

# **TAXPRO MAX SOLUTION; TAX ADMINISTRATION; ONLINE TAX; PAYMENT GATEWAY; REVENUE GENERATION**

by

Halima M. Shehu, Dr. Aisha Mahmoud Hamman,  
Dr. Attahir Yusuf .M., Idowu Jimoh, Mariyam Alka, Umar Sirajo Muhammad,  
Sa'adatu Ahmed, Dr. Zainab Sindigawo, Olakunle O. Oke, Kabiru Sanni Mohammed,  
Muhammad Aminu.

## **Abstract**

*Tax evasion, non-compliance, double taxation and a host of other challenges remain major threats to government revenue goals, despite notable policy interventions like the Integrated Tax Administration systems (ITAS) and e-Services. Consequently, these challenges prompted the introduction of the TaxPro Max solution by the Federal Inland Revenue Service. This study examines the impact of TaxPro Max on revenue generation in Nigeria. Both primary and secondary sources of data were employed. A cross-sectional survey of taxpayers and tax consultants and tax officers was carried out and responses were obtained from 550 and 741 questionnaires administered to external and internal stakeholders respectively. Frequency, percentages and tables were employed to analyse the collected data. The study's findings reveal that tax revenue collections have improved positively with the TaxPro Max, compared to that generated before its existence. This is empirically evident from the percentage of revenue increase on account of using the TaxPro Max solution. The findings also reveal that payments were made via 'gateway' with minimal challenges encountered. The network challenges (network downtime) while logged onto TaxPro Max are primary less frequent and the web page responds fast. The findings further attest that the TaxPro Max solution will prevent revenue leakages to a greater extent. The study finds that Nigeria's revenue generation is positively impacted by the TaxPro Max solution, and it advises the Federal Government, in partnership with FIRS, to increase taxpayer capacity for adopting TaxPro Max by educating the public about its advantages for increased revenue. The study indicated that, in order to address network issues, FIRS must increase the TaxPro Max system's bandwidth and promote early filing and payment because these actions would assist in easing congestion during peak hours*

**Keywords:** *Tax; TaxPro Max Solution; Tax Administration; Online Tax; Payment Gateway; Revenue Generation*

## **Introduction**

Tax administration in Nigeria has been one of the key areas of focus for the government since the colonial era. According to Oyejide (2013), the first comprehensive tax system in Nigeria was established in 1904 by the colonial government. Since then, tax administration in Nigeria has

undergone several changes and reforms but remained a critical source of government revenue. However, tax administration in Nigeria has been faced with several challenges over the years and in recent times. According to Adewole (2016), some of the major challenges of tax administration in Nigeria include a low tax base, poor tax compliance, lack of adequate infrastructure, inadequate funding for tax administration and corruption. In recent years, the Nigerian government has taken steps to improve tax administration in the country through technology. One of the key initiatives in this regard is the introduction of the TaxPro Max platform by the Federal Inland Revenue Service (FIRS) in 2020. The platform is a technological development in-house and launched to enhance tax administration in Nigeria and improve the ease of doing business in the country (FIRS, 2021).

According to the FIRS, TaxPro Max was introduced in June 2020 as part of the agency's efforts at enhancing tax administration in Nigeria and improving the ease of doing business in the country (FIRS, 2021). One of the intended benefits of TaxPro Max is that it should improve tax compliance among taxpayers. It is instructive that the platform has made it easier for taxpayers to comply with their tax obligations by providing a seamless and convenient tax administration process (Premium Times, 2020). As a result, there has been an increase in tax revenue for the government.

In addition, TaxPro Max has also reduced the cost of tax administration in Nigeria. The platform has automated many of the tax processes, reducing the need for manual intervention and improving the efficiency of tax collection (FIRS, 2021). This has not only saved time and resources but also reduced the risk of revenue leakage. Moreover, TaxPro Max has increased the transparency of tax administration in Nigeria. The platform provides taxpayers with real-time access to their tax records and enables them to track their tax payments and compliance status. This has improved the level of trust between taxpayers and the tax authorities, leading to further improvements in tax compliance (FIRS, 2021).

As a software programme designed for tax professionals to prepare tax returns for individuals and small businesses, the software offers various features that make the tax preparation process efficient and accurate. One of the main benefits of TaxPro Max is its vast database of tax forms and schedules. The software is updated annually to ensure that it reflects the most recent changes in tax laws and regulations. This feature saves time for tax professionals as they can easily access the forms and schedules they need without having to manually search for them. TaxPro Max also offers a robust tax research tool that provides quick and easy access to a comprehensive database of tax laws, regulations, court cases, and relevant FIRS publications and forms. This feature helps tax professionals find answers to tax-related questions quickly and accurately. Additionally, TaxPro Max includes error-checking tools that identify common errors and inconsistencies in tax returns. These tools help tax professionals to correct errors before filing returns, reducing the risk of a FIRS audit and the associated costs and penalties. Finally, TaxPro Max offers electronic filing capabilities, allowing tax professionals to file tax returns securely and

quickly with the FIRS. Electronic filing eliminates the need for paper-based filing and helps reduce the time and costs associated with traditional filing methods (FIRS, 2021).

### Statement of the Problem

Since the deployment of TaxPro Max by the apex revenue authority (FIRS) as a proprietary technological tool for the automation of tax administration in Nigeria, and the subsequent legal backing entrenched in the Finance Act, 2020 (as an amendment to the FIRS Establishment Act, 2007), no study, to our knowledge, has been conducted to expose the impact of the TaxPro Max solution on revenue generation, neither has it been subjected to any empirical research. However, various researches have been conducted around Africa exposing the automation of tax administration systems.

For instance, Phoebe (2019) highlighted in a case study on the Kenya Revenue Authority that failure to fully declare sales receipts and maintain accurate records hindered proper VAT and Income Tax collection. To address these challenges and improve revenue collection, modernizing the tax system through computerized online processes, including e-registration, e-filing and e-payment proved crucial for enhancing efficiency and achieving positive impacts on revenue collection for the Kenya Revenue Authority.

In a study conducted by Gidisu in 2012, the effectiveness of revenue collection within the Ghana Revenue Authority was investigated, specifically focusing on the automation system procedure in the 7 customs division. The research revealed that the utilization of the automation system had a favourable influence on the cost of tax administration, as well as on the efficiency of revenue collection. Latema (2011), in a study on the business models for revenue generation and enhancement adopted by county governments in Kenya, recommended the need for county governments in Kenya to innovate new models of revenue enhancement and revenue generation. Similarly, Kariuki (2009) did a survey of revenue enhancement strategies by Local Authorities. It was observed that to enhance revenue collection by local authorities, political will, technological reforms, taxpayer education and incentives to those involved are required so as to enhance the revenue mobilization effort.

Despite the currency of literature of Phoebe (2019), it was carried out in a domain distinct from Nigeria. Gidisu's (2012) study was apt. However, it was restricted to the 7 customs division, which cannot be generalized. Kariuki's (2009) study was been carried out more than a decade ago and has been overtaken by events over this period. Hence, the need for a current study to be carried out to assess the impact of the TaxPro Max automation on revenue generation in a developing country like Nigeria.

### Research Questions

- i. How does the Registration feature of TaxPro-Max affect revenue generation in FIRS, Nigeria?
- ii. What is the impact of the TaxPro-Max Filing on revenue generation in FIRS, Nigeria?

- iii. How does the TaxPro Max payment feature affect revenue generation in FIRS, Nigeria?

#### Research Objective

The purpose of this study is to examine the impact of TaxPro Max on revenue generation in Nigeria. Specifically, the study aims at:

- i Evaluating the impact of the Registration feature of TaxPro Max on Revenue generation in FIRS, Nigeria.
- ii Examining the impact TaxPro Max Filing on revenue generation in FIRS, Nigeria.
- iii Assessing how the Tax-Pro-Max payment feature has impacted on revenue generated in FIRS, Nigeria.

#### Significance of the Study

The study on the impact of TaxPro Max on revenue generation in Nigeria is significant to policy makers because it provides insights into how TaxPro Max has improved tax administration in Nigeria, which can inform future tax policies and enhance tax compliance among taxpayers. In addition, this information in this study can be used to understand the effectiveness of TaxPro Max as a revenue generation solution. The study contributes to literature on tax administration and automation in general as it provides insights for researchers and revenue authorities into the Nigerian context on these issues.

## 2.0 Review of Related Literature

### Concept of Revenue Generation

Revenue generation, in the context of a nation's government, refers to the process of collecting taxes to finance public expenditures and fund essential services and projects. Taxes are the primary source of government revenue, and they play a crucial role in maintaining the country's economic stability and providing public goods and services to its citizens. The concept revolves around establishing a fair and effective tax system that ensures a steady flow of income while distributing the tax burden equitably among the population and businesses (The World Bank Group, 2023).

To generate revenue through taxes, governments enact and enforce tax laws and regulations. These laws define the types of taxes, tax rates, and the taxable entities, such as individuals, corporations, or specific industries. A well-designed tax system considers factors like income levels, wealth distribution and economic activities to strike a balance between raising sufficient revenue and promoting economic growth and social welfare. Governments may also implement tax incentives or deductions to encourage certain behaviours or support specific industries

Efficient tax administration and enforcement are critical to revenue generation. Governments invest in robust tax collection mechanisms, such as tax agencies and systems, to ensure compliance

and minimize tax evasion. Technology plays an increasingly significant role in streamlining tax collection processes and reducing administrative costs. By effectively managing revenue generation through taxes, governments can meet their financial obligations, invest in infrastructure and social programme, and foster economic development for the benefit of the nation and its citizens. (OECD, 2014).

