INFORMAL SECTOR TAX ADMINISTRATION AND WAYS OF REDUCING TAX EVASION AND FRAUD IN THE HARD TO TAX SECTOR IN NIGERIA - THE WAY FORWARD

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Abstract: Administering the Informal Sector (IS) for tax purposes and ensuring IS Tax Compliance (TC) has become a focus of attention by scholars and policy makers in recent time because of IS relevance to countries and its revenue generation potentials. Although, IS Tax Administration (TA) poses some difficulties due to administrative challenges and cost implications, incomplete records of account and nature of business activities which has led to high rate of Tax Evasion and Fraud (TEF). Researchers had conducted study on IS with less focus on TA and TEF. It is against this background that the study examined IS TA and ways of reducing IS TEF in Nigeria. Exploratory research design was employed with emphasis on literatures in the area of accounting and taxation. The study concluded that a good IS TA will reduces administrative time, provide a robust IS taxpayers database while adoption of technology will reduce the incidence of TEF, enhance tax burden redistribution, increase accountability and transparency with a qualitative tax service. The study recommends that government should ensure provision of economic and social needs of the citizens with tax collections; this will enhance the standard of living of the citizens and propel Voluntary Tax Compliance (VTC). Appropriate monitoring of the IS for TC should be carried out while a special tax court should be established for instant tax justice on tax defaulters. In addition, there should be need for IS taxpayers Tax Identification Number and tax laws simplifications in order to promote VTC.

Keywords: Accountability, Informal sector, Tax Administration, Tax compliance, Tax evasion and fraud, Transparency

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1.0 Introduction

A taxpayer is any individual, firm or organisation who or that is liable to pay tax, whether a tax is paid or not. These are individuals, firms, organisations or other form of entities who or that are liable to pay tax to the government either at the federal, states or local governments’ level in line with relevant tax laws. According to Webley, Robben, Effersand Hessing(1991), taxpayers are categories into three, these are those who never evade taxes; those that will try to evade taxes now and then; and those that evade taxes on regular basis. In the same vein, Vogel (1974) and Torgler (2003) also classified taxpayers into three different classes, these are social taxpayers (these are those influenced by social norms who feel guilty and ashamed when caught); intrinsic taxpayers (these are those sensitive to institutional factors); and tax evaders (these are those with low or no tax morale). In all these forms of classification, the type of tax payment made to the government by taxpayer is called tax revenue, therefore, tax revenue is one source of finance available for financing government expenditures and the promotion of country’s sustainable development goals (Adekoya, 2020).

Federal Ministry of Finance, Nigeria National Tax Policy (NTP) (2017) defined tax as any compulsory payment to the government as stipulated by law without any form of direct benefit or return of value or service whether it is called a tax or not. Morozumi and Veiga (2016) viewed tax as a compulsory levy imposed by government on individual’s or firm’s incomes, or properties as assessed by relevant tax authority. A tax is also defined as a compulsory levy imposed by constituted authorities on taxpayers in line with the relevant tax law (Enyi, Akintoye & Adekoya, 2019). Tax payment therefore, is a form of patriotic behaviour or civic responsibility to the
government. It is a compulsory contribution to aid administrative, economic, political and social governance as most government expenditures rest on taxes and non-taxes sources of finance. OECD (2017) also defined tax as a compulsory and unregulated payment to the government. It is termed unregulated as the benefits provided by government to taxpayers are not in most cases in proportion to the tax payments by the taxpayers. One of the key challenges that faces tax system in Nigeria and most developing countries is the high levels of tax evasion and fraud especially among the informal sector operators. According to Adebiyi and Gbegi (2013), this has created a gap between actual tax collections and expected tax revenues on yearly basis, this in most cases had led to high tax gap.

Tax gap is the measurement or estimation of the differences between actual tax revenue collected in a year and the amount that ought to have been collected when there is full compliance by all taxpayers. Tax gap arises through the level of non-compliance or tax evasion. Tax gap seem probably high in Nigeria due to high level of tax evasion and fraud predominantly pronounced in the informal sector. It is a common indicator for evaluating the efficiency of tax collections and the rate of tax evasion in a country. It occurred as a result of deliberate, carelessness or recklessness failure of taxpayer to register with the tax authority, failure to file tax returns, failure to accurately declare tax liabilities and failure to make tax payment on assessed tax liabilities or debts. Tax gap is measured on tax by tax basis with the exclusion of penalties and interest in order to aggregate its value across all taxes for determining total tax gap amount in a year. A smaller tax gap is not always an indication of effective tax administration as tax revenue collections could be enhanced through higher administrative costs while a high tax gap could be an indication of administrative lapses and lack of tax morale among the taxpayers.

In a direct tax system, tax gap or tax evasion is prominent in the informal sector while it is minimal in the formal sector. Most individual taxpayers (civil and public servants) in the formal sector complied with tax payment on regular basis through the platform of Pay As You Earn (PAYE) tax system while most taxable persons in the informal sector also tag as hard to tax sector pays little or nothing as tax to the government on yearly basis. This has made many taxable persons operating in the informal sectors to be outside the tax net. The question is, why so few Nigerians individuals or firms operating in the informal sector pay tax while majority evade tax? A growing informal sector in developing countries is a potential tax revenue focus to the government in achieving its infrastructural, economic and social development but the reverse is the case. In Nigeria, informal sector tax administration needs all forms of reform for achieving the best from the growing informal sectors. This reform will improve tax compliance, fairness in the tax system, enlarge the existing taxpayers’ data base, increase tax effectiveness and efficiency, ensure integrity of tax administration system and quality of tax service, and enhance transparency and accountability in the application of relevant tax laws by the government in achieving a good tax revenue drives and increase tax collections.

