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Challenges of Tax Auditors and Investigators in Abia State, Nigeria
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Abstract
The intention to undertake this study was to analyze the challenges of tax auditors and investigators in Abia State, Nigeria. The researcher conducted this academic work by using a scaled questionnaire. He took a sample of forty respondents with a population of 400 people that was based on judgmental sampling technique which comprised of chartered accountants, tax consultants and tax officials in public and private sectors in Umuahia, Abia State. The collected data was analyzed qualitatively. Whereupon, the study concludes that the following are the challenges faced by tax auditors and investigators; poor record keeping by tax payers, lack of cooperation by taxpayers and agents, lack of technical manpower, bribery and corruption, obsolete tax laws, low funding of the tax authority, lack of data base etc. The study recommends modernization and automation of tax system, recruitment of qualified professionals who are well versed in tax and accounting among others.

Keywords: tax audit, tax investigation, tax evasion and tax avoidance

Introduction
Tax is an obligatory tariff which is forced by the government through its specialist on pay, capital and utilization of products and enterprises of its subject (Aguolu, 2004). The ambition behind this assessment is to empower government accomplish its social and financial objectives for its residents. Thereby, the government must value the job of all the examiners and specialists who are performing their duties diligently. The expense inspectors and specialists are income authorities accused of the duty of guaranteeing that citizens dispatch to government charge accruable to it and much of the time

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examines when there are issues of tax avoidance and assessment evasion. In addition, charge inspectors and examiners faced with a few difficulties. Until these difficulties are sufficiently handled, income produced by government will consistently be low. The aim of this examination is to inspect those hitches which tax auditors and investigators are facing in Abia State and make a few suggestions. This paper is fragmented into five unique areas. The Segment one is presentation. Area two spotlights on the calculated, hypothetical and experimental investigations. Segment three covers the system. Whereas, segment four emphases on information introduction, examination and dialog of discoveries identifying with this investigation. Segment five is at the end and proposals rising up out of the examination.

2. Literature Review

This part will review previous works on tax audit and investigation. Firstly, a conceptual foundation is provided, followed by a review of prior empirical works. A survey method was used to determine the challenges facing by tax auditors and investigators in Abia State. Last, but not the least, is the data presentation, discussion, conclusion and recommendation.

2.1. Conceptual Framework Tax Assessment

Aguolu (2004) characterized tax assessment as a mandatory levy by the administration through its organizations on salary, utilization and capital of its subjects. Then again, Samuel and Simon (2011) categorized tax assessment as the arrangement of forcing of an essential duty on all salary, products, administrations and properties of people, association, trustees, executorships and organizations by the legislature. Whichever it is characterized, it is a weight that each resident must bear. The nucleus of assessment is to produce income for government and to make a foundation for its residents. There are various classes of expense however the most common in Nigeria are the immediate and aberrant duties (Anyaduba, 2004). The direct assessments are required on the salary of an individual, gathering of people, and business firms and that is paid legitimately by the individual or people on which it is lawfully forced by the expense authority. They incorporate the Personal Income charge, Company Income charge, Capital Gain charge, Education charge Petroleum
Profit duty, and Capital Transfer charge. On the other, backhanded expenses are charges which are on consumption like merchandise and enterprises. These charges are paid as a component of installment for merchandise and enterprises obtained by definitive clients or customers and incorporate into Import and Export obligations and Value included duty (Samuel and Tyokoso, 2014).

2.2. Tax Avoidance

Tax avoidance emerges in a circumstance where the citizens organizes their monetary undertakings in a structure that would make him or her pay the least conceivable measure of assessment. Assessments of the courts in some chosen cases have said that expense evasion is lawful. Notwithstanding, the Federal Inland Revenue Service has the capacity to put aside and impose shirking plans that may bring about fake or imaginary exchanges (ICAN Study Pack, 2009).

2.3. Tax Evasion

Tax evasion is the demonstration where the citizens can accomplish the minimization of duty through illicit methods. It includes misrepresentation and misleading through conscious exclusion of repository of the citizen's salary. The Federal Inland Revenue Service (FIRS) keep an eye on it and may go further to revive the important appraisals past the ordinary statutory cut-off for six years (ICAN Study Pack, 2009).