### Concept of TaxPro Max

TaxPro Max is an in-house end-to-end tax administration system developed to facilitate seamless tax-related processes for taxpayers and the Federal Inland Revenue Service (FIRS). It aims to streamline registration, filing and payment of taxes, as well as provide a single view of all transactions with the FIRS. According to TaxPro Max FIRS (2020), the key features and modules of TaxPro Max are as follows:

- a. **Registration:** TaxPro Max integrates with the Corporate Affairs Commission (CAC) to pull taxpayer data such as name and address directly from CAC's database. This integration helps maintain accurate and up-to-date records for tax registration. Taxpayers are required to submit a completed Taxpayer Update Form to their respective tax offices for enrolment. Non-resident companies and individuals (NRCs), FTZ, EPZ, and OGZA companies are registered by the Non-Resident Persons Tax Office (NRPTO). The system also has a Tax Incentive Department to handle taxpayers falling under their jurisdiction.
- b. **Filing:** TaxPro Max makes filing taxes more accessible to taxpayers by providing an online platform. Taxpayers can file their returns from anywhere and at any time before the due date. The system automatically generates filing forms at the beginning of each assessment period and notifies taxpayers of their filing obligations. Specialized sectors file their returns using the applicable CIT schedule.
- c. **Payment:** TaxPro Max enables taxpayers to make seamless payments through multiple convenient payment methods. Payment Reference Numbers (PRNs) are generated for different tax types, and their expiration depends on the specific tax. Foreign currency payments are currently processed manually and naira-dominated transactions are accommodated in the system.
- d. **Reporting:** TaxPro Max provides robust reporting modules that offer actionable insights to the Service. It generates various reports to aid in tax administration.

### *Modules of TaxPro-Max*

- a. **VAT Module:** The Value Added Tax module has been fully deployed, and all VAT filings are mandatory through TaxPro Max.
- b. **CIT Module:** The Companies Income Tax module has been fully deployed, and all CIT filings are mandatory through TaxPro Max.
- c. **E-TCC Module:** The Electronic Tax Clearance Certificate module is used for applying for Tax Clearance Certificates and is part of TaxPro Max.

- d. Audit Module: The Audit module is partially deployed and a full version is expected to be available soon.
- e. PPT Module: The module for Petroleum Profits Tax is also expected to be available soon.

TaxPro Max aims to streamline tax administration and enhance the taxpayer's experience by providing a user-friendly platform to manage tax-related tasks effectively.

#### Empirical Framework

Lai (2008), analyzed the effect of e-filing on revenue generation in Malaysia using a survey investigation design. The study applied regression analysis. The investigation utilized both essential and auxiliary wellsprings of information. The investigation discovered that tax collection has a positive effect on income generation and Gross Domestic Product (GDP) in Malaysia.

Okoye and Ezejiofor (2014) examined the impact of e-taxation on revenue generation in Enugu. Data were collected through primary and secondary sources which were analyzed by means and standard deviation and Z test statistical tool. Findings show that e-taxation can enhance internally generated revenue and reduce the issue of tax evasion in Enugu State. Another finding is that e-taxation can prevent corrupt practices of tax officials.

Chijioke et al. (2018) examined the impact of e-Taxation on Nigeria's revenue and economic growth. Statistical and economic reports on a quarterly basis from second quarter 2013 to fourth quarter 2016. The data were divided into two: pre-e-tax period and post e-tax period. Findings from the study revealed that the implementation of electronic taxation has not improved tax revenue, federally collected revenue and tax-to-GDP ratio in Nigeria.

Adegbe, Folajimi & Johnson (2022) and their team investigated how the efficiency of tax revenue collection is affected by the electronic tax management system. They employed a survey research design, using a total enumeration sampling technique. Across three selected states, 2670 structured questionnaires were distributed, and 2199 (82.4% response rate) were collected. Reliability scores ranged from 0.7 to 0.9. Data were gathered via well-structured questionnaires, and both descriptive and inferential (multiple regression) analyses were performed. The study's results demonstrated that the electronic tax management system, assessed through perceived ease of use, Internet payment system, mobile payment system, and electronic billing machine, significantly influenced the simplicity of tax returns filing for taxpayers.

#### Challenges of Tax Administration in Nigeria

Tax administration in Nigeria is faced with several challenges that have impeded its effectiveness and efficiency. Some of the major challenges of tax administration in Nigeria are:

**Low Tax Compliance.** According to a report by the Nigerian Economic Summit Group (NESG) in 2020, Nigeria has one of the lowest tax-to-GDP ratios in the world, with tax revenue accounting for only 6% of GDP, but in a recent computation (FIRS, 2023), moved to 10.86%. This, notwithstanding, is an indication of low tax compliance among Nigerians.

**Weak Tax Administration Infrastructure.** The World Bank "Doing Business 2020" Report highlights the inadequate tax administration infrastructure in Nigeria, with the country ranking 159 out of 190 countries in terms of ease of paying taxes.

**Corruption and Fraud.** According to a report by the Independent Corrupt Practices and Other Related Offences Commission (ICPC) in 2020, tax evasion and bribery are among the most prevalent forms of corruption in Nigeria.

**Inadequate Public Awareness/ Taxpayers Education.** The NESG report also notes that there is limited sensitization and public awareness on tax compliance in Nigeria. According to a study published in the Journal of Business and Management in 2018, taxpayer education in Nigeria is inadequate, with many taxpayers lacking knowledge of tax laws and regulations. In recent years, the Nigerian government has implemented various reforms aimed at modernizing tax administration and improving revenue generation. These reforms include the introduction of the Tax Identification Number (TIN), the automation of tax administration processes through the Integrated Tax Administration System (ITAS) and the adoption of technology-driven solutions such as TaxPro-Max (Ministry of Finance, Nigeria, 2017).

#### Extant Literature on TaxPro Max

TaxPro Max is a relatively new tax administration system in Nigeria, thus there is paucity of literature, specifically on its impact. However, there are a few articles and reports that discuss TaxPro Max and its potential impacts:

Anthony-Uko (2019), provides an overview of TaxPro Max and its features, as well as the Federal Inland Revenue Service's (FIRS) plans to launch the system to improve tax administration in Nigeria. Oluwadare (2020), discusses the benefits of tax automation in Nigeria and highlights TaxPro Max as an example of an automated tax administration system that could improve tax compliance and revenue generation. Onuba (2021), also analyses FIRS's 2020 revenue collection and its plans to increase revenue in 2021 using automation tools like TaxPro Max.

In the study of Igbokwe, Adegbe & Adegboye (2019), although the study does not specifically discuss TaxPro Max, it examines the impact of tax reforms on revenue performance in Nigeria and suggests that the use of technology and automation could improve revenue collection.

Obayomi (2019), in his article provides an overview of TaxPro Max and its potential impact on tax

administration in Nigeria. Omoragbon (2021), highlights the challenges facing tax administration in Nigeria and suggests that automation tools like TaxPro Max could help improve efficiency and effectiveness.

### Theoretical Framework

TaxPro Max is a digital platform developed in-house by the Federal Inland Revenue Service (FIRS) in Nigeria to improve tax compliance and revenue generation. In this segment, we will explore the association of TaxPro Max technology with revenue generation in Nigeria.

The theoretical framework developed for this study is premised on the Technology Acceptance Model (TAM) and the Revenue Generation Theory.

**Technology Acceptance Model (TAM).** The Technology Acceptance Model (TAM) was developed by Davis in 1989 to explain the factors that influence user acceptance of new technologies. According to TAM, the perceived usefulness (PU) and perceived ease of use (PEOU) of a technology are the key factors that influence its acceptance and usage. PU refers to the extent to which a technology is believed to improve performance and productivity, while PEOU refers to the perceived effort required to use the technology. The TAM has been widely used in various studies to explain the adoption and usage of new technologies, including online platforms.

**Revenue Generation Theory.** Revenue Generation Theory posits that the government can increase revenue by improving tax compliance through various strategies such as tax education, tax incentives, and tax enforcement. According to this theory, tax compliance can be improved by making it easier for taxpayers to comply with tax laws and by reducing the costs associated with tax compliance. Online platforms such as TaxPro Max can reduce the costs and complexity of tax compliance and improve revenue generation.

The combination of TAM and Revenue Generation Theory provides a useful framework for analyzing the impact of TaxPro Max on revenue generation in Nigeria. According to TAM, the perceived usefulness and perceived ease of use of TaxPro Max will influence its acceptance and usage by taxpayers. If TaxPro Max is perceived as useful and easy to use, more taxpayers are likely to adopt and use the platform, which will lead to improved tax compliance and revenue generation. Additionally, Revenue Generation Theory suggests that TaxPro Max can reduce the costs and complexity of tax compliance, which will also improve tax compliance and revenue generation.

### 3.0 Methodology

The research design adopted for this study is a cross-sectional survey design. Both primary and secondary sources of data were used to elicit information for the study. The variables of the study consist of, Registration, Filing, and Payment. Although, Reporting is an integral part of the TaxPro

Max solution, this study limits its scope within the first three variables. As primary sources of information, questionnaires were given out while secondary sources included analytic data on total revenue collected from 2010 - 2022. The study embarks on a cross-sectional survey of taxpayers, tax consultants, and tax officers, totalling 707,737 thus constituting the population for the study as shown in table 3.1 below. Out of the population of the study, 550 were used as sample as justified by Krejcie and Morgan (1970). According to the Krejcie and Morgan (1970), a population of 1 million is justified by a sample size of 384. The population of the study is made up of two main categories. The external, constituting the taxpayers and tax consultants, and the internal respondents made up of tax officers of The Service (FIRS). This study added 907 respondents to increase the sample size of this study which is far above the justified sample size given by Krejcie and Morgan (1970). The Questionnaire for this study was designed showing closed and opened ended questions and were administered across the following FIRS State Coordination, namely: Lagos Mainland West Coordination, Lagos Mainland East Coordination, Lagos Island Coordination, River, Edo & Delta (RED) Coordination, FCT, Kogi, & Nasarawa (FKN) Coordination, and Kano, Jigawa & Katsina (KJK) Coordination.