All over the world, government requires fund to finance its administrative, infrastructural, social and economic development as highlighted in the annual budget. The ability to achieve these objectives in most developing countries has been hinder by lack of fund and economic melt-down. Lack of fund through taxation at times are due to high level of tax evasion and fraud from taxpayers with much focus on the informal sector operators, low per capital income, shortage of institutional capacity for tax collections from the informal sector, and the poor structure of the tax system which makes taxation difficult and cumbersome to undertake. In Nigeria, the volatility of oil revenue as a result of often fluctuation in the oil price in the global markets has also posed a serious challenge to government finance in achieving its fiscal management policy and budget implementation. According to Egwaikhide (2019), Nigeria domestic tax revenue collections by the three tier of government was very low in (2000-2002) and (2014-2017), averaging a Gross Domestic Product (GDP) of 5.8% and 3.9% respectively. This GDP percentage seem very low when compared with other neighboring countries, such as Burkina Faso 15.3% in 2015, Cote D’ivore 14.0% in 2015, and Ghana 14.9% in 2010. In addition, the recent COVID-19 pandemic and financial crisis which added to the existing economic meltdown in the world at present has also pose a challenge for tax administration in some developing countries, this has created high rate of compliance risks. In order to fund the sustainable development Goals (SDGs) which has been adopted by most developing countries, adequate fund is required therefore; there is need for revenue shifts and better approach to tap into other sources of revenue such as direct tax. The area of focus is the informal sector taxation which had been neglected for years and badly administered or managed by tax administrators.

Tax administration embraces all forms of administrative procedures to ensure that taxes are paid by prospective taxpayers at the right time and with the right amounts. The essence of good tax administration is to ensure
administrative efficiency, proper monitoring, evaluation of tax policy and to educate the citizens on their social responsibility to the government in respect of tax payment. In most developing countries, tax administrations are under financed and this had led to weak administration, corruption and poor tax governance which is associated with low tax revenue generation (IMF, 2011). Ineffective tax administration affects government ability to collect tax revenue especially from direct taxes (Fjelstad & Semboja, 2001) while complexity is also a problem to tax administration especially where the tax laws are written in an ambiguous manner which affect understanding, comprehension and administrative decision. In line with this, Adekoya, Oyebamiji and Lawal (2019) concluded that tax laws complexity is one of the deterrence of tax compliance behaviour, this enhances tax evasion and increase the cost of tax collection and taxpayer’s comp-liance cost.

A tax systems which comprises of tax policy and tax administration are vital to the success of fiscal policy and public sector management. A modern day tax administration should be tailored towards voluntary tax compliance, a good tax services and reduction in the cost of tax collections. Therefore, the use of enforcement in tax administration should be minimised as this brings about acrimony in tax administration, it also leads to extortion from tax officials. A better understanding and strategy towards voluntary tax payment, reduction in tax fraud and tax evasion should be pursued in order to achieve the revenue realization as highlighted in the annual budget estimate. Besides, a strong and sustainable tax system is require for informal sector tax administration in order to increase the level of taxpayer’s voluntary tax compliance.

Tax evasion is not a new phenomenon, it has been in existence for centuries and obtainable globally, ithas become a serious concern tothe government and tax authority. Tax payment is an act not cherished by citizens because most taxable persons does not like paying tax and this has always lead to high rate of tax evasion (Adekoya, 2020). Right from the third century, tax evasion is pronounced where wealthy Roman buried their stock of gold coins and jewelries to evade taxes while in the eighteen century, especially in England, home owners temporarily blocked their homes and properties with burn-fire to stopped pesting of tax demand notices by tax collectors (Slemrod, 2007). Tax evasion and fraud work against the nation’s infrastructural, economic and social development, in addition, its negative effect undermine the principle of tax laws, fairness and equity in tax system. Tax evasion and fraud practices in the Nigeria informal sector are alarming issues that require quick intervention of good tax administration. A high level of tax evasion in this sector leads to reduction in tax collections and shortage of financial resources which ought to be available for provision of goods and services, it affect income redistribution and economy stabilization, and ability to carry out the function of fiscal policy. The ability to reduce this form of tax behaviour among the prospective taxpayers in the informal sector has become a tedious exercise due to ineffective tax administration. According to Bank of Industry (2018), effort should be made by the government to understand the dynamics of the informal sector and design the best way to tap the potentials and benefits accruable from this sector. This could be achieved through adequate regulations, better administration and mechanism of integrating the informal sector into the tax data base, while on the long run to ensure ways of making informal sector business becoming a formal business.

This paper therefore, examined the informal sector tax administration and ways of reducing tax evasion and fraud in the sector which is also known as hard to tax sector in Nigeria. The study suggest methods of improving tax administration in the informal sector, the techniques of rendering efficient quality service to taxpayers in the informal sector in order enhance and increase tax revenue collections, and also suggest the approach to minimise the rate of tax evasion and fraud among the taxable individuals’ or firms operating in the informal sector. The paper is divided into four sections; these are introduction, literature review, methodology, and discussion, conclusion and recommendations.

2.0 Literature Review

2.1 Conceptual review

2.1.1 Informal sector – Informal sector involves those economic activities or forms of business which are not fully regulated by the government, itshares the larger percentage of the economy where majority of the citizens depends for livelihood. These are small, mini and micro business enterprises involved in business activities such as substantive agriculture, trading, transportation, professional services, entrepreneurship, entertainments and various kinds of artisans. They are unregulated form of business enterprises with easy form of entry and exist, with no government regulation and mostly family forms of business. International Labour Organisation (ILO) (1972)
defined informality as a way of doing business which is characterized by family ownership; ease of entry; reliance on indigenous resources; unregistered and competitive markets; purely labour intensive and adaptive technology; small scale operations; and skills required outside that of the formal sectors. In most developing countries, informal sectors are reported to account for 35-50% of the country’s Gross Domestic Product (GDP) (Ndaka, 2017) in addition, Obara and Nangih (2017) also reported that informal sector accounted for 75% of the country’s economy. In Nigeria, the informal sector contributes to the country economic and sustainable development, and it account for significant percentage of employment and GDP. Informal sector in Nigeria is estimated at about 65%, it cut across all activities such as mining and quarrying, agriculture, construction, trading, entertainment, and manufacturing. It accounted for 90%, 80% and 60% of new job, non-agricultural employment and urban job creation respectively in Nigeria (CISLAC, 2014). According to National Bureau of Statistic (NBS) (2019), informal sector contribute 58% to GDP and 80% to employment rate in Nigeria in 2019.

Tax compliance in the informal sector has become a great problem for tax administrators on yearly basis, as most developing countries find it difficult to tap the tax revenue potentials immersed in the informal sector due to administrative, legal and structural challenges. Informal sector annual contribution to tax revenues in Nigeria is marginal despite the huge activities of transactions in the sector that are taxable but rather taxes were evaded or avoided due to lack of tax morale, weak tax system and administrative lapses in capturing the taxable person into the tax net or data base. Researchers had come up with various challenges attributable to low tax revenue collections from the informal sector which in most cases leads to high level of tax evasion. Some of these problems are poor record keepings; infrastructural decays, lack of accountability and transparency, poor publicity and enlightenment campaign, poor understanding of the tax laws; culture of deliberate tax evasion and avoidance; bad governance; corruption; quality of service inefficiency; and illiteracy which shape tax morale among the taxpayers(Adekoya, Olaoye & Lawal, 2020; Munjeyi et al.,2017; Obara and Nangih, 2017). Proffering solution to all these problems or some of these problems through administrative approach will enhance tax collections from the sector and better the purpose of governance.