2.4. Duty Audit

Oyedokun (2016) characterized duty review as an assessment of a citizen's business records and monetary issues to guarantee that the measure of expense revealed and paid are as per charge laws and guidelines. He expressed that duty review is an expansion to the statutory review which is completed by expense authorities. Okonkwo (2014) states that duty review is a significant apparatus for consistence everywhere throughout the world. The Duty Review is not identical to statutory review which is represented by Company and Allied Matter Act (CAMA) 2007 as changed. There are fundamentally two sorts of assessment reviews which are incorporated in work area review. Thereon, at workplace the citizens are more likely to abide by the government rules while the others
would not adhere to such a compliance. Nevertheless, it is critical to take notes of the conditions for choosing cases for duty review and they incorporate steady misfortunes, nil government forms, discount cases, non-accommodation of profits, low assessment yield, doubt of shirking of expenses extortion or avoidance, move mispricing, dainty capitalization and regularly when the citizens demand for expense leeway authentication among others (Oyedokun, 2016).

2.5. Tax Audit

Oyedokun (2016) characterized examination as a procedure of scanning request for certainties. Duty examination, is like some other type of examination. As per Bassey (2013), a charge examination is a degree of enquiry planned for figuring out what level of misrepresentation or determined default or disregard a citizen executed and to get proof for a possible indictment of the guilty party. It is generally started off by doubt of extortion, avoidance and related offenses (Okonkwo, 2014). The commitment could be on finding some concealed wellsprings of income, indicating gross rebelliousness, or it might be about confirmation of extortion and underpayment of assessment (Oyedokun, 2016). Assessment examination is a step by step yet a very careful process of assessment of records of all the citizens. The expense agents have more noteworthy power and authority than the Duty Inspectors as they have capacity to visit and claim important books of records without any notice. They may likewise seal up the citizen's premises and lead inside and out assessment as they may feel appropriate (Bassey, 2013). In certain countries, a charge examination is viewed as a crime that may prompt detainment.

2.6. Legitimate Bases of Tax Audit and Investigation

Preceding 2007 and before the presentation of self-appraisal plot, there were no legitimate bases for duty review and examination. At the same time, with the change that began around 2007, different Integrated Tax Offices have their very own community assessment review and examination units. The expense laws that were revised present powers on duty specialists to complete assessment review and examination. For example, subsection 4 of Section 43 states that "Nothing in the prior arrangements of this Section or in some other arrangements of the
Act will be understood as blocking the Revenue Service from checking by assessment review any issue identifying with passages in any books, archives, records or returns as the Service may now and again indicate in any rule" (ICAN Study Pack, 2009). As indicated by Okonkwo (2014) and Bassey (2013), are explicit arrangements that engage charge specialists which are as follows:

i) FIRS (Establishment) Act, 2007-S.8, S. 23, S 29 and S.35;
v) Value Added Tax Cap. VI LFN 2004. S. 39;
vii) Stamp Duties Act Cap. S8, 2004 S 24; and

2.7. Contrasts between Tax Auditors and Tax Investigators

1. Tax investigators have given more prominent power than expense inspectors. They can seal up a business premises to pace up their work and get every one off the records expected to validate the proof of tax avoidance and misrepresentation.

2. Tax investigators may decide to apply different approaches to his or her work from that of a tax auditor. For the tax investigator, s/he may be concerned with the accuracy of the reported results.

3. In tax investigation, tax investigators are expected to consider more in financial matters cum issues. Other qualitative management information in his or her work while tax auditor will consider the financial information for a single period and all other factors will be secondary.

3. Theoretical Framework

This paper will use a theory known as Classical Theory of Tax Compliance. This is used to explain tax audit and investigation as well as compliance. As per Sambo's examination (as referred to by Oyedokun, 2016), it opines that each citizen is accepted to boost the regular utilities of the tax avoidance bet, adjusting the advantages of effective duty deceiving against the dangerous prospect of
attainment and rejected by the experts of assessment. The theory relies upon assessment review and examination and punishment (Oyedokun, 2016). He professed that the tax compliance theory compels taxpayer to pay tax due to fear and sanctions that may come with nonpayment.