### 3.1 Population of the Study

| <b>Respondents</b> | <b>Number</b>  |
|--------------------|----------------|
| Taxpayers          | 695,963        |
| Tax Consultants    | 251            |
| Tax Officers       | 11,523         |
| <b>TOTAL</b>       | <b>707,737</b> |

## 4.0 Data Presentations and Analysis

### 4.1 External Respondents

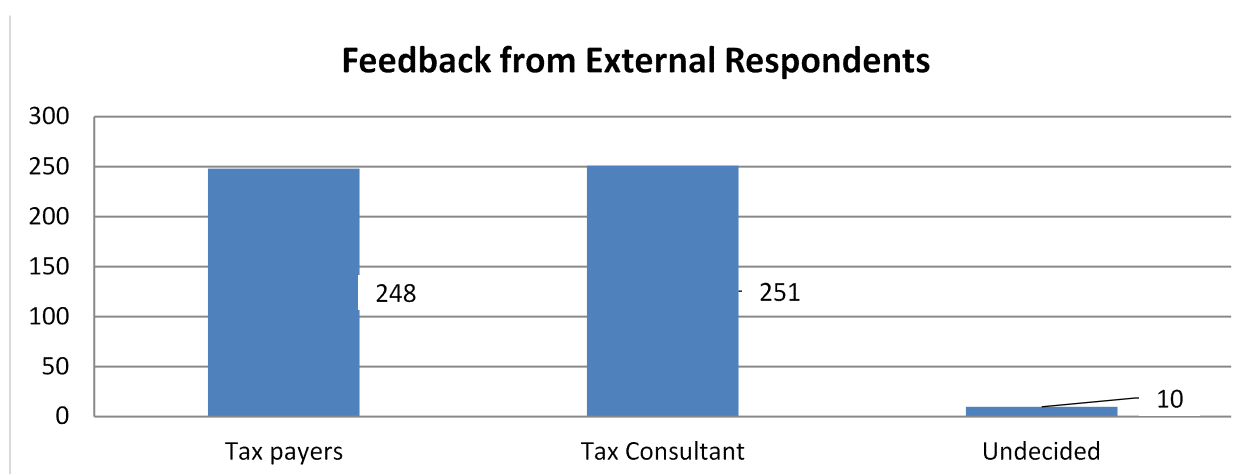
A total of 550 questionnaires were administered to the TaxPro Max users across the above-mentioned co-ordinations. Out of the 550, 509 were retrieved, which constitute 92.5% of the administered questionnaires.

Table 4.1.1: The Distribution of Questionnaires in Accordance with Coordination.

| Coordination          | Frequency | Percentage (%) |
|-----------------------|-----------|----------------|
| Lagos Mainland West   | 77        | 15.1           |
| Lagos Mainland East   | 7         | 1.4            |
| Lagos Island          | 126       | 24.8           |
| RED Coordination      | 90        | 17.7           |
| FKN Coordination      | 139       | 27.3           |
| Kano Jigawa & Katsina | 70        | 13.8           |
| Total                 | 509       | 100            |

*Source: Field Survey, 2022*

Fig. 4.1.1



The graph above shows the distribution of responses from TaxPro Max users. Out of 509, Taxpayer constitute 248, while Tax consultant numbered 251. 10 respondents remain undecided.

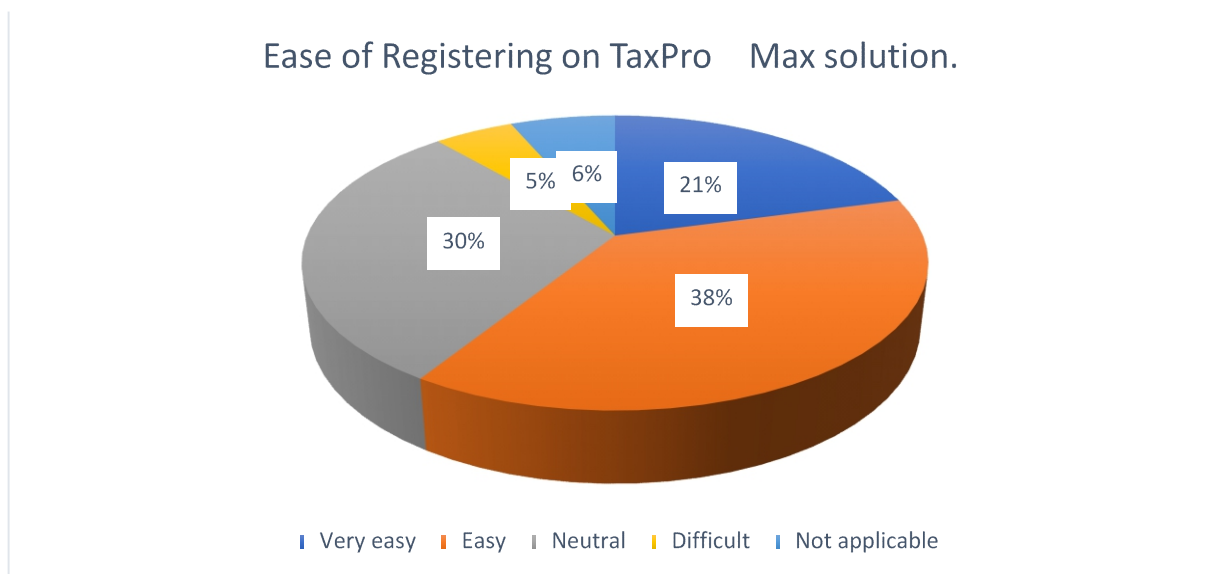
Table 4.1.2: Break down of responses from Tax Offices

| Tax Offices                       | Frequency | Percentage (%) |
|-----------------------------------|-----------|----------------|
| Large Tax Office (LTO)            | 25        | 4.91           |
| Medium Taxpayer Office (MTO)      | 55        | 10.81          |
| Micro and Small Tax Office (MSTO) | 414       | 81.34          |
| Not Specified                     | 15        | 2.95           |
| Total                             | 509       | 100            |

*Source: Field Survey, 2022*

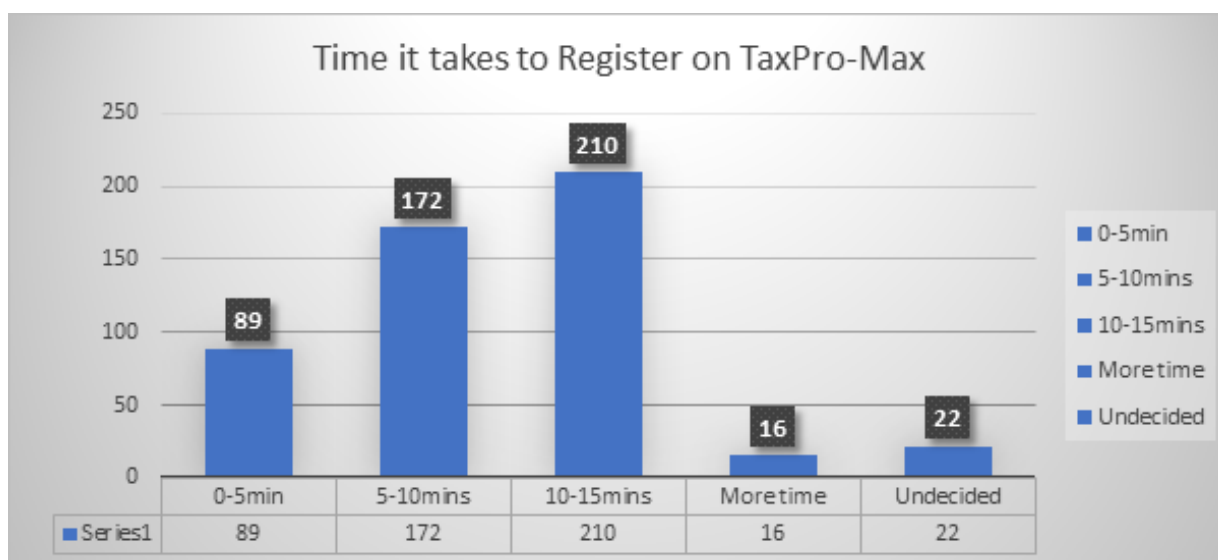
**i Impact of the Registration feature of TaxPro-Max on Revenue generation in FIRS Nigeria.**

**Fig.4.1.2**



From the graph above registering on the TaxPro Max solution is considerably easy as 59% of the respondents found it seamless to register while only 5% found it difficult. However, 30% of the respondents were neutral.