2.1.2 Tax administration –Tax administration as a framework deals with the powers and duties of relevant tax authorities as highlighted in the relevant tax laws. Tax administration plays a vital role in determining the effectiveness of tax system in country. It involves the procedures, principles and strategies for an effective tax planning, levying, collection, proper accountability and transparency (Appah, 2014; Ogbonna & Appah, 2016). Tax administration anchor on tax laws compliance, tax laws compliance by taxpayers depends on certain factors such as economic situation, citizens’ support to government tax policy, citizens’ tax morale and taxable person’s willingness to comply with relevant tax laws. In a good tax administrative system, voluntary tax compliance should be encouraged by the tax authorities but to achieve this, it depends on taxpayers’ and tax authorities’ relationship which is anchor on quality of tax service and trust. According to Ali Al-Taffi and Abdul-Jabber (2016), improvement in the informal sector tax compliance can be achieved with excellent quality of tax services provided by tax officials. This means that a high level of quality of tax services will lead to a positive tax compliance behaviour among the taxable persons. Tax administration organs in Nigeria are classified into Federal, State and Local government. The apex unifying body for all tax authorities in Nigeria is Joint Tax Board (JTB) created by Section 86 of the Personal Income Tax Act (PITA) Cap. P8 LFN 2004. This is followed by the Federal Inland Revenue Services (FIRS) established by FIRS (Establishment) Act, 2007. Also Tax Appeal Tribunal (TAT) was established under section 59(1) of the FIRS (Establishment) Act 2007. Each of the thirty-six States in the country and federal capital territory has Internal Revenue Service (IRS) established by Section 87(1) of PITA Act Cap. P8 LFN 2004 (as amended 2011) while Local Government Revenue Committee (LGRC) operates at the local government level.

Tax administration functions involves rendering of good quality of tax services through prompt taxpayers’ registration, tax enlightenment and publicity, tax return and payment process, dispute resolution, enforced tax return filing and debt collection, and prosecution where necessary. Therefore, in a good tax administration, tax revenue generation can be improved through the use of information technology, promotion of voluntary tax compliance, constant tax education and public enlightenment, development of tax audit system to curb corruption and tax fraud, publication of tax evaders names in the media to serve as deterrence to others, issuance of letter of commendation to deserving taxpayers, enhancing the quality of tax services, simplifying taxes and tax payment procedures, collaboration with other relevant agencies for data base improvement, and to address any perceived inequalities in the tax system. Despite all these, in some developing countries, tax revenue generation are characterized with widespread evasion, corruption and coercion (Bird, 2015). It should be noted that a high tax
collections in a period does not indicate best tax administration as the tax revenue might be generated from easy
to tax sector such as direct taxes from wages and salary of skilled workers which are paid through the platform of
Pay As You Earn (PAYE) system whereas, it might become difficult to collect tax revenue from individuals,
business enterprises and professionals operating in the informal sector. Besides, the level of tax collections does
not signify the measures of the effectiveness of tax administration in a country (Bird & Casanegra de Jantscher, 1992).

Tax authorities adopt two methods to deter tax evasion, these are deterrence and non-deterrence. Deterrence
method also known as traditional approach involves the use of audits, penalties and fines while non-deterrence
method uses voluntary tax compliance approach which depends on the level of taxpayer’s morale. The application
of deterrence method to tax evasion has been reported with mixed feeling among researchers based on its success
or failures in reducing tax evasion. Deterrence method of tax compliance according to Becker (1968), and
Allingham and Sandmo (1972), is a form of tax evasion which depends on the relationship between the costs and
benefits associated with the act. Where the expected benefit is greater than the cost, taxpayer will prefer the option
of evading payment of tax. In such an instant, deterrence tools of audit, penalties, fines and other form of tax
administration intervention will be vital. Although, an increase in deterrence method at times does not lead to an
increase in tax compliance among the taxpayers even with an associated higher cost. Alternatively, trust and
fairness in tax administration should be considered which will enhance taxpayers’ voluntary tax compliance
behaviour and probably increase taxpayers’ tax compliance. According to OECD (2010), trust and fairness are key
phenomena in tax administration in reducing the rate of tax evasion, even among the informal sector taxpayers.
Kirchler, Holzl and Wahl (2008) asserted that audits and fines become relevant in an environment of mutual
distrust with low level of trust in governmental institutions and tax administrators while in an environment of high
level of trust in government, fines and audits are termed as authoritarian and work negatively against tax
compliance. Various researcher on deterrence tools have come up with different divergence on its impact on tax
compliance, those with evidence of an increase in tax compliance are (Asnawi, 2016; Engida & Baisa, 2014;
Slemrod, Blumenthat & Christian, 2001), those with evidence of reduction in tax compliance are (Gangl, Torgler,
Kirchler & Hofmann, 2014; Modugu & Ayaduba, 2014; Walh, Kastlinger & Kirchler, 2010); while those with
evidence of no effect on tax compliance are (Alm, Jackson & McKee, 1992; Devos, 2004).

Furthermore, tax laws, tax knowledge and tax awareness are germane in tax administration for the purpose of
enhancing tax revenue collections, therefore, it is the duty of government and its tax authorities to ensure a strict
adherence to the relevant tax laws for purpose of effective and efficient revenue generation (Adekoya, Oyebamiji
& Lawal, 2019). Hastuti, (2014) opined that tax awareness in respect of relevant tax laws by taxable person will
ensure the ability to determine tax liability, makes tax payment promptly and achieve a seamless tax return. Tax
awareness and tax knowledge are human in nature and it shows how taxpayer understands and responds to tax
payment especially in a self-assessment system. Tax awareness and knowledge means that taxpayers are willing to
pay tax based on their understanding of the tax laws without any form of enforcement, coercion or adjudication,
that is, taxpayers embraces voluntary tax compliance. Lack of tax awareness on taxpayer’s civic responsibility
among the taxable person in the informal sector is a major problem that works against tax collections in most
developing countries.

