EFFECT OF TAXPAYERS’ IDENTIFICATION NUMBER ON REVENUE GENERATION IN LAGOS STATE, NIGERIA

Ramat Titilayo SALMAN  
Department of Accounting, University of Ilorin, Ilorin, Nigeria  
titisalman4@gmail.com

Segun AKINTAYO  
Department of Accounting, University of Ilorin, Ilorin, Nigeria  
akintayosegun20@yahoo.com

Abubarak Sodiq KASUM  
Department of Accounting, University of Ilorin, Ilorin, Nigeria  
abubakarsk@yahoo.com

Dayo BAMIGBADE  
Department of Accounting, University of Ilorin, Ilorin, Nigeria  
dayobamigbade@gmail.com

Abstract: The introduction of the Taxpayers’ Identification Number (TIN) reform in Nigeria was geared towards enhancing tax administration and revenue generation. Therefore, this study examines the effect of taxpayers’ identification number on revenue generation in Lagos state – the commercial nerve centre of Nigeria. Specifically, it investigates the contribution of TIN on internally generated revenue and the influence of TIN on tax compliance in Lagos state. The period under review spans from December 2010 to September 2015, which is divided into the pre-TIN period (December 2010-April 2013) and the post-TIN period (May 2013-September 2015). 300 questionnaires were distributed to randomly selected staffs of the Lagos Inland Revenue Service (LIRS), out of which 221 were properly filled and returned. Regression technique was used to analyse the data sourced through questionnaire. This study finds that TIN has a significant positive relationship with internally generated revenue and it has significantly contributed to tax compliance in Lagos State. The study thus concludes that TIN positively affected internally generated revenue in Lagos state for the period covered by the study. It recommends that government should improve tax extension and education services to make more people, especially at the grassroots level aware of how to pay tax, benefits of paying tax and the need to have a taxpayers’ identification number among others as well as establish forensic tax investigation unit that would curb the excesses of leakages, corruption in tax system and tax defaulters.

Keywords: Taxpayers’ Identification Number, Revenue generation, Tax administration, Internally Generated Revenue (IGR), tax system

1. INTRODUCTION

Nigeria is abundantly endowed with crude oil and other natural resources. However the overdependence on proceeds from oil has limited revenue generation from non-oil sources. The oil boom period in Nigeria in the 1970s shifted the dependence of the government from internally generated revenue, most especially tax revenue, to oil
revenue. The recent downward turn in the price of crude oil has led to a drastic decline in the nation’s revenue generation (Olaoye & Awe, 2018). It is therefore a desideratum for the government at all tiers to generate revenue internally. The commonest way for any government to generate revenue internally is through tax. Alabede, Ariffin and Idris (2010) noted that various tax reforms implemented by the Nigerian government to promote taxpayers’ compliance and to increase tax revenue over the years have yielded little or no gain. Over the years, tax administration in Nigeria has been posed with issues and challenges ranging from non-identification, non-registration and non-compliance of taxpayers (Olaoye & Awe, 2018; Ezugwu & Agbaji, 2014). In order to address the problem of improper identification of tax base by the tiers of government and multiple taxation faced by taxpayers, the government introduced the Taxpayers Identification Number (TIN) in May, 2013.

Prior to the introduction of TIN, tax administration in Nigeria is a manual and uncoordinated process which created problems for tax authorities as well as taxpayers. However, TIN is an electronic process introduced to make tax administration less cumbersome. The TIN reform allows each taxpayer to possess a unique identification number. It is a collective and integrated system for taxpayer’s identification throughout the country and would incorporate an electronic database meant for all registered taxpayers. According to Gurama, Mansor and Pantamee (2015), government introduced TIN to increase the revenue generation and reduce tax leakages to the barest minimum. Odusola (2006) is of the opinion that the tax administration in Lagos state is similar to what obtains in other parts of the country. The tax administration problems encountered in Lagos state are similar to those experienced in other states of the country. Lagos State and its tax administrators faced with challenges of coping with disorganized pattern and classes of taxpayers in term of tax collection especially informal sector (Odusola, 2006). This problem resulted to low revenue generation for the state. Generally, the total revenue collected is very low compare with the numbers of eligible taxpayers expected from the state (Odusola, 2006). The poor or low revenue generated could be traced to lack of documentation and registration (among other problems) of most informal sector carrying on business in the state. No adequate records on taxes collected from these set of business enterprises. It is noteworthy that there is need of empirical evidence on the impact of TIN on revenue generation in Nigeria, especially in Lagos state which is commercial nerve centre and ranks as the state with the largest tax base and internally generated revenue in Nigeria. Hence, this study examines the effect of taxpayers’ identification number on revenue generation in Lagos state. Specifically, this study aims to:

- assess the contribution of TIN on internally generated revenue in Lagos State; and
- examine the influence of TIN on tax compliance in Lagos State.

