. Government should reduce the tax rates in the country in order to reduce the tax burden borne by the taxpayers in Nigeria. The high tax rate discourages taxpayers and forces them to engage in tax offences. With reduced tax rates, taxpayers will be more willing to pay taxes thereby generating more revenue for the government. The tax laws should be amended to provide for higher penalties for tax offences in Nigeria. The penalties provided by the tax laws are often low and many tax offenders are not deterred by such penalties. Many of the penalties are more of fines than imprisonment. It is the view of the researchers that increased penalty for tax offences will lead to a decrease in the rate of tax offences in Nigeria. It will serve as deterrent to tax offenders. Again, government should encourage the prosecution of tax offenders and see that they are jailed when found guilty. Doing so will reduce the rate of tax offences in Nigeria. Government should also fully utilize technology in the administration of tax in Nigeria and ensure that tax officers are properly trained in the use of such technology in tax administration. There should be proper use of tax revenue by the government. Government should ensure that there is transparency in the use of the revenue generated from tax paid by the taxpayers. It should use the revenue to improve the living standards of taxpayers. A situation whereby the taxpayers will cough out money for tax only for those in government to squander it on self-aggrandizement is unacceptable. Non transparent utilization of revenues generated from tax by the government to provide basic needs for the citizens is one of the major reasons people not always willing to remit their taxes to the government today. There is need for tax education in Nigeria. People should be educated and awareness created on the need to pay tax. Government should organize seminars and invite tax authorities to educate citizens that it is their constitutional responsibility or duty to remit their taxes to the government as and when due. There is need for the tax authorities to work hand in hand with financial institutions, tax practitioners, lawyers, the Judiciary and the media to combat the problem of tax offences. The Tax Identification Number (TIN) must be utilized in a more dynamic manner to capture more people in the tax net. There is need for more attention to be paid to the Informal Sector because the search light of taxation is beamed more on government workers and employees in formal institutions, thereby leaving out informal workers. There is the urgent need to overhaul tax administration in Nigeria to make it more dynamic and in tune with international standards including automation, use of Artificial Intelligence and following due process. Use of ADR in resolving tax disputes should be encouraged because it is generally less abrasive, quicker and more friendly.

⁵⁴ MT Abdulrazaq, *Nigerian Tax Offences and Penalties* (Lagos: Princeton & Associates Publishing Co Ltd, 2014), 40.

⁵⁵ *Ibid*

⁵⁶ MT Abdulrazaq, 'The Legal Nature of Tax Avoidance', *Nigerian Financial Review* (1992) Vol. 4, No. 3, 72.