Kamil (2015) reported that tax revenue generation depends on taxpayers’ level of tax awareness and knowledge as
this either increase or decrease the level of tax compliance and tax revenue. Although, tax ambiguity or illiteracy at
times works against tax payments by taxpayers in the informal sector as most operators are either semi-literates,
iliterate or unskilled, therefore, clear knowledge of the tax laws will propel tax compliance and ensure tax
payments. Tax awareness is low in the Nigeria informal sector, according to Kasum, Abdul-Kasum and Osemen
(2013), cited in Lateef, Sahhed and Onipe (2015) Nigeria has a low level of tax awareness due to weakness in tax
administration as a result of low tax publicity and tax education. In order to increase tax compliance rate especially
in the informal sector, Gash (2014) recommends that tax authorities should carry out continuous tax education
programmes for taxpayers in order for them to understand and discharge their civic responsibilities; this will
enhance tax compliance and increase tax collections. In the same vein, Adekoya (2020) opined that to achieved a
good tax compliance rate in the informal sectors, tax administrators should simplified the process of filing tax
returns among the taxable person in the informal sector while the government and its tax authorities should
exhibit accountability and transparency in tax revenue collected, this will bridge trust between the government, tax
administrators and the taxpayers.
2.1.3 Tax administration approach to informal sector tax compliance

Basically, tax compliance in the informal sector can be achieved through the process of a good tax public relation, this will build tax conscious environment among the prospective taxpayers and the government. Strengthening the country tax administration in order to tap into tax revenue potentials in the informal sector is vital to most government in developing countries. Ndaka (2017) opined that for any meaningful progress in government public clientele, it require re-appraising of tax administrative policy and regulations. This involves good tax knowledge, trust between the taxpayers and the government, good tax administration system, and a good relationship with the media and advocacy group for proper tax education. A good tax administration in the informal sector will involve three ingredients, these are simplification of tax system for easy application, adoption of strategy for informal sector tax administration and the political will to implement extant tax laws by policy makers and managerial personnel. Therefore, informal sector tax compliance can be achieved through good quality of tax services and good administration in order to propel or promote voluntary tax compliance. Voluntary tax compliance means taxpayers willingness to file tax returns without any forms of coercion or force from the tax authorities or government. According to Gangl, Hafman and Kirchler(2015), voluntary tax compliance involves tax payment by taxable person without any form of force or coercion but by means of positive empathy of the taxpayer. It is a form of deliberate compliance with the relevant tax laws by taxpayers without any form of force. Voluntary tax compliance according to Modugu, Erarghe and Izodonmi (2012) depends on government’s accountability perception by the tax payers which act as instrumental factors that enhances tax payers’ moral.

Other form of approach to tax compliance in the informal sector is the application of deterrence method of enforced tax compliance of audits, penalties and fines. This is a form of tax compliance with a perceived high power of authorities by the tax authorities or government. According to Kirchler (2007); and Kirchler et al., (2008), perceived power is based on the deterrence effect of sanction and audits by the tax authorities. It is a situation where a taxable person complied with tax payments by coercion and force by the state or its agencies using audit, fine and sanction as deterrence or where taxpayers complied for fear of audit or sanction. The effects of this deterrence method of power of authorities’ in literature had become inconclusive as some researchers reported positive effects while some others affirmed negative effects. According to Kirchler et al., (2008), tax authority with too much power over taxpayers’ will create mutual distrust between the taxpayers and the tax authorities, this is known as antagonistic tax climate. An antagonistic tax climate is where the tax authorities act on the assumptions that taxes are being evaded by taxpayers, whereby, tax authorities can decide to apply tax audit and other forms of sanction of punishment in coercing taxpayers to honestly pay taxes. Although, this approach could make the taxpayers to feel persecuted and therefore, takes other step to evade or get away from paying tax. These coercion tools are:

(i) Tax Audit

Tax audit is one of the deterrence methods to deter or minimise tax evasion behaviour among the taxable person. This can be applied where it is necessary to bring evaders to book and ensure tax compliance. This approach can be viewed in two ways. Firstly, ways of selecting taxpayers for audit exercises and secondly, how much is the audit intrinsic. The tax audit exercises involve fixed administrative cost, therefore an increase in tax audit level leads to increase in administrative cost of audit while it brings about decrease in other administrative functions or cost of tax collections and taxpayer’s service. In line with this, Allingham and Sandmo (1972) submitted that an increase in detection probability will lead to more incomes to be generated from tax when taxpayers’ declares their incomes through a process induced by letter of notification. Alm, Bloomquist & Mekee (2017) also reported that peer effect such as neighbor information on penalties, audit frequency and tax returns submission have a high influence on taxpayer filing and reporting decision along with taxpayer compliance behaviour.

(ii) Fine and Penalty

The role of fines as a means of deterrence policy is very important. According to Kirchler et al (2008) fine and penalty can be seen as “cops and robber” in an antagonistic climate while in a synergistic climate, fine and penalty can be seen as a means of punishment for harmful activity against the nation. Any form of fines that is seen to be too low will indicates weak authorities and lack of power to control tax defaulters, this reduced trust among the honest taxpayers. Fines that are too high or inappropriate due to error or mistake in tax returns from ambiguous tax laws is a perception of redistributive justice, according to Kirchler et al., (2008), this leads to tax evasion and the
tax evaders will do all things to regain losses borne through fines.

(iii) Forensic accounting

Forensic accountants are used to discover and reveal tax fraud and evasion. The two forms of forensic accounting are investigative or fraud accounting and litigation supports. This deterrence approach can be used to enhance tax collections in the informal sector and ensure increase in tax compliance where necessary. Baird and Zelin (2009) defined forensic accounting as an investigative tool for detecting fraud. Dada, Owolabi and Okwu (2013) viewed forensic accounting as combination of accounting, auditing and investigative skills to examined fraudulent activities and tax evasions. According to Adekoya, Oyebamiji and Lawal (2020) forensic accounting involves the application of scientific skills and techniques for investigating illicit financial activities and transactions. It also bring out evidence tenable in court for litigation purposes. There are various factors that militates against the application of forensic accounting for tax revenues in the informal sector, these are legal framework, shortage of forensic accountants, low level of awareness, and high cost and time associated with evidences gathering that can be tenable in court for tax litigation and resolution.