**Fig.4.1.3**

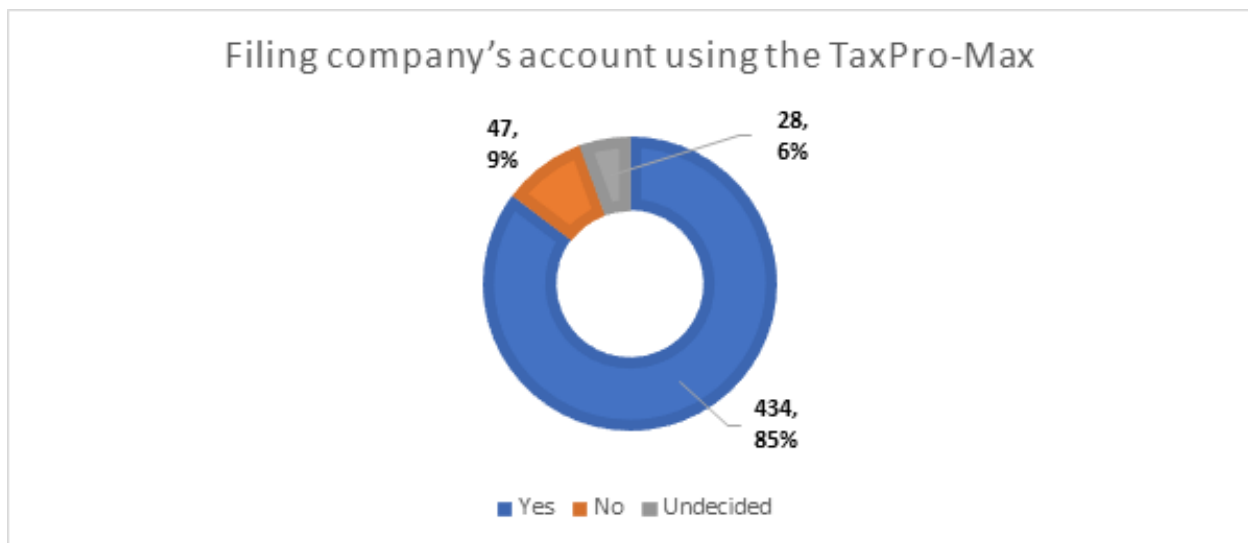


Registering on TaxPro Max within 15 minutes, is relatively swift. From the graph above, 471 respondents, found registration on TaxPro Max speedy, while 16 respondent registered in more than 15 minutes which is largely related to issues concerning network downtime and location. However, 22 respondents were undecided.

The results show that, TaxPro Max has simplified and reduced time wasted during registration for majority of taxpayers.

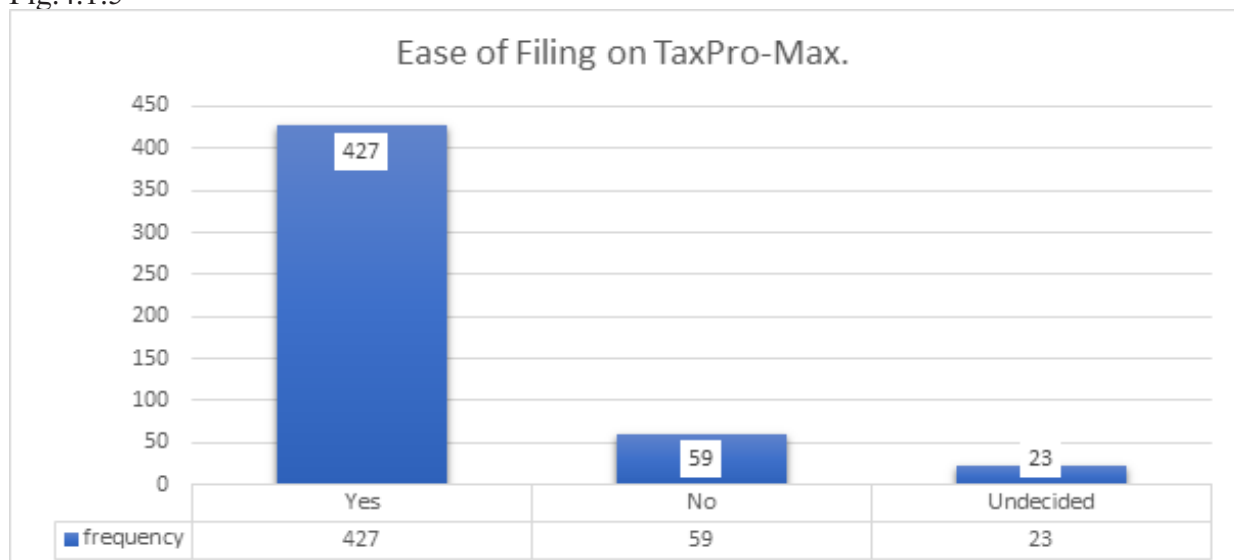
#### i Impact TaxPro-Max Filing on revenue generation in FIRS, Nigeria.

Fig.4.1.4



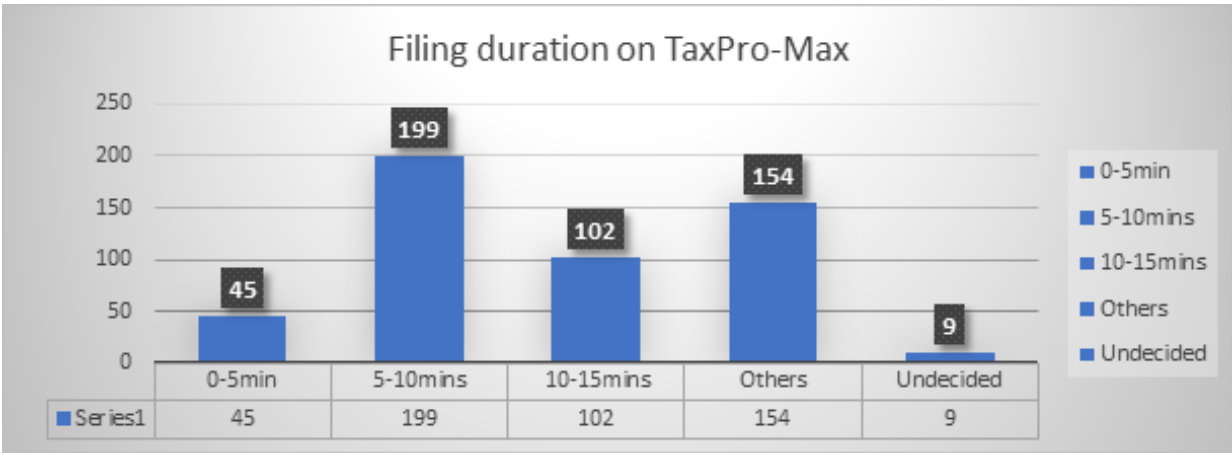
In the Figure above, 434 respondents representing 85% file their tax returns using TaxPro Max, 47 respondents representing 9% file their tax returns manually while 28 respondents representing 6% are undecided. From this result it shows that majority of taxpayers has accepted the TaxPro Max solution as their preferred channel of filing.

Fig.4.1.5



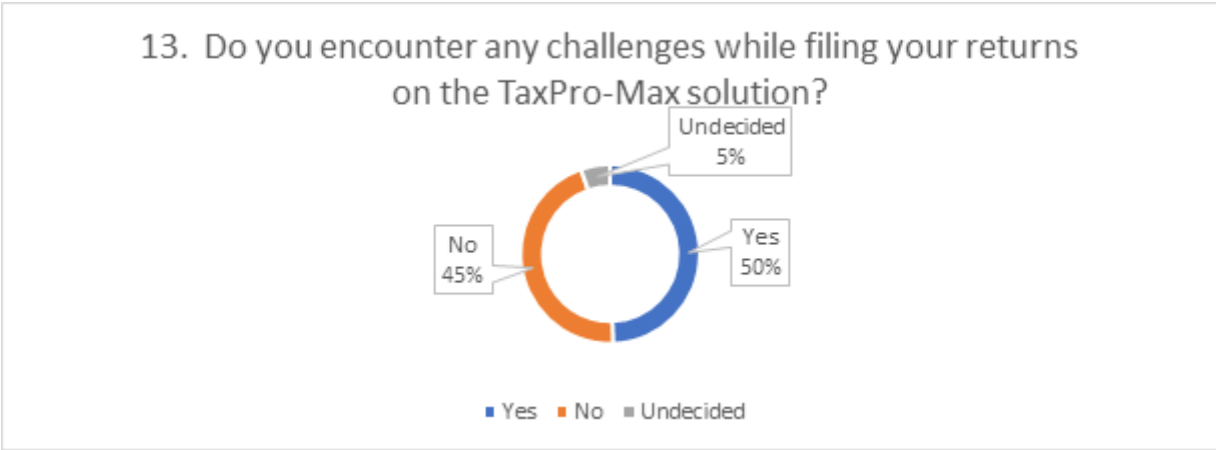
From the graph above filing on the TaxPro Max solution is considerably easy as 427 of the respondents consider filing on TaxPro Max a simple procedure, while only 59 respondents faced difficulties. However, 23 of the respondents were undecided.

Fig.4.1.6



On an average it takes between 0 to 15 minutes to file returns on TaxPro Max, as 346 respondents agree to have been able to file within 15 minutes. However, 154 respondents spent more time while filing on TaxPro Max. 9 respondents did not decide regarding filing duration on TaxPro Max. This shows that TaxPro Max has reduced the time taxpayers spend while filing their tax returns.