4. Empirical Review

A number of empirical works has been carried out in the very field of tax investigation and audit as lucidly presented in the review that follows:

Abiola and Asiweh (2012) investigated that the Nigerian Assessment Administration and its ability to decrease tax avoidance and create income for advancement of the masses. The investigation utilized 121 online surveys containing 25 pertinent inquiries. Whereas, graphic insights were utilized to dissect 93 usable reactions. In addition, they also found that expansion charge income is a component of viable implementation procedure which is the unadulterated obligation of expense organization. The investigation discovered that Nigeria needs authorization apparatuses which incorporate satisfactory labor, PCs and viable postal and correspondence framework.

James and Moses (2012) in the United Kingdom analyzed the effect of expense organization on income age in creating economy with Nigeria as a contextual investigation. Essential information was gathered by means of polls and examined utilizing basic rates. They found that deficient preparing of staff and absence of current data specialized apparatuses are a portion of the difficulties confronting viable organization of duty in Nigeria.

Ogbonna and Ebimobowei (2012) analyzed the effect of duty changes on the monetary development in Nigeria from 1994 to 2009. Important optional information was gathered from the national Bank of Nigeria (CBN) Statistical Bulletin, Federal Inland Revenue Service (FIRS), and Office of Accountant General of the Federation and other pertinent government offices. The information gathered were broke down utilizing important expressive measurements and Econometric Models as White test, Ramsey Resey test, Breusch Godfrey test, Jacque Berra test, Augment
Dickey Fully test, Johanson test, and Granger Causality test. The outcomes from the different tests demonstrates that duty changes are emphatically and fundamentally identified with monetary development. It was suggested that maintainable financial development cannot be accomplished aside from out of date charge laws and rates are audited in accordance with macroeconomic destinations.

Zakariya and Muzainah (2015) investigated the issues and prospects of expense organization in Nigeria utilizing Gombe as a contextual analysis. Auxiliary information and field overview were utilized by the consultants. They discovered poor working conditions, lacking open mindfulness and poor compensation in addition to other things as issues confronting Gombe state inner income administration.

Onuoha and Dada (2016) analyzed expense review and examination as goals for the accomplishment of a proficient assessment organization in Nigeria. The examination embraced an interpretive methodology utilizing content investigation of existing writing. The examination uncovered that expense review and examination are vital to improving the accumulation of duty incomes in Nigeria. Expectedly, they found a high pervasiveness of rebelliousness as respect to charge installment among people and organizations in the nation on account of government inability to give essential framework. The examination likewise discovered that there were no lawful instrument that explicitly empowered the assessment specialists to endorse those that are seen as liable separated from the Federal Inland Revenue Service (FIRS) Act and National Tax Policy Act. The paper prescribed that legislature should audit the empowering FIRS Act with the end goal of fortifying the Act to make resistance with duty laws a progressively genuine offense with stiffer punishments.

5. Methodology
The population of the study was 400 consisting of chartered accountants, tax consultants and officials of tax revenue in Umuahia, Abia State. A survey of public and private sectors in Umuahia, Abia State on a judgmental sampling was of 40 chartered accountants, tax consultants and tax revenue officials. The overview
strategy is favored in light of the fact that it is most proper for gathering information and master view of contemporary issues. The decision of sanctioned bookkeepers, charge specialists and expense income authorities are educated by the general conviction that these classes of individuals are increasingly acquainted with the contemporary issues and progressively experienced. The examination utilized both essential and auxiliary information. Essential information was gathered with the guide of a poll while a broad survey of writing gave the auxiliary information. A total of 40 respondents completed the survey instruments, of these, 20 (50%) were chartered accountants, 10 (25%) were tax consultants and 10 (25%) were tax revenue officials. Each question was reviewed on the test on Strongly Agree (SA), Agree (A), Undecided (U), Strongly Disagree (SD) and Disagree (D). Figure 1 represents the respondents’ status while Figure 2 represents the challenges facing tax auditors and investigators presented in graph with their percentages.