2. LITERATURE REVIEW

2.1 Taxpayers’ Identification Number

Taxpayers’ identification number is a unique 14-digit sequential number issued to individuals or companies to identify them as registered taxpayers in Nigeria. It is an
electronic system initiated by the Joint Tax Board and Federal Inland Revenue Service (FIRS) (Olaoye & Awe, 2018). It provides a unique identification for a taxpayer as long as he/she is eligible to pay tax in Nigeria. This platform enhances taxpayers’ registration and identification hence, bring more taxpayers into the government tax net, thus, minimizes common errors and mistakes associated with traditional manual registration (Olaoye & Awe, 2018).

2.1.2 Benefits of Taxpayers’ Identification Number
The benefits of taxpayers’ identification number in Nigeria as identified from studies such as Ayodeji (2014) and Gurama et al. (2015) are as follows:
- Minimising the cost and time needed for tax compliance from taxpayer by tax authorities;
- Having a single and effective taxpayer’s data base for federal and state level;
- Expansion of tax system which is useful for national security and social planning purposes;
- A friendly tax system that is well coordinated and accessible to all stakeholders;
- Modernizes the efficient way of assessing and detecting taxpayer defaults and tax leakages;
- Increase voluntary compliance and discourage tax evasion.

2.1.3 Reasons for Registering for Taxpayers’ Identification Number
Taxpayer’s identification number is needed for various reasons in Nigeria. An individual or corporate entity is expected to have a taxpayers’ identification number before the following activities can be performed. They include:
- Bank transactions;
- Government loans;
- Foreign exchange business;
- Registration of business name by the Corporate Affair Commission;
- Award of contract;
- Confirmation / election to public offices;
- Registration as contractor.

2.1.4 Tax Reforms in Lagos State
There are several Tax reforms in Lagos state at different point in time. According to Asaolu and Dopemu (2015), some of the tax reforms implemented in Lagos State to increase revenue generation include:
- Tax Payer Education and Enlightenment: A Taxation Stakeholders Conference which involved the State’s executive council, representatives of the Chambers of Commerce, professional groups, financial institutions, traditional rulers, trade and market associations was organised in 2007. The conference provided an avenue for the executive council to discuss with the various stakeholders on its expectation from them.
Payment Process, Transparency and Convenience: The Lagos Inland Revenue Service (LIRS) continued its policy of making tax payment convenient. In partnership with collecting banks, taxes are paid directly into government coffers at any of the over 1,200 bank branches and automated receipts are issued immediately upon payment. The taxpayer within 48 hours after payment, can pick up his Electronic Tax Card from the branch of the Bank where the tax payment was made.

Self-Assessment System: The government also introduced self-assessment scheme in which an individual obtains the assessment form free of charge from LIRS offices and designated banks branches, assesses himself by reference to a table which shows various income brackets, the allowances and tax payable in respect of each and pay his tax at any of the over 1,200 bank branches and 36 LIRS Tax Stations across the State.

Tax Payment closer to the People: In line with the State strategy of taking tax payment closer to the people, 40 mini tax offices were established and are in operation in the major markets across the State. Regular meetings are also held with market leaders to resolve issues and ensure compliance.

2.2 Theoretical Review

The theoretical review comprises of the tax compliance theory and ability to pay tax theory. The tax compliance theory suggests that tax compliance is the most effective way which government can use to increase revenue generation. It encourages tax authorities and taxpayers to desist from tax crimes. The main approaches to tax compliance are divided into the economic deterrence approach and the wider behavioural approach. The economic deterrence model has been commonly used to examine tax evasion and compliance from a theoretical perspective. Factors considered in the economic deterrence model include complexity of the tax system, level of revenue information services, withholding and information reporting, preparer responsibilities and penalties, probability of receiving audit coverage, progressive and actual level of tax rates and penalties for non-compliance. Jackson and Milliron (1986) argue that there is no general consensus on any one of these factors. The wider behavioural approach incorporates both social and fiscal psychological approaches. These approaches focus on psychological factors which include moral values and the perception of fairness of the tax system and the tax authorities.