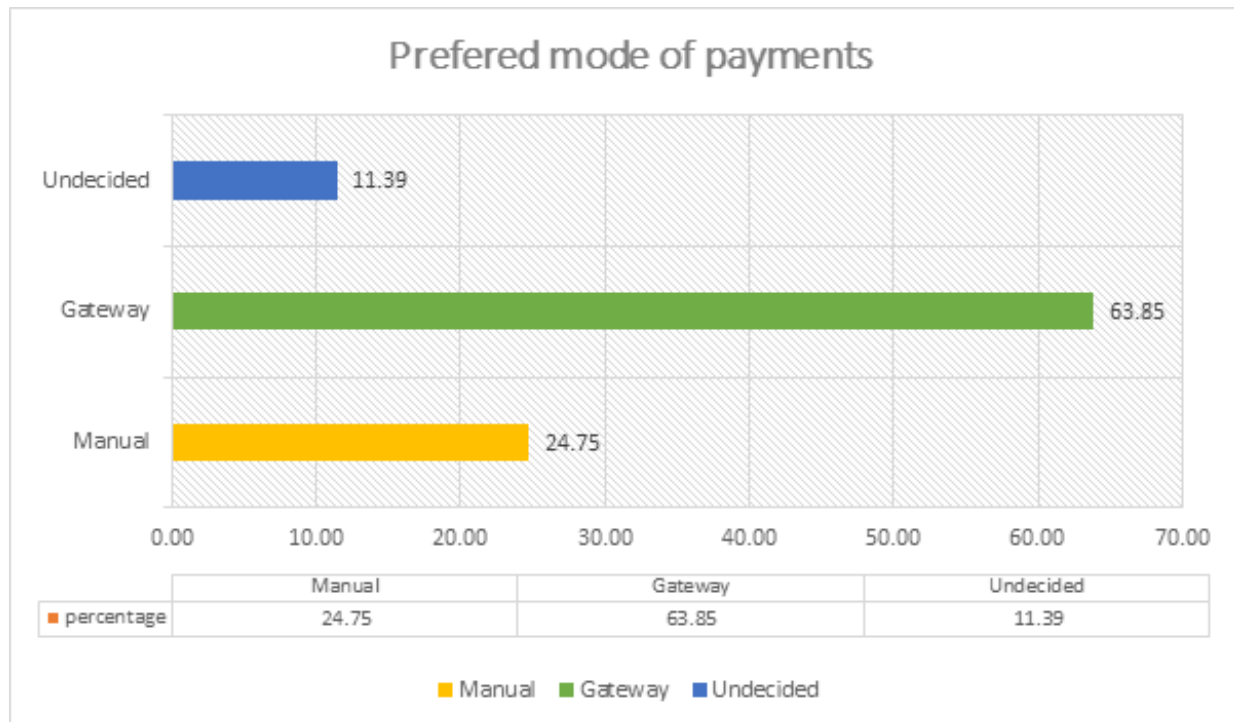
Fig.4.1.7



Based on response from the above chart, it shows that 50% of respondents face challenges when filing returns on the TaxPro Max solution and 45% did not, while 5% remain undecided. The result portrays that there are challenges present in the TaxPro Max solution as identified by taxpayers, such as network problems, inconsistent capital allowance computation compared to that of the manual, non-attachment of assets schedule, lack of computation/recognition of deferred assets and unavailability of correction feature for prior year errors.

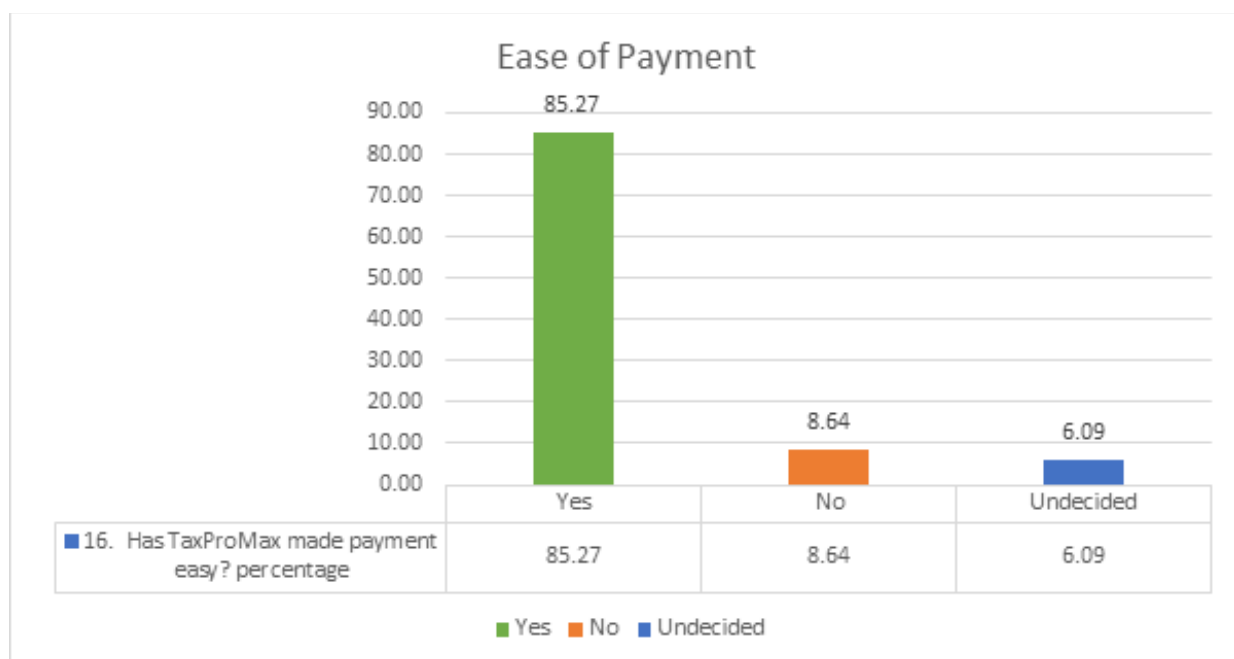
### iii. Impact of Tax-Pro-Max payment feature on revenue generation in FIRS, Nigeria.

Fig.4.1.8



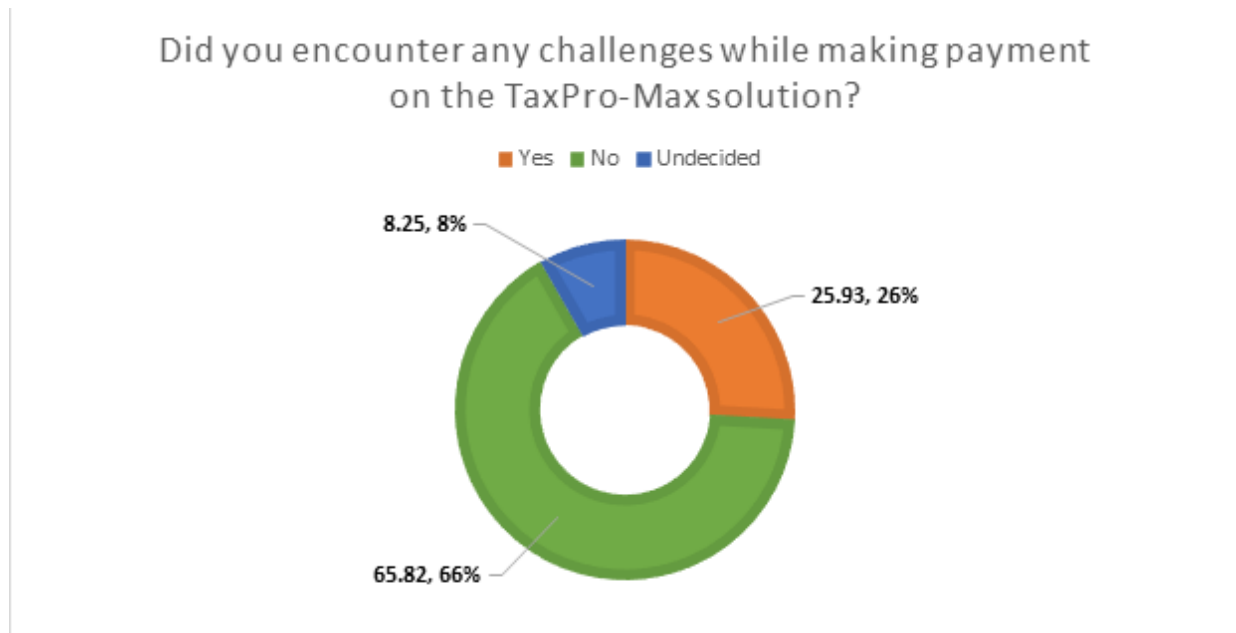
The chart above show that 63.85% of respondents make payments of their taxes using payment gateways and 24.75% use manual methods. While 11.39% remain undecided. From this result, it can be deduced that, majority of the respondents prefer using the gateway mode of payment.

Fig.4.1.9



The chart above show that 85.27% of respondents considered the TaxPro Max payment feature as tool that has eased the process of paying taxes, 8.6% are of the view that payment through TaxPro Max is rigorous, while 6.09% did not decide. This indicates that majority of the taxpayers carry out payment on the TaxPro-Max solution easily.