2.1.4 Problems of tax administration in the informal sector

1. Corruption

The presumed corrupt practices carried out by staff of tax authorities is a factor that militate against tax administration and minimisation of tax evasion. Corruption is an institutional variable that lead to high rate of tax evasion in most developing countries. This involves bribery, embezzlement, tax revenue fraud, extortion, collusion, and administrative and political interference. The quality of tax administration can be enhanced through reduction on the various opportunities opened for corruption and fraudulent activities within the system.

2. Quality of tax service

The quality of tax service rendered by the tax authorities is key to tax collections in developing countries but this has been a major challenge as many taxpayers are dissatisfied with services rendered by tax authorities. This laxity involves administrative lapses such as lack of tax awareness, tax education, inadequate publicity, inappropriate public relation and irrational behaviour of some tax officials.

3. Trust

Mutual trust from both the taxpayer and tax authority towards each other induces better tax revenue collections. Citizens’ trust in the government and the tax authorities will induce voluntary tax compliance but lack of trust leads to high rate of tax evasion, maladministration and tax revenue loss from the informal sector. This means that there should be a connection between tax payment and public goods and services provided by the government with the tax revenue collections but in most cases, what we have are institutional failure and disconnects from the government, weak and unsatisfactory perception of government by the taxpayers, this translates to lack of trust between the government and the citizens.

4. Accounting records

Most of the informal sector business transactions are done without recourse to proper keeping of accounting records or book of transactions. Lack of accounting records of the daily business activities by the informal sector operators in most cases hinder the tax authority ability to determine the assessable profit and tax liability. It creates administrative bottle neck of tax assessment and administration which gives room for tax evasion, corruption and tax fraud within the tax system.

5. Taxpayer’s residence and tax identification number

In most cases, there is problem of identifying the residence of the informal sector operators and this leads to the inability to register them and allocate Tax Identification Number (TIN). This is a major challenge as most operators move from one point to another with no specific base of residence. The inability to capture these
prospective taxpayers in the tax net and database due to unregulated nature of informal sector business activities leads to loss of tax revenue loss. This has become an issue to the relevant tax authority in tracking and assessing the informal sector operators to tax payment.

6. Security challenge

In tax administration, monitoring and revenue generation, tax officers are in most cases molested, harassed, beating and face other security challenges in the course of tax revenue drive. The staffs in most cases are not provided with adequate security in the course of carrying out their basic role of tax revenue drive, data collection and monitoring. This security challenge has demoralized tax officers’ morale on revenue drive. This has contributed to an increase in the rate of tax evasion and fraud in the informal sector.

7. Tax court/tribunal

Deterrence method of enforced tax compliance might require adjudication process. This could be high in the informal sector due to the nature of business operation with lack of accounting records for assessing business activities to tax payment. Best of Judgment (BOJ) at time is used by tax authorities to determine tax liability and this might be in variant with the informal sector operators’ expectation. This could lead to adjudication process in a court or tribunal but lack of independent tax court or tribunal limit tax administration effectiveness for quick resolution and also in pursuing and bringing to justice the tax evaders. Many cases on tax fraud, evasion and other malpractice are prolonging in the conventional court for adjudication. This has seriously gives room for other taxpayers to join suit in evading tax since those previous defaulters in the society are not penalized or punished for their criminal activities. These widen the tax gap and rate of evasion on yearly basis.

8. Political interference in tax administration

Political and administrative interference has become pronounced in most developing countries in respect of tax revenue drives and collections. This act is normally perpetuated by most government officials and political offices holders who interfere in tax revenue generations in order to gain undue favor during the time of election. Tax laws are put aside to take advantage of votes from informal sector operators. They are allowed tax free holiday by tax officials based on the directives of higher authorities for political gain during the time of election.

9. Capacity constraint and shortage of working tools

Tax authorities at time lack the required skilled personnel to carry out good revenues drives. Tax administrator’s faces the challenge of recruiting professional into the system as tax officers; this is due to low remuneration package payable in the civil service. Professionals and expertise will prefer to find solace in the private sector rather than the public sector. Tax revenue drive is left into the hands of semi-skilled and unprofessional. It is assumed that the private sector provide better salary package and gives more opportunities for career advancement. In addition, tax authority’s offices are underfunded with less emphasis on availability of modern working tools, monitoring vehicles, conducive administrative offices and incentives for revenue drive. All these has hinders revenue generation, monitoring and the enforcement of tax laws.

2.1.5 How to strengthen tax collection, governance and administration in the informal sector.

1. To minimise corruption in tax collections

Revenue administrators should institute the mechanism to prevent and curb corruption and fraudulent practices on tax matters. Adekoya and Enyi (2020) opined that control of corruption in tax administration and collection will enhance voluntary tax compliance. Government should therefore, instill adequate strategies for controlling all forms of corruption on tax matters. Necessary measures should also be put in place to ensure zero tolerance toward corruption while stiff punishment and penalties be pronounced for tax corruption and fraudulent tax practices.
2. Establishment of tax tribunal/special tax court

The right of both the taxpayers and tax authorities are vital for good tax administration therefore, an independent office or body needs to be set up for prompt and timely adjudication on tax matters. Establishment of tax tribunal or special court is to ensure fairness, timely and transparency in tax disputes and instill prompt resolutions. Adekoya, Oyebamiji and Lawal (2019) revealed that establishment of independent tax court to adjudicate on tax matters between the government and taxpayers will fast track tax justice and also enhance tax revenues. The procedure for accessing tax tribunal or court should also be simplified to the knowledge of taxpayers and tax administrators.

3. Enhancement of good tax morale and culture

Researchers have reported that tax morale in some developing countries is very low and weak. Some of the reason for this low tax morale, are high level of corruption in governance, infrastructural decay, high rate of unemployment, unconducive environment for business to thrive, government insincerity, tax inequalities and evasion, lack of social contract between the government and taxpayers. All these are some common features that affect taxpayers’ morale in the informal sector. In order to enhance tax morale and tax collections from this sector, those factors highlighted as responsible for low tax morale require quick intervention and solution by the government. The culture of voluntary giving, love and civic responsibility requires instant teaching, enlightenment and education among the citizens. In the religious cycle and some cultural set up, love and giving are entrenched for a better relationship and good society. In the same vein, such cultural believe of love and giving can be translated towards tax payment from the prospective taxpayers.

4. Social contract agreement

Social contract dictates the relationship that exists between taxpayer’s compliance to tax payment and the government show of honesty and transparent usage of such tax collections. The duty of the taxpayers is to pay tax promptly with the right assessed amounts while it is expected that those tax collections will be used by the government for the provision of goods and services which will enhance a better standard of living of the citizens and also ensure conducive environment for business to strive. Exhibiting this good relationship by both parties will enhance tax collections. Government attitude in the provision of goods and services that will add value to citizens will enable the citizens to be honest and willing to pay tax promptly. This will be done when taxpayers’ felt that tax revenues are prudently utilized by the government for the best interest of the citizens.