One of the most common theories of how government should tax its citizens is the ability to pay tax. Kendrick (1939) suggests that the amount of tax to be paid by an individual should depend on the amount of money he/she earns. For instance, those who earn higher income are expected to pay higher tax and vice versa. This theory does not take into consideration the benefits derived by taxpayers from public goods and services. Most economists believe that income should be the criterion for measuring an individual’s ability to pay. It appears very just and fair that if the income of a person is greater than that of another, the former should be asked to pay more towards the support of the government than the latter.
2.3 Empirical Review

Enahoro and Jayeola (2012) examined the effectiveness of tax administration and revenue generation in Lagos State, Nigeria. A survey questionnaire of the tax administration was carried out to analyse the opinion of civil servants directly connected with tax administration in five Local government areas of Lagos State (Somulu, Mushin, Ikeja, Kosofe and Surulere). The Kendall measure was adopted and the study revealed that the tax administration in Lagos state is not totally efficient. Also, there is a significant relationship between tax administration, tax policies and tax laws. Adenugba and Ogechi (2013) examined the effect of internal revenue generation on infrastructural development in Lagos State. The result showed that there is a positive relationship between internally generated revenue and infrastructural development in Lagos state.

Ezugwu and Agbaji (2014) assessed the contribution of internal generated revenue (IGR) to the total tax revenue of Kogi State before the introduction of taxpayer identification number (2003-2007). Using Ordinary Least Squares regression technique, the study found out that IGR before TIN did not have significant impact on total tax revenue. It was concluded that IGR before the introduction of TIN did not contribute significantly to total tax revenue in Kogi State.

Asaolu and Dopemu (2015) assessed the impact of tax reforms on revenue generation in Lagos State of Nigeria using Time Series quarterly data between the period of 1999 and 2012, obtained from the records of Taxpayers’ Statistics and the Revenue Status Report of Lagos State Internal Revenue Service (LIRS). Data collected were analysed using ordinary least square regression techniques (OLS). The study showed that Lagos State captured more people into the tax net as there was a continuous increase in taxpayers’ cumulative growth (more than 20% each year); and found that the primary source of revenue generation in Lagos State was the internally generated revenue (IGR) in which tax revenue constituted about 80%. The result further revealed that there was a long run relationship between the tax reforms and revenue generated in Lagos State; thus, the tax reforms had positive and significant effect on the revenue structure of the State. The study concluded that tax reforms had significantly contributed to revenue generation in Lagos State. Olaoye and Awe (2018) examined taxpayers’ identification number on revenue generation in Ekiti State covering the period 2006 to 2015. OLS was used to analysed the data gathered from secondary source. The result revealed that full adoption of taxpayers’ identification number has a positive significant relationship with internal generated revenue of the state.

3. METHODOLOGY

3.1 Sample Period and Sample Size

The TIN program came into effect in May 2013, anchored by Joint Tax Board (JTB) and Federal Inland Revenue Service (FIRS). However, the period covered by this study for the purpose of the first objective is between December 2010 and September 2015. The pre-TIN period spans from December 2010 to April 2013 while the post-TIN period extends from May 2013 to September 2015. Monthly time series data was sourced
on internally generated revenue (IGR) of Lagos State from Lagos State Internal Revenue Service (LIRS). The choice of using monthly data rather than annual data was premised on the fact that the number of years of its adoption was short to use annual data. The primary data was administered and collected between September and December, 2015 for the purpose of second objective. Population of the study comprised an estimated 1,200 staff of the LIRS. Using the Yamane (1967) sample size determination formula, a sample consisting of 300 randomly selected LIRS staff was drawn.