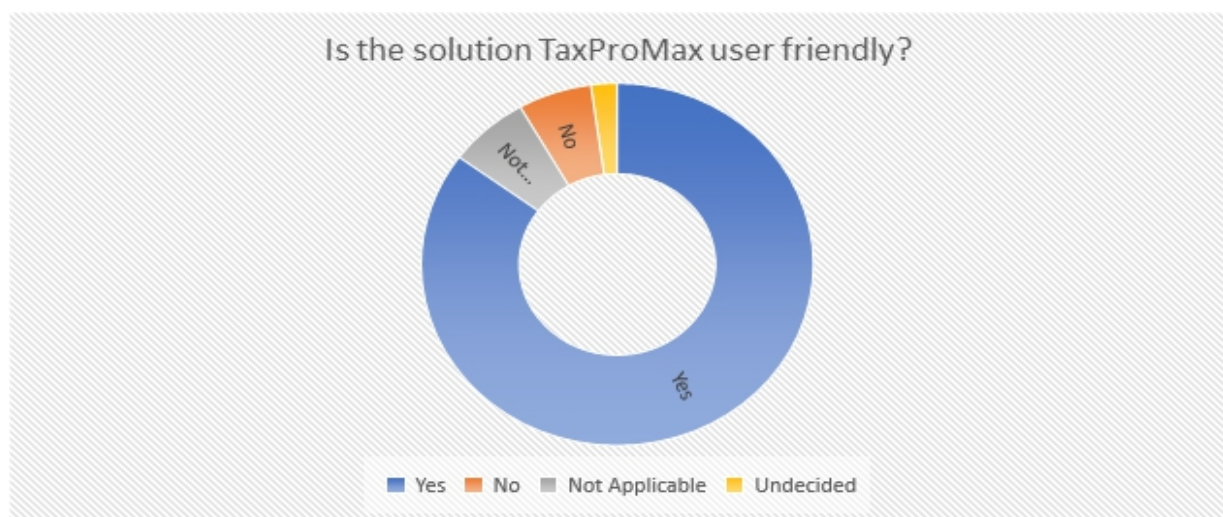
**Fig.4.1.10**



This show that making payment using TaxPro Max is considerably seamless as only 26% of respondents encountered an issue while making payment using the TaxPro Max solution and a majority of 66% did not. The implication of this result is that, payment of taxes using the TaxPro Max platform has little issues as pointed out by respondents.

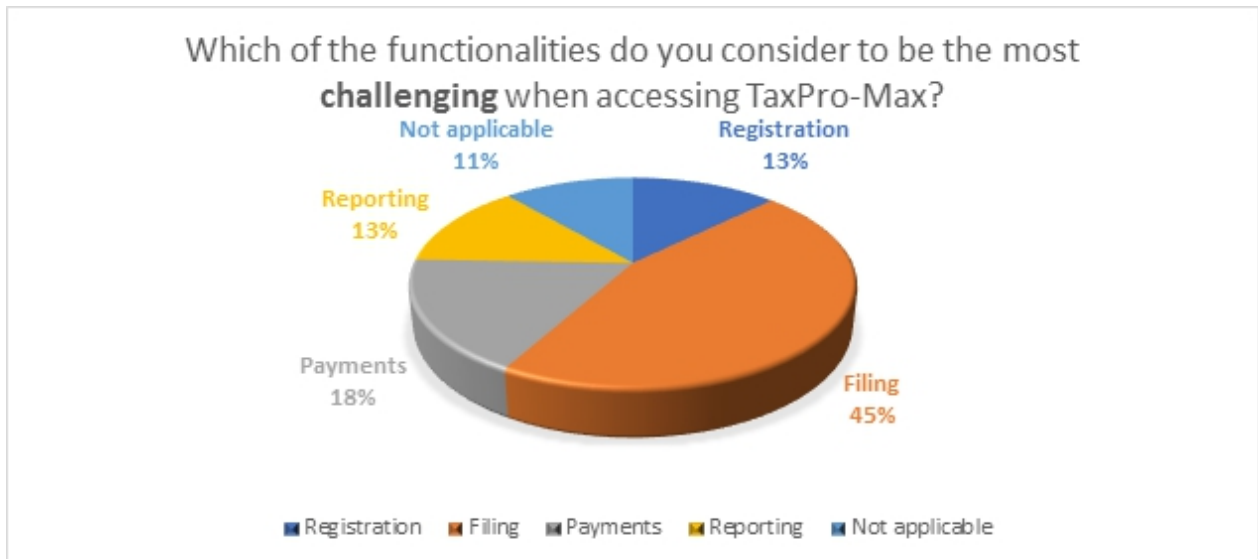
#### **Additional Information**

**Fig.4.1.11**



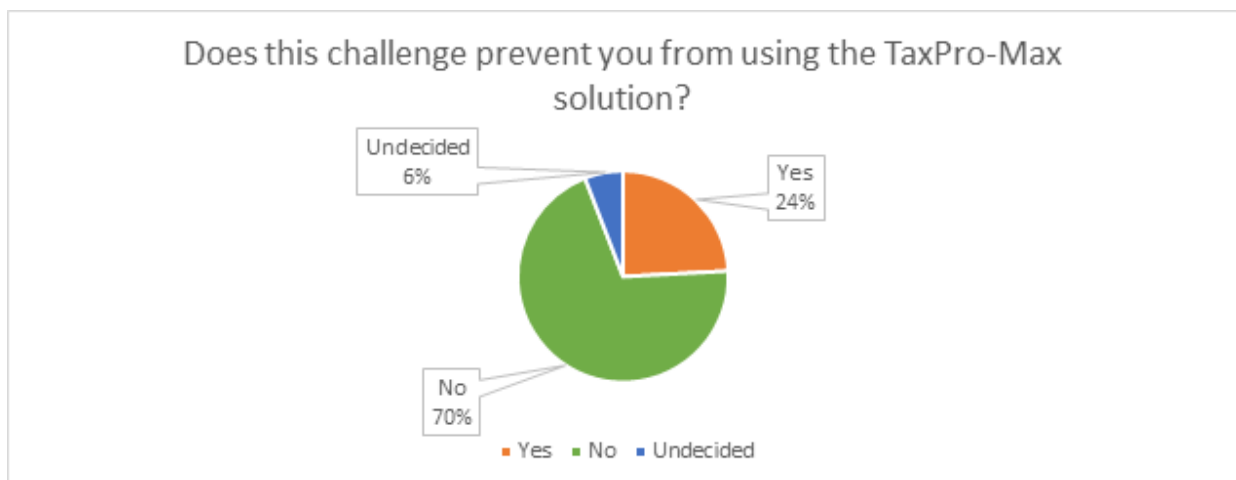
The chart above show that TaxPro Max is user-friendly, as a majority of respondents, representing 86.07% considered it a user-friendly system and only 6.09 % of respondents did not.

**Fig.4.1.12**



From the above chart, respondents categorized the features of TaxPro Max according to challenges encountered, from the most to the least challenging. Filing was ranked the most challenging with 45%, followed by Payment taking 18% while Registration and Reporting represented 13% each. However, 11% of respondents did not find any challenge with the TaxPro Max platform. This implies that, Filing is the most challenging feature of TaxPro Max, compared to, Payment, Registration and Reporting.

**Fig.4.1.13**



From fig.4.1.10 above, it can be deduced that majority of the respondents encountered a more challenges while Filling on TaxPro Max. However, the chart in Fig.4.1.11 shows that the challenges faced, only prevents 24% from using the TaxPro Max solution.

**Fig.4.1.14**

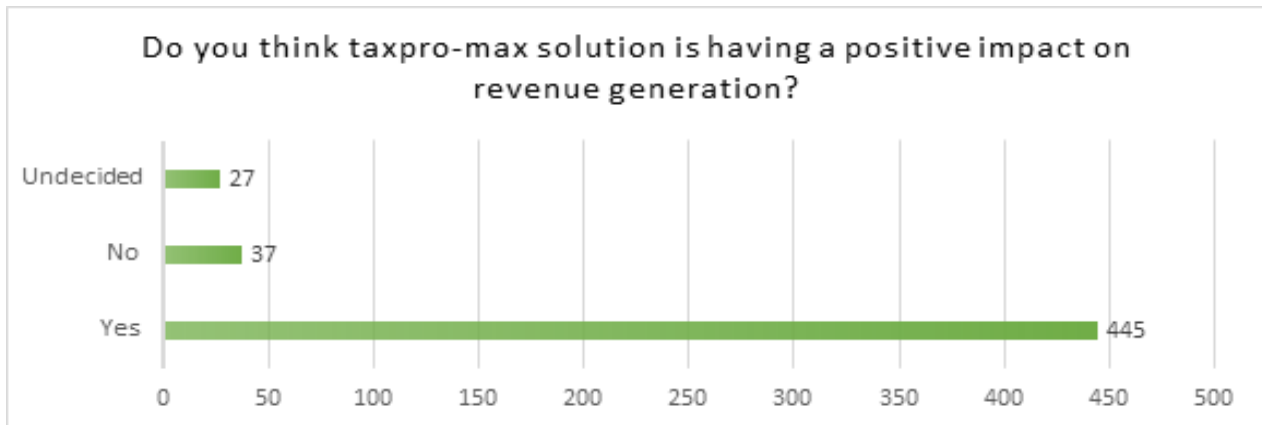


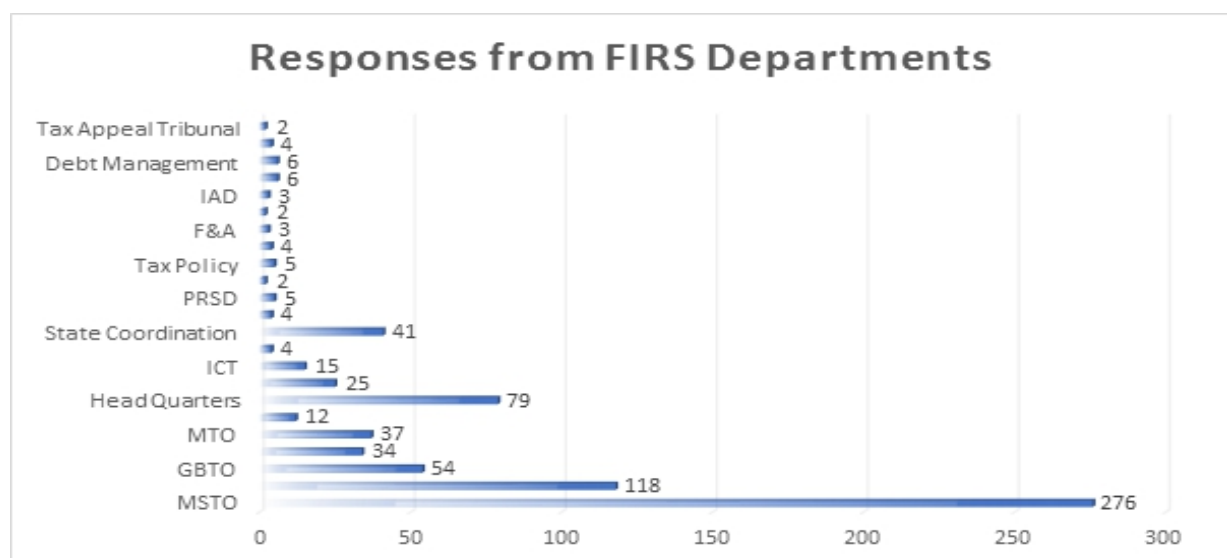
Fig.4.1.12 illustrates the perception of respondents on whether TaxPro Max has had a positive effect on generating revenue. 87% (445) are of the opinion that TaxPro Max has indeed had a positive effect on revenue generation as can be confirmed even at individual level (taxpayers and tax consultants). However, only 7% (37) are of the opinion that TaxPro Max has not positively impacted on revenue generation.