![Figure 1. Respondents status](image1)

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Figure 1. Respondents status
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![Figure 2. Challenges of text audit](image2)

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Figure 2. Challenges of text audit
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6. Discussion of Findings and Conclusion

Survey method of data collection revealed that lack of record keeping by taxpayers, lack of cooperation by taxpayers and agents, lack of technical manpower, bribery and corruption, obsolete tax laws, low funding of the tax authority, lack of data base, inadequate training of staff, lack of motivation among other challenges facing tax auditors and investigators in Abia State.

6.1. Lack of Record Keeping by Tax Payers

The result shows that one hundred percent (100%) of the respondents believe that lack of record keeping by taxpayers is one of the challenges facing tax auditors and investigators.

6.2. Lack of Cooperation by Taxpayers and Agents

One hundred percent (100%) of the respondents agree that lack of cooperation by taxpayers and agents is a challenge facing tax auditors and investigators.

6.3. Lack of Technical Manpower

One hundred percent (100%) of the respondents believe that lack of technical manpower is one of the challenges. This is in agreement with Abiola and Asiweh (2012). In their study, they found out that Nigeria lacked enforcement machineries among which manpower is the biggest challenge.

6.4. Bribery and Corruption

One hundred percent (100%) of the respondents are of the opinion that bribery and corruption are a burning issue. They pointed out that most tax auditors and investigators are themselves corrupt as they often plan with taxpayers to cheat government.

6.5. Obsolete Tax Laws

Ninety-five percent (95%) of the respondents believe that obsolete tax laws are one of the matter. Ogbonna and Ebimobowei (2012) both agree with the results and believe that one cannot achieve a meaningful economic growth till the elimination of outdated tax laws which are reviewed in line with macroeconomic objectives.
6.6. Low Funding of the Tax Authority

Eighty percent (80%) of the respondents believe that low funding of the tax authority is a monumental task. They pointed out that tax authority lacks the required funds that can achieve their revenue targets.

6.7. Lack of Data Base

Seventy-five percent (75%) of the respondents pointed out that lack of data base has also been identified as an obstacle faced by tax auditors and investigators in Nigeria. No data is available to compare the validity of accounting records. Even when data is available, the issue of subjectivity will arise.

6.8. Inadequate Training of Staff

Deficient preparing of staff is distinguished as a test. (70%) of the respondents coincides that assessment evaluators and specialists are not sufficiently prepared. This concurred with James and Moses (2012). In their investigation, they discovered that insufficient preparing of work force and absence of current data specialized devices are a portion of the difficulties confronting by organization of duty in Nigeria.

6.9. Lack of Motivation

About sixty-three percent (63%) of the respondents are of the opinion that lack of motivation of tax auditor and investigator is a test. They pointed out that tax auditors and investigators are not adequately motivated as a result, it affects their performance and moral.

The results of the findings showed that majority of the challenges were in agreement with the empirical review (Zakariya and Muzainah, 2015; Abiola & Asiweh 2012; James & Moses, 2012). The implication of the findings are that, as long as these challenges persists, tax audit and investigation may not yield the exact outcome for which it was created.

7. Conclusion, Summary and Recommendation

This study examined the challenges of tax auditors and investigators in Abia State. These challenges are poor record keeping by tax
payers, lack of cooperation by taxpayers and agents, bribery and corruption, lack of funding, inadequate training of staff, lack of technical manpower, lack of motivation of the tax auditors and investigators, lack of data base, obsolete tax laws among others. The study therefore, recommends that mechanism of tax collection by tax auditors and investigators be free from corruption and embezzlement, tax auditors and investigators be made available with new tax laws, building capacity of tax auditors and investigators to enable them to tackle issues of tax evasion, modernization and automation of tax system, recruitment of qualified professionals be well versed in tax and accounting among others.

References