### 3.2 Model Specification

The dependent variable in this study is revenue generation in Lagos State which is measured by the total amount of internally generated revenue from Lagos State Government. Taxpayer identification number (TIN) which is the independent variable is a dummy (indicator) variable. The model for this study is given below:

\[ IGR_i = \alpha + \beta_1 DUM_{TIN} + \beta_2 DUM_{NTIN} + \varepsilon_i \]  

To avoid dummy variable trap, \( \beta_2 DUM_{NTIN} \) is being replaced by \( \alpha \) and the model is re-stated as follows:

\[ IGR_i = \alpha + \beta_1 DUM_{TIN} + \varepsilon_i \]  

Where \( DUM_{TIN} \) is dummy for TIN period taken to be 1 and 0 otherwise.  
\( \alpha \) = Average IGR collected in the pre-TIN period  
\( \beta_1 \) = Influence of TIN introduction on IGR in Lagos State.  
\( TC_i = f(TIN_i) \)  
\( TC_i = \alpha + \beta_1 TIN_i + \varepsilon_i \)  
Where \( TC_i = \) Tax compliance for cross-sectional unit \( i \)  
\( TIN_i = \) Taxpayers’ identification number for cross-sectional unit \( i \)  
\( \varepsilon_i = \) Random error terms. \( \beta_1 \) is expected to be positive and significant.

### 3.3 Method of Data Collection

Primary and Secondary data were used for this study. The primary data were collected from the targeted respondents through a structured questionnaire. The questionnaire was constructed using a five-point Likert scale. A total of three hundred (300) copies of questionnaire were administered out of which two hundred and twenty-one (221) were properly filled and returned. Secondary data was made up of monthly time series of internally generated revenue obtained from LIRS.
3.4 Method of Data Analysis

The data collected were analysed using both descriptive and inferential statistics. The descriptive method described the variables in the study using percentage and tables. Model 1 was estimated using least square dummy variable regression technique while ordered logistic regression method was employed in estimating Model 2.

3.5 Results and Discussion

Table 1 shows the descriptive features of internally generated revenue (IGR) generated in Lagos State in the period before and after the introduction of Taxpayers’ Identification Number. According to the statistics, the average IGR in the pre-TIN period was N17,532.48 billion in 29 months while that of post-TIN period was N25,177.34 billion.

<table>
<thead>
<tr>
<th>Statistics</th>
<th>Pre-TIN period</th>
<th>Post-TIN period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>17,532.48</td>
<td>25,177.34</td>
</tr>
<tr>
<td>Sum</td>
<td>508,441.80</td>
<td>730,142.80</td>
</tr>
<tr>
<td>Minimum</td>
<td>13,176.20</td>
<td>18,228.20</td>
</tr>
<tr>
<td>Maximum</td>
<td>21,284.40</td>
<td>32,512.00</td>
</tr>
<tr>
<td>Observations</td>
<td>29</td>
<td>29</td>
</tr>
</tbody>
</table>

Source: Salman et al., 2018: 8

This means that the average IGR recorded in the post-TIN period was 43.60% greater than that of the pre-TIN period. As clearly shown on the table, the minimum and maximum values of IGR in the post-TIN period were each higher than those obtained in the pre-TIN era.

Table 2 shows the results of dummy regression analysis conducted to examine the effect of taxpayers’ identification number (TIN) on revenue (RV) generation in Lagos State. The table indicates that the difference in the internally generated revenue (IGR) in the State between the period before TIN and period after TIN was N7,644.867 billion in favour of post-TIN period. As a decision rule, the underlying null hypothesis of no significant difference would be rejected if the calculated probability value (p-value) of t-statistic were less than the significance level of 1%. In this regard, the null hypothesis was rejected since the p-value of 0.000 is less than the significance level of 1%. It is then

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>t-statistic</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>17532.47</td>
<td>28.80</td>
<td>0.000*</td>
</tr>
<tr>
<td>dumtinL</td>
<td>7644.867</td>
<td>8.88</td>
<td>0.000*</td>
</tr>
</tbody>
</table>

F-statistic(p-value) = 78.87(0.0000)* R² = 0.5848

Note: * denotes statistically significant at 1% significance level.
Source: Salman et al., 2018: 8

Table 2 shows the results of dummy regression analysis conducted to examine the effect of taxpayers’ identification number (TIN) on revenue (RV) generation in Lagos State. The table indicates that the difference in the internally generated revenue (IGR) in the State between the period before TIN and period after TIN was N7,644.867 billion in favour of post-TIN period. As a decision rule, the underlying null hypothesis of no significant difference would be rejected if the calculated probability value (p-value) of t-statistic were less than the significance level of 1%. In this regard, the null hypothesis was rejected since the p-value of 0.000 is less than the significance level of 1%. It is then
affirmed that the effect of TIN on IGR in Lagos State is statistically significant at 1%. The F-statistic of 78.87 shows the overall significance of the TIN model at 1% level of significance.