5. Use of technology

A modern day tax administration should embrace technology for revenue drives. This will ensure improvement in taxpayers’ data base, reduce cost of collections and time, increase tax revenue collections and minimize tax evasion. A revolution in tax administration through the adoption of technology in tax revenue drives in the informal sector will have multiplier effects on the tax system and infrastructural development within a country. Technology will involves the use of e-registration with the allocation of Tax Identification Number (TIN), e-tax filing through the integrated administration tax systems, e-tax payment wish allows tax to be paid from anywhere through the channels of Remittal, inters witch or e-payment platform, and where tax receipts can also be generated instantly. All these reduce taxpayers stress, time and cost associated with tax payment.

6. Provision of good quality of tax services

In this modern day of 21st century, the quality of service render by an organization to its client dictates the rate of patronages, sales and income generations. The same principle applies to public sector with focus on the relationship that exist between the tax authorities and taxpayers (clients).In tax administration and collections, the informal sector operators require better quality of tax service from the tax authorities to enhance their patronage and consistent payment of tax. Adekoya, Adegbie and Agbetunde (2020) opined that quality of tax services render by tax authorities to the citizens is very vital, as this will enhance tax revenue generations and taxpayer’s compliance behaviour. Quality of tax service can be achieved through tax education and counseling, training on financial records keeping, special advice on tax matters, reward for honest taxpayers, use of technology to reduce taxpayers stress, time and cost in tax payment, and attitudinal changes toward taxpayers by tax officials.
7. Hiring of professional staff and provision of adequate working tools

There is need to hire professionals for tax revenue generation exercises. These professionals should be provided with adequate commensurable remuneration package as applicable in the private sector as against what is payable in the civil service. Furthermore, provision of necessary working tools and conducive working environment in line with what their counterpart in the private sector enjoys will enhance efficiency and effectiveness in work and tax collections. Informal sector taxation is one difficult area that requires adequate monitoring and investigative accounting exercises in determining assessable and taxable income for tax payment. Therefore, it required skilled personnel and adequate working tools and materials to achieve tax collections objective from the sector.

2.1.6 Tax evasion and fraud in the informal/hard to tax sector

Tax evasion and fraud have been reported as a major problem to revenue generations from the informal sector. It is a global phenomenon that occurs in all countries both developed and developing. According to Oladipupo and Obazee (2016), tax evasion in a developing country is relatively high when compared with a developed country. Tax evasion or tax fraud is an unlawful payment of lesser taxes than what the law stipulated. It is a criminal offense that subjected the tax evader to conviction, fine or both. Becker (1968) reported that tax evasion is a rational utility maximising strategy employed by taxable person when the benefit derivable from non-compliance outweigh the associated costs of tax audit, detection and ultimate punishment. In the same view Al-Mustapha and Hamza (2016) opined that tax evasion is the deliberate refusal of taxable person to effect tax payment out of his legal sources of income. It is an intentional act undertaken by taxpayer to reduce his tax liabilities through a dishonest and fraudulent ways of circumventing the tax laws. In the informal sector, this is achieved by under reporting of incomes, overstatement of expenditures, falsification of documents and deliberate refusal to render returns. In addition, Ajaz and Ahmad (2010) also viewed tax evasion as a social phenomenon which can significantly minimise tax revenue collections and also affect country’s sustainable economic growth and development. As a social phenomenon, it has really affected the tax revenue collections from the informal sector. Previous researchers such as Al-Mustapha and Hamza (2016); Alm and Torgler (2011); Kira (2017) have come up with various factors attributing to tax evasion. Some of these are poor management and mis-use or allocation of tax collected, unfair distribution of facilities, high tax rate, lack of trust on government, corruption, infrastructural decay, low tax morale, ignorance of the tax laws, and unwillingness by taxpayer to comply due to personal interest.

2.1.7 How to reduce tax evasion in the informal/hard to tax sector

In order to reduce tax evasion and fraudulent practices in the informal sector, the following methods of tax collections can be adopted. These are:

(i) Direct Presumptive Taxes: This method of tax collection in the informal sector is based on presumed income of a firm, organization or an individual. This approach is applicable where a statement of affairs or incomes statement cannot be determined, due to the nature of business and incomplete record of financial transactions. It involves the use of indirect taxation method to ascertain the tax liabilities of a taxable person in the informal sector as against the normal procedure of assessing taxpayer’s statement of affairs or accounting record. Direct presumptive tax method differ in countries, for example, informal sector operators in Ethiopia pay a presumptive tax on income plus 2% tax on turnover, Ghana and Kenya applies 3% flat rate on turnover to replace VAT and income tax while Tanzania operates a progressive tax system on turnover (Joshi, Prichard & Heady,2014). Presumptive tax method was introduced in Nigerian tax system in 2011 according to Section 6 of PITA (amended). The Nigeria presumptive income tax method is a strategies for achieving increase in tax compliance in the informal sector. The targets taxpayers are artisans, small businesses operator, traders, professional, entrepreneur, manufacturer and other individual operators in the informal sector.

(ii) Use of Association for Tax Collection: In developed and developing countries, there are various form of registered and unregistered trade associations which are guided by rules, principles and internal regulations. Trade association leadership in some countries, had been helpful in assisting and ensuring payment of various levies and trade licenses imposed on their members, such as development levy. Therefore, government alliance with the trade association will build tax morale and enhance tax compliance level among members as this would be helpful to government for revenue collections. Government can appoint the executives of each trade association as collecting agents based on an agreed arrangement. In line with this, Akeju (2018) opined that informal sector
taxation and tax compliance could be achieved with the use of trade association executives as agents for taxes collection. The trade association executive will ensure instant registration of members and aid the capturing of members into the tax data base. The trade association executives can also act as tax administrator for their members by ensuring constant public enlightenment, tax education and tax compliance. The government or tax authority will ensure that a good tax system is put in place for the trade association executives in order to ensure transparency and accountability, while the government on their own part must exhibit transparency and accountability for tax collections and its usage.