## 4.2 Internal Respondents

A total of 741 copies of Questionnaire were administered to the TaxPro Max users across the above-mentioned coordination. Out of the 741 copies of questionnaire distributed, 575(77.5%) copies were retrieved and were used in the data analysis for the study.

The chart below shows the responses received from various departments within The Service.

**Fig.4.2.1**

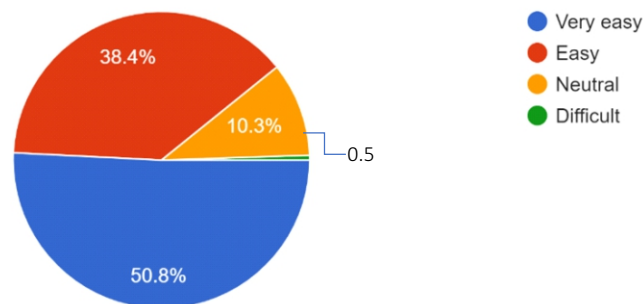


**i. Impact of the Registration feature of TaxPro -Max on Revenue generation in FIRS, Nigeria.**

**Fig.4.2.2**

**Ease of Registration**

575 responses

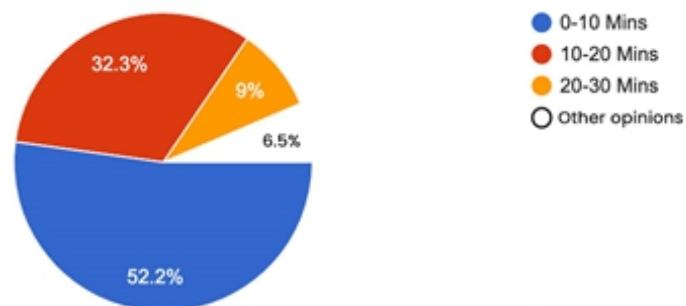


According to the graph above, registering on the TaxPro Max solution is rather simple, since over 80 percent of the FIRS staff considered it easy, while just 0.5% found it difficult. This supports the findings presented in **Fig.4.1.2** as indicated by the external respondents.

**Fig.4.2.3**

**Registration Time Frame**

575 responses

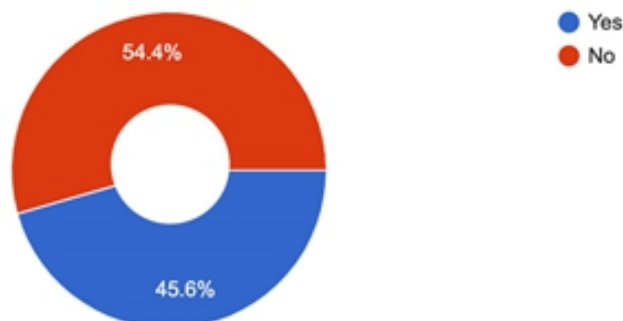


According to the graph above, 85% of FIRS staff indicated that registering a taxpayer on the TaxPro Max can be completed within 0-20 minutes. This is slightly different from what was obtainable in the responses given by the external stakeholders in **Fig. 4.1.3**

**Fig.4.2.4**

**Issues Faced During Enrolment of Taxpayers**

575 responses



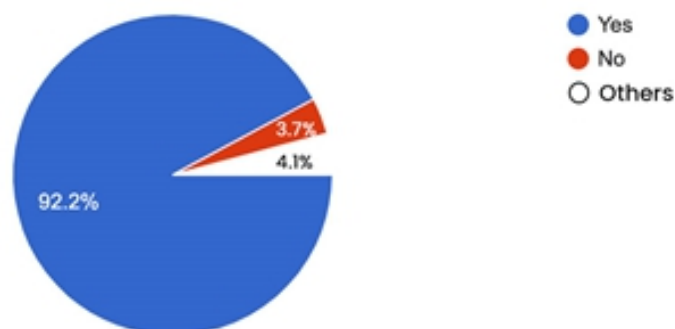
The graph shows that while 46% of FIRS staff encountered problems registering taxpayers on the TaxPro Max, 54% of them did not. This implies that majority of the staff found registering taxpayers on TaxPro-Max platform non-challenging.

**i. Impact of TaxPro Max Filing feature on increased revenue in FIRS, Nigeria.**

**Fig.4.2.5**

**Ease of Meeting Tax Obligation Through TaxPro Max**

575 responses

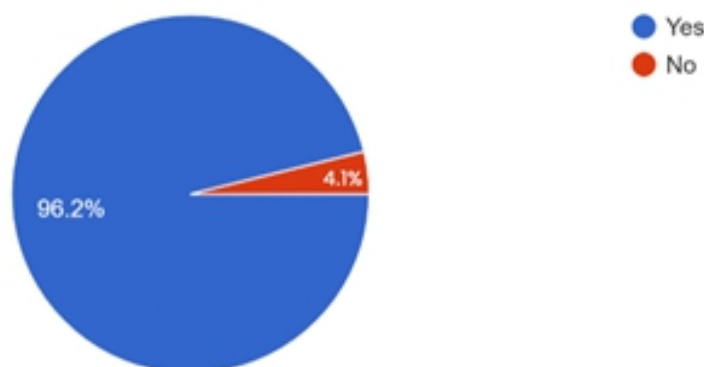


According to the graph above 92.2% of FIRS staff are of the opinion that the TaxPro Max has made it easier for taxpayers to fulfil their tax obligations, while just 3.7% did not. This shows that TaxPro Max is an effective tool that has made it easier for taxpayers to comply with their tax obligations.

**Fig.4.2.6**

**Effectiveness Of TaxPro-Max In Aiding Staff Productivity**

575 responses



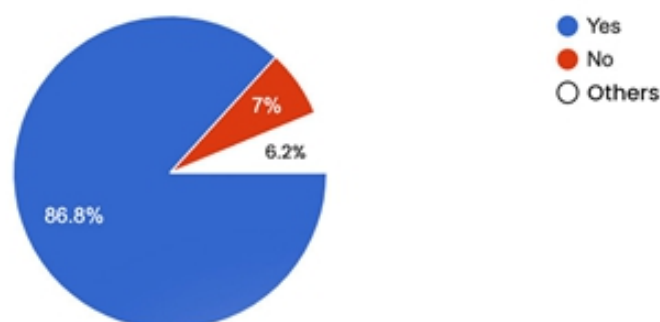
According to the chart above, 96.2% of the FIRS staff agreed that the TaxPro Max solution had helped them be more effective at work, although a minority of 4.1% claimed it had not. This translates to the fact that a majority of FIRS personnel are working better and smarter as a result of the TaxPro Max solution.

**I. Impact of Tax-Pro Max payment feature on revenue generated in FIRS, Nigeria.**

**Fig.4.2.7**

**Effectiveness of TaxPro Max in blocking revenue leakages**

575 responses

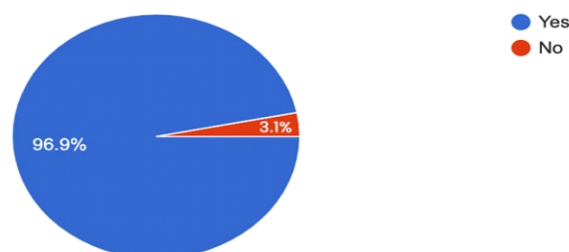


From the chart above, 7% of FIRS staff do not agree with the notion that TaxPro Max has blocked revenue leakages. Nonetheless, a majority of 86.8% of FIRS staff are of the opinion that the TaxPro Max solution has blocked revenue leakages. This means that, revenue leakages which occur as a result of issues such as, manual tax computation, errors of omission, face to face interaction with taxpayers which may lead to tax evasion aided by some corrupt tax officers/ consultants is greatly reduced.