Table 3 shows that 83.7% of the respondents agreed that a harmonised electronic tax payer registration and identification system has been created which facilitates tax administration system in Lagos State, 13.6% were indifferent while a paltry 2.8% did not agree with the statement. With a mean value of 4.12, majority of the respondents expressed a high level of agreement with the statement. Similarly, the table reveals that enforcement of conditional clause like bank transactions, government contracts and government loans facility attached to TIN has been effective according to 92.8% of the respondents whereas 7.2% were undecided. Given a mean value of 4.86, it can be inferred that there is a high level of enforcement of the clause.

### Table 3 Elements of Taxpayers’ Identification Number (TIN) policy

<table>
<thead>
<tr>
<th>S/N</th>
<th>Operational Questions</th>
<th>SA (5)</th>
<th>A (4)</th>
<th>I (3)</th>
<th>D (2)</th>
<th>SD (1)</th>
<th>N</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>A harmonized electronic tax payer registration and identification system has been</td>
<td>70</td>
<td>115</td>
<td>30</td>
<td>5</td>
<td>1</td>
<td>221</td>
<td>4.12</td>
</tr>
<tr>
<td></td>
<td>created which would facilitate information sharing among tax authorities with the use</td>
<td>(31.7)</td>
<td>(52.0)</td>
<td>(13.6)</td>
<td>(2.3)</td>
<td>(0.5)</td>
<td>(100)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>of TIN.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Enforcement of conditional clause like bank transactions, Government contracts and</td>
<td>93</td>
<td>112</td>
<td>16</td>
<td>-</td>
<td>-</td>
<td>221</td>
<td>4.86</td>
</tr>
<tr>
<td></td>
<td>Government loans facility attached to TIN has been effective.</td>
<td>(42.1)</td>
<td>(50.7)</td>
<td>(7.2)</td>
<td></td>
<td></td>
<td>(100)</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Salman et al., 2018: 9*

Table 4 shows the respondents perceptions of benefits accruing from the introduction of taxpayer’s identification in Lagos State. According to the table, introduction of TIN has contributed a lot to tax administration processes in Lagos State given the high level of agreement expressed by the respondents. Given a mean of 4.19, the table indicates that TIN programme helps provide efficient, effective and tax friendly system in the tax administration and collection. With an average point of 4.32, introduction of TIN has helped widen tax base in the sample State. Similarly, there has been a reduction in the cost of tax compliance in the light of mean point of 4.32. In addition, with a mean point of 4.32, TIN system has drastically reduced leakages in tax collection and corruption in tax system.

### Table 4 Benefits of Introduction of TIN policy

<table>
<thead>
<tr>
<th>S/N</th>
<th>Operational Questions</th>
<th>SA (5)</th>
<th>A (4)</th>
<th>I (3)</th>
<th>D (2)</th>
<th>SD (1)</th>
<th>N</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>TIN program helps provide efficient, effective and tax friendly system in the tax</td>
<td>72</td>
<td>120</td>
<td>29</td>
<td>-</td>
<td>-</td>
<td>221</td>
<td>4.19</td>
</tr>
<tr>
<td></td>
<td>administration and collection.</td>
<td>(32.6)</td>
<td>(54.3)</td>
<td>(13.1)</td>
<td></td>
<td></td>
<td>(100)</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Introduction of TIN program widens tax base in Lagos State.</td>
<td>85</td>
<td>122</td>
<td>14</td>
<td>-</td>
<td>-</td>
<td>221</td>
<td>4.32</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(38.5)</td>
<td>(55.2)</td>
<td>(6.3)</td>
<td></td>
<td></td>
<td>(100)</td>
<td></td>
</tr>
</tbody>
</table>
4. There has been a reduction in cost of tax compliance for tax authorities as it becomes easier for tax authorities to collate access and retrieve data.