(iii) Lump Sum Presumptive Taxation or Fixed Lump Sum Based on Occupational Sector: This method oftax assessment is based on business or enterprises sartorial classification. The income of a taxable person for tax purposes will be assessed based on different criteria such as business size, location, number of employees in the business, service capacity or production capacity and orfirm’s capital. This method can be adopted to determine tax payable where taxable incomes are difficult to monitor or assessed. The major problem of this method is transparency, accountability and honesty, where this is lacking, it will lead to argument, inconsistencies, adjudication and corruption.

(iv) Annual Fixed Sum Payable by Taxable Person based on Service or Penalty: This method will be based on a link to certain service render by government to the citizens which will required individual or firm to show the evidence of payment of a prescribe annual fixed sum as stipulated by extant law in respect of taxable person in the informal sector. The evidence of this payment can be attached to student enrollment, health services, seeking for government approval for services or infrastructural development, penalty or fines for wrong doing in the society such as traffic offence, environmental offence and other manual offences. The major challenge of this approach is trust by the government. It requires government transparency, accountability and honesty in the appropriate application of tax collections. Where trust is lacking, it will leads to protests, acrimony and refusals to effect payments.

2.2 Empirical

The quality of tax services and administration is germane to effective and efficient tax compliance in the informal sector. Adekoya, Adegbie and Agbetundele (2020) in their study of quality of tax services, moderated by trust in state internal revenue service and voluntary tax compliance behaviour among individual taxpayer in South-West, Nigeria, it revealed that quality of tax service influenced voluntary tax compliance. The study recommended that tax enlightenment, education and awareness should be carried out among the taxpayers while tax officials and revenue collectors should applied the concept of public management to tax service delivery. Nwaolisa and Kasie (2012) studied the effect of poor implementation of tax policies in developing economy with focus for Nigeria. The study revealed that expected revenue in the country could not be achieved due to poor implementation of tax policies. It was recommended that a simple tax system with clear and consistent tax laws should be adopted and followed. In the same vein, Enyi, Akintoye and Adekoya (2019) studied the quality of tax administration and enforced tax compliance behaviour in selected states in South-West, Nigeria. The study revealed that quality of tax administration influenced enforced tax compliance. The study recommends that tax administration should be simplified to improve the process of filing tax returns while penalty and fine should be imposed on tax defaulter and evaders where necessary. Furthermore, Enaharo and Jayeola (2012) studied tax administration and revenue generation in Lagos state, Nigeria. The study revealed that tax administration affects revenue generation with significant relationship with tax policies and tax laws. The study recommends a good tax system that will enhance better tax administration and collection. Hauptman, Horvat and Korez-Vide (2014) also carried out a study on how to improve tax administration’s services as a factor of tax compliance using tax audit in reducing tax evasion. The study revealed that better understanding of taxpayers’ knowledge about tax compliance behaviour by the tax authority will ensure identification and implementation of tax policy efficiently and effectively.

Yaru and Awodun (2019) studied tax administration in the informal sector using Kwara state internal revenue service as a case study with reference to the impact of community impact programmes. The study revealed that community impact programmes were impactful but not enough to enhance high level of tax compliance. The study recommends that government should ensure prompt provision of basic social amenities in order to promote voluntary tax compliance. Adisa, Ogunsuji and Oyekola (2019) studied taxation of the informal sector and economic development of Lagos state. The study revealed that informal sector has the potentials for employment, economic growth and tax revenue collections for social and economic development of Lagos state. The study
recommends seamless process for revenue generation from the operators in the sector while incentives or tax relief should be provided for those with a good tax morale. In the same vein, Adekoya, Olaoye and Lawal (2020) in their study of informal sector and tax compliance in Nigeria looking at the challenges and opportunities, revealed that informal sector taxation is very important to government in developing countries to achieved revenue, growth and governance. The study recommends that tax administration and tax laws should be simplified in order to expand the taxpayers’ compliance among the informal sector operators. Government should also ensure the establishment of tax courts, promote accountability and transparency in tax revenue, and entrench publicity and enlightenment on tax matters among the taxpayers. Adekoya, Olaoye and Lawal (2020) in their study of informal sector and tax compliance in Nigeria looking at the challenges and opportunities, revealed that informal sector taxation is very important to government in developing countries to achieved revenue, growth and governance. The study recommends that tax administration and tax laws should be simplified in order to expand the taxpayers’ compliance among the informal sector operators. Government should also ensure the establishment of tax courts, promote accountability and transparency in tax revenue, and entrench publicity and enlightenment on tax matters among the taxpayers. Adekoya, Olaoye and Lawal (2020) in their study of informal sector and tax compliance in Nigeria looking at the challenges and opportunities, revealed that informal sector taxation is very important to government in developing countries to achieved revenue, growth and governance. The study recommends that tax administration and tax laws should be simplified in order to expand the taxpayers’ compliance among the informal sector operators. Government should also ensure the establishment of tax courts, promote accountability and transparency in tax revenue, and entrench publicity and enlightenment on tax matters among the taxpayers.

2.3 Theoretical framework

The study anchored on two theories, these are responsive regulatory theory and comparative treatment theory.

2.3.1 Responsive Regulatory Theory – RRT stipulated that tax authorities should have cordial relationship with potential taxpayers. According to Braithwaite (2011), the modern day demand on tax compliance is all about responsive regulation. The theory as related to tax compliance suggests the use of a well balance means of tax collection by the tax authorities. The theory stipulates that an effective, efficient and legitimate regulatory policy should be hybrid in nature with the use of both deterrent (enforced) and Non-deterrent (voluntary) tax compliance method in tax collection. The most relevant book on the responsive regulation is the book authored by Ayres and Braithwaite in 1992. The book, which gives an insight on the response regulation, is the most sustained and reference book on how and why deterrent strategy should be combined with voluntary/corporate strategy in tax compliance. Response regulation dictates tax administration responsive to the conduct of taxpayers, this relate to the quality of tax services and meeting the taxpayers need (Ayres & Braithwaite, 1992). The basic principle of the theory is that tax administrators should be responsive to the welfare, needs, culture and behavioural conduct of taxpayers. It is a way to regulate the relationship between the tax administrators and taxpayers when taking a decision on any form of interventionist response. This can be achieved through a form of advisory role by tax administrator to taxpayer through persuasion that brings about cooperation and trust rather than force or enforced method of imposition of penalty. The pyramid of the model as it applies to tax dictates the enforcement strategies that are relevant to taxpayer behaviour. The base of the pyramid comprises of majorly compliant taxpayers while the top most level of the pyramid comprises of tax evaders who requires enforcement through the means of deterrent and enforced method of penalties and fines. The middle level of the pyramid has taxpayers who so wish to be compliant but needs help and persuasion to achieve that. This model and theory has been adopted and used by some tax authorities globally as it has a major influence on the approach and method of tax administration. Therefore, response regulatory theory dictates how regulatory enforcement best enhances tax compliance (Braithwaite, 2002).