**Fig.4.2.8**

**Has TaxPro-Max had a Positive Impact On Revenue Generation**

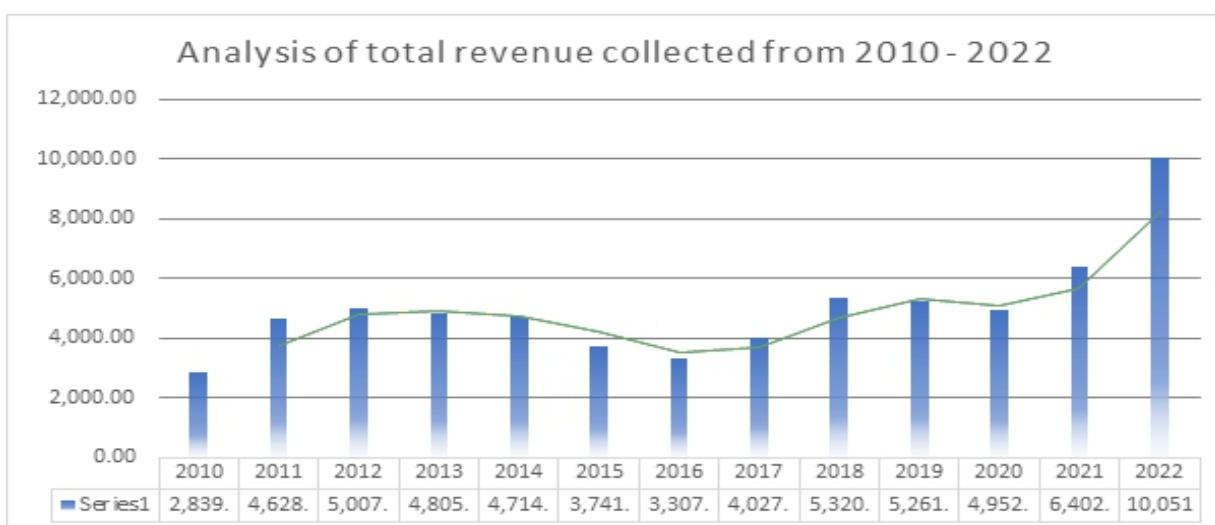
575 responses



The chart above depicts that a majority of 96.9% of FIRS staff agree that TaxPro Max has had a positive impact on revenue generation. This is in alignment with the result in **Fig.4.1.12** which sampled the opinions of external stakeholders.

**Additional Information**

**Fig.4.2.9**



Source: FIRS Portal (2023)

The bar chart above shows an analysis of total revenue collected before and after automation through the TaxPro Max solution. Since the deployment of TaxPro Max, a total tax revenue of N21.4 trillion has been collected within the period of 2020 to 2022. Between 2010 and 2019, which is the period before the deployment of the TaxPro Max solution, a total of 43.6 trillion was generated. Comparing the two periods, shows that on average, revenue generated annually from 2010 to 2019, yielded 4.36 trillion, while, revenue collected between 2020 to 2022 generated 7.13 trillion annually. This signifies that the introduction of the TaxPro Max solution positively affected revenue generation in FIRS, Nigeria.

### Impact of TaxPro Max in the Service

This is a comparison of tax revenue collected before and after the implementation of TaxPro Max, categorized by different tax types.

|                                | Before TaxPro                    | After TaxPro                     |                      |
|--------------------------------|----------------------------------|----------------------------------|----------------------|
|                                | (Jun 2020 - May 2021)            | (June 2021 - May 2022)           |                      |
| <i>Tax Types</i>               | <i>Amount (in billion naira)</i> | <i>Amount (in billion naira)</i> | <i>% achievement</i> |
| Petroleum Profits Tax          | 1,132.9364                       | 2,757.1187                       | <b>143.36</b>        |
| Companies Income Tax           | 1,705.4075                       | 2,115.1883                       | <b>24.03</b>         |
| Value Added Tax                | 1,862.3198                       | 2,199.2769                       | <b>18.09</b>         |
| Education Tax                  | 264.0831                         | 189.3837                         | - <b>28.29</b>       |
| Personal Income Tax            | 100.2276                         | 44.6315                          | - <b>55.47</b>       |
| NITDEF                         | 15.9307                          | 21.0549                          | <b>32.17</b>         |
| Electronic Money Transfer Levy | -                                | 161.3204                         | <b>161.32</b>        |
| Total                          | <b>5,080.9051</b>                | <b>7,487.9744</b>                | <b>47.37</b>         |

The table provides a comparison of tax revenue:

#### Petroleum Profits Tax:

The revenue generated from Petroleum Profits Tax before the implementation of TaxPro Max was 1,132.9364 billion naira while the revenue significantly increased to 2,757.1187 billion naira or 143.36% after the implementation of TaxPro Max. This indicates a substantial boost in the collection of Petroleum Profit Tax.

#### Companies Income Tax:

Before TaxPro Max, 1,705.4075 billion naira was collected while the revenue slightly increased to 2,115.1883 billion naira or 24.03% after the implementation of TaxPro Max. While the increase is not as dramatic as in Petroleum Profits Tax, it still reflects growth in this category.

#### Value Added Tax:

The revenue collected from Value Added Tax was 1,862.3198 billion naira before TaxPro Max. After TaxPro Max implementation, the revenue increased to 2,199.2769 billion naira or 18.09%. This suggests improved collection of Value Added Tax.

#### Education Tax:

Before TaxPro Max the Education Tax collected was 264.0831 billion naira while surprisingly, the revenue decreased to 189.3837 billion naira or 28.29% after the implementation of TaxPro Max. This reduction could be due to changes in tax policy or other factors not within the model of this study.

#### Personal Income Tax:

The revenue from Personal Income Tax before TaxPro Max was 100.2275 billion naira. After TaxPro Max implementation, the revenue significantly decreased to 44.6314 billion naira or 55.47%. This substantial drop is noteworthy and should be investigated further (through FCT Internal Revenue Service).

**NITDEF (Nigerian Information Technology Development Fund):**

The revenue from NITDEF revenue & Electronic Money Transfer Levy increased by 32.17% & 161.32% after TaxPro Max implementation respectively but no revenue was generated from Electronic Money Transfer Levy before TaxPro Max.

**Aggregate:**

The total tax revenue collected across all tax types before TaxPro was 5,080.90505 billion naira while after Tax Pro Max, the total revenue increased to 7,487.974413 billion naira or 47.37% after the implementation of TaxPro Max, reflecting an overall improvement in tax collection.

In summary, the implementation of TaxPro Max has had varying effects on different tax types. While it led to substantial increases in Petroleum Profit Tax, Company Income Tax, Value Added Tax, NITDEF, and the introduction of Electronic Money Transfer Levy, it resulted in significant reductions in Education Tax and Personal Income Tax revenue. Understanding the reasons behind these variations is essential for effective tax policy and management.

**Discussion of Findings**

In view of the analysis shown above, an increase in the use of automation leads to a positive increase in revenue generation. The Technology Acceptance Model and the revenue generation theory established a positive link between effective and efficient tax administration and automation. The results of this study proved that the Registration, Filing and Payment feature of the TaxPro Max solution has greatly affected revenue generation in a positive way.

This corroborates the findings of Lai (2008), Okoye and Ezejiofor (2014), and Adegbe, Folajimi & Johnson et al. (2022). However, the results of this research refute the outcomes of Phoebe (2019), and Chijioke et al. (2018).

The way and manner by which taxpayers are identified and registered, tax returns are processed, and the examination of completeness and correctness of tax returns, the assessment of tax obligations, and the provision of services to taxpayers is of great significance to tax revenue generation. The TaxPro Max enables seamless filing of tax returns and remittance of tax with the following functionalities namely Registration, Filing and Payment.

In addition, the TaxPro Max solution also aids in assessment, issuance of Tax Clearance Certificate (TCC), reporting and also generate receipts for resident and non-resident taxpayers. The results of the findings show that the TaxPro Max solution is well known and most respondents have used the TaxPro Max solution, which is user-friendly.

As opined by the respondents, TaxPro Max offers taxpayers the opportunity to register, file returns, remit taxes and manage withholding tax deductions. It offers taxpayers the opportunity to communicate with the FIRS on tax issues, among other things that will ensure ease of tax compliance. They further stated that registering on the TaxPro Max solution is quite easy and it usually takes an average of 10-15mins at most to complete registration. The results of the findings also attest that tax revenue collections have improved positively with TaxPro Max, compared to that generated before its existence. This is because the percentage of revenue generations has increased on account of using the TaxPro Max solution. The finding also shows that majority of

payments are made via 'payment gateways' and there are little to no challenges while making payments on the TaxPro Max solution. The network challenge (network downtime) while logged onto TaxPro Max is largely less frequent and the web page responds fast.

The findings further demonstrate that the TaxPro Max solution prevent revenue leakages to a greater extent. However, there are accompanied future challenges to the usage of the TaxPro Max solution, such as lack of basic tax knowledge by field officers, particularly the new staff, resistance to change, and cyber security challenges.

### **Recommendations**

In line with the findings of this study, it is therefore recommended that:

- I Since findings of this study have also confirmed that improvement in tax revenue collection depends on the number of taxpayers registered on TaxPro Max, the government In collaboration with FIRS, should come up with sustainable strategies that will ensure that all taxpayers register on the TaxPro Max system.
- ii With challenges present in the TaxPro Max solution as identified by taxpayers, the management of FIRS should improve network connections, ensure accurate computation of capital allowances, attachment of assets schedule, computation/recognition of deferred assets and availability of correction feature to tackle previous year errors in order to ease filing on the TaxPro Max solution.
- iii To avoid delay in payment submissions, and network challenges, the FIRS should improve synergy with payment gateways to ensure quick payment processes.
- iv The Federal Government through the FIRS and policy makers should strengthen the capacity of taxpayers to use the TaxPro Max Solutions. This can be in the form of provision of awareness on the benefits of the TaxPro Max Solution to taxpayers, the government and the public. It is also critical that the system's bandwidth be raised. Furthermore, in order to lessen the cluster at peak periods, FIRS should also encourage early filing and payment.

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