<table>
<thead>
<tr>
<th>S/N</th>
<th>Operational Questions</th>
<th>SA (5)</th>
<th>A (4)</th>
<th>I (3)</th>
<th>D (2)</th>
<th>SD (1)</th>
<th>N</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>85</td>
<td></td>
<td>122 (55.2)</td>
<td>14 (6.3)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>221 (100)</td>
<td>4.32</td>
</tr>
</tbody>
</table>

5. TIN system drastically reduces leakages in tax collection, eliminates corruption in tax system and enables tax authorities ascertain the actual tax paid.

| S/N | Operational Questions                                                                 | 93 (42.1) | 112 (50.7) | 16 (7.2) | -     | -       | 221 (100) | 4.35 |

Source: Salman et al., 2018: 10

Table 5 presents the respondents’ extent of agreement with level of tax compliance in Lagos State. With mean points of 4.20, 4.17 and 4.17, it can be deduced that level of taxpayers’ compliance has greatly increased in the State.

Table 5 Level of Taxpayers Compliance

Table 6 shows the results of ordered logistic regression which was conducted to evaluate the influence of TIN introduction on taxpayers’ compliance in Lagos State. The results indicate that taxpayers’ compliance (TaxComp) has positive relationship with harmonized electronic taxpayers’ registration and identification system (HETR), and conditional clause like bank transactions, Government contracts and Government loans facility attached to TIN (BCLC). Similarly, the probability of z-statistics (P>z) of 0.023 shows that the null hypothesis of the harmonized electronic tax payer registration and identification system has no significant effect on taxpayers’ compliance in Lagos State is rejected at 5% level of significance while the p-value of 0.019 indicates the underlying hypothesis that conditional clause enforcement has no significant impact on taxpayers’ compliance is also rejected at 5%.

Table 6 Influence of TIN on Tax Compliance

<table>
<thead>
<tr>
<th>TaxComp</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>z-statistic</th>
<th>P&gt;z</th>
<th>dy/dx</th>
</tr>
</thead>
<tbody>
<tr>
<td>HETR</td>
<td>0.13996</td>
<td>0.07177</td>
<td>1.95</td>
<td>0.023</td>
<td>0.025</td>
</tr>
<tr>
<td>BCLC</td>
<td>0.42574</td>
<td>0.18172</td>
<td>2.34</td>
<td>0.019</td>
<td>0.047</td>
</tr>
<tr>
<td>Log likelihood</td>
<td>-213.422</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LR x2</td>
<td>8.95</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prob. &gt; chi2</td>
<td>0.0311</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pseudo R2</td>
<td>0.3837</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
In terms of marginal effect, the table reveals that there is a probability of 0.025% that taxpayers’ compliance will increase if the electronic taxpayers’ registration and identification system is improved by 1% provided that all other things being equal. Further, the likelihood that taxpayer’s compliance would increase is 0.047% if the enforcement of conditional clause embedded in TIN is enhanced by 1% given that all other factors are held constant. Overall, the log likelihood value of -213.422 with p-value of 0.03 shows that the influence of TIN introduction on taxpayers’ compliance in Lagos State is statistically significant at 5% level of significance. As a result, the null hypothesis that TIN introduction has no significant influence on taxpayers’ compliance is hereby rejected.

4. CONCLUSION AND RECOMMENDATIONS

Taxpayers’ identification number (TIN) had experienced steady progress since its introduction. Through the TIN, Lagos State had been able to capture more people into the tax net as there was continuous increase in taxpayers’ registration exercise. The study reveals that taxpayers’ compliance has positive relationship with harmonized electronic taxpayers’ registration and identification system (HETR). Also, the study affirmed that the effect of TIN on IGR in Lagos State is statistically significant at 1% which was buttressed by t-statistic of 8.88 and F- statistic of 78.87. The study further investigated that TIN has reduced leakages in tax collection and corruption in tax system. Marginally, there is a probability of 0.025% that taxpayers’ compliance will increase if the electronic taxpayers’ registration and identification system is improved by 1% and the likelihood that taxpayer’s compliance would increase is 0.047% if the enforcement of conditional clause embedded in TIN is enhanced by 1% given that all other factors are held constant. The following recommendations are suggested to further improve revenue generation in Lagos State:

- Government should improve tax extension and education services to make more people, especially at the grassroots level aware of how to pay tax, benefits of paying tax and the need to have a taxpayers’ identification number among others.
- Government should establishing forensic tax investigation unit that would curb the excesses of leakages, corruption in tax system and tax defaulters.
- Government should impose stringent penalties on tax defaulters so as to reduce tax evasion.

References


This article is an open access article distributed under the terms and conditions of the Creative Commons Attribution - Non Commercial - No Derivatives 4.0 International License.