2.3.2 Comparative Treatment Theory

The second theory for the study is the comparative treatment theory which evolved from equity theory. Kirchler and Hoelz (2006) stated that fairness and equity in taxation enhances trust and mutual cooperation between taxpayers and tax authorities which eventually leads to voluntary tax compliance. This means that a high level of tax compliance might be achieved where the entire tax system is fair, transparent and honest (OECD, 2010). According to Walsh (2012), the impact of tax fairness in the tax system in respect of taxpayers’ compliance behaviour is not only related to individual taxpayer but also relates to other citizens tax compliance behaviour. Therefore, the taxable person willingness to pay tax increases when other citizens within the community also exhibit tax compliance. OECD (2010) categorized tax fairness into distributive fairness, procedural fairness and retributive fairness. Distributive fairness meansthe perception of government by the taxpayers based on fairness, justice and transparency on tax collections and its usage. Procedural fairness means the perception of tax authority procedural approach on tax matters to the taxpayers. The redistributive fairness relates to tax authorities fairness on the application of deterrent method of penalties and sanctions on tax defaulters.
3.0 Methodology

Exploratory research design was adopted for the study. This involved reviewed of relevant books, journals and other literatures in the field of accounting and taxation relating to the subject matters. Conclusion drawn and recommendations were made to add to the frontier of knowledge.

4.0 Discussion, Conclusion and Recommendations

4.1 Discussion and Conclusion

In most developed countries, significant mileages has been achieved in tax collections from the informal sectors using automation and technology to identify taxpayers, obtain the required taxpayers information and ensure seamless tax payments. The essence of this is to increase tax compliance, tax collections, and availability of fund to service the annual budget, and also to ensure transparency and accountability in the tax system. Developed countries and some developing countries such as United States of America (USA), United Kingdom (UK), China, Germany and Malaysia have developed and adopted e-tax system in tax administration, this reduces administrative time, compliance cost and provide avenue for accurate taxpayers data base. According to Madumere (2019), e-taxation application will reduce tax evasion and fraud, enhance revenue collections and improvement. In the same vein, Madumere and Ubani (2020) opined that tax administration should embrace electronic taxation as this will reduce incidences of tax evasion and tax fraud. Besides, where necessary, the use of enforced tax compliance tools such as continuous tax audit and forensic accounting by the tax authorities could be an antidote for tax evasion reduction in the informal or hard to tax sector. Ability to strengthen tax administration will ensure improvement in tax collections from various form of taxes, increase the number of registered taxpayers in the data base, reduce compliance cost for both the taxpayers and the tax administrators, enhance equality in tax burden redistribution, increase accountability and transparency, enhance better and qualitative tax service, improve a better way of handling aberrant cases, and ensure reduction in tax fraud and evasion.

In Nigeria, three tiers of government are responsible for various independent tax administration, these are Federal, State and Local government. The three tiers of government has the following respective agencies for tax collections, these are Federal Inland Revenue Service (FIRS) at the federal level, State Board of Internal Services (SIBRS) at each state levels and the Local Government Revenue Committee (LGRC) at each local government. The independent of the various tax authorities or agencies should be paramount. At Joint Tax Board (JTB) level, various steps had been taken and recommended to enhance tax compliance in the informal sectors. One these steps involves the allocation of unique Tax Identification Number(TIN), this will ensure taxpayers data and information are linked together across all government agencies such as Central Bank of Nigeria(CBN), Commercial Banks, Corporate Affair Commission, Tax authority and others. This TIN allocation will ensure a robust data base management system for all taxable person in the informal sectors. Finally, political commitment towards tax administration improvement in the informal sector is vital, although any form of best strategy and tax policy simplification without good commitment from the policy makers and management will fail. Tax administration strategy differs from counties but the major challenge is the scarcity of resources for tax administrator in attracting professionals and skillful personnel, acquisition of basic materials, tools and machineries

4.2 Recommendations.

Based on the exploratory studies and conclusion drawn, the following recommendations are proposed for implementations.

1. Government should ensure prompt provision of goods and services, economic and social infrastructures that will enhances the standard of living of the citizen in a country. This will build trust in government and increases the like hood of taxpayers’ compliance among the informal sector.
2. The quality of service renders by the tax authorities add value to citizen’s responsiveness to tax authority demand for tax revenue. It enhances cordial relationship and opportunity to be involved in decision making. Therefore, there should be better improvement on the quality of service rendered by the tax authority and the government.
3. Government should show accountability and transparency in tax revenues; this will enhance and propel
voluntary tax compliance among the prospective taxpayers in the informal sector.
4. Adequate public enlightenment and publicity, and sensitization campaign should be carried out on regular basis by tax administrators for informal sector operators. This will enhance tax knowledge and sharpen tax morale.
5. Constant and continuous monitoring of informal sector operator activities with adequate training on records bookkeeping for ease assessment while effective enforcement can be imposed on erring defaulters in order to ensure compliance to the relevant tax laws.
6. Special tax court should be established for quick and timely tax justice between an aggrieved taxpayer and tax authority. This will reduced the justice delay being faced in the conventional court. It will make tax defaulters and evaders to rethink their steps of evading tax payment.
7. Tax Identification Number (TIN) should be generated for all informal sector operators’ and prospective taxpayers. This will enable all taxpayers to be capture by government into tax net for easy monitoring and assessment.
8. Government should adopt the use of information technology to drive revenue collections. Tax administration and collection should be handled by professional and trained personnel, while modern day machineries and tools should be provided for revenue generation and enhancement of tax compliance.
9. Tax laws should be simplified for taxpayers’ knowledge and understanding in the informal sector in order to promote voluntary tax compliance
10. Tax authority should collaborate with other relevant agencies for taxpayers’ data while the use of trade association executives for tax collections and data capturing could be considered where necessary.
11. In this period of COVID-19, informal sector taxpayers should be given additional period for tax reporting and payment. Tax authorities should suspend debt recovery policy in order to give enough time to taxpayers to reconcile and make payment. Palliatives and relief measure can be rendered by the government to the taxpayers in order to reduced tax burden.

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