Tax Audit and Investigation: A Panacea to Increase Revenue Generation in Nigeria

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Abstract

The research work examines the effect of tax audit and investigation on revenue generation in Nigeria. The essence of the study is to determine the effect of tax audit and investigation, which is a viable instrument of relevant tax authority on revenue generation in Nigeria using the tools of tax audit and investigation as measuring indicators. Primary data were sourced through the administration of a structured questionnaire on 162 samples drawn from the total population of Federal Inland Revenue staff in the South-western zone of Nigeria, using Taro Yamane sample size calculator. Descriptive and inferential methods of data analysis were employed to measure the effect of tax audit and investigation's indictors (desk/office audit, field audit, and audit investigation) on revenue generation. Findings revealed that about 38% variation in revenue generation in Nigeria is due to change in tax audit and investigation's indicators/variables of DOA, FA, and ANINV, which implies that applications of these variables of tax audit and investigation will improve tax revenue generation in Nigeria as shown from the contributory regression coefficients of 0.576, 0.407, and 0.151 respectively. The study therefore recommends that effective and efficient tax audit and investigation habit should be encouraged by the relevant tax authorities as this will help in curbing taxpayers rendering false returns, reduce tax evasion and eventually improve tax revenue generation in Nigeria.

Keywords: Tax Audit, Tax investigation, Field Audit, Office/Desk Audit, Revenue Generation,

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1. Introduction

The race between the Relevant Tax Authority (RTA) and the taxpayer is like cat and rat race. The tax authority will always want to raise as much revenue as possible from a taxpayer while taxpayeris a dodger when it comes to payment of tax liability. Taxpayer, as a dodger of tax liability therefore needs to be motivated seductively or be forced into paying what is expected as tax liability from him as a responsible citizen of a state. According to OECD (2010) as cited in Harelimana (2018), for nearly all underdeveloped nations, taxation and economic swing are inseparable and taxes are moving force for authorities to provide critical facilities and to build durable outlays in common goods.

The United Nations considers that achieving the Millennium Development Goals (MDGs) requires developing countries to raise at least 20% of their gross domestic product (GDP) in taxes. Very low tax to gross domestic product (GDP) ratio is a common characteristic of most of the developing countries (Ter-Minassian, 2012). Several Asian and Latin American countries and some of sub-Saharan African countries still mobilize less than 17% of their GDP in tax revenues hence making it difficult to finance public projects (Paepe and Dickinson, 2014) cited in Harelimana (2018).

Taxation is as old as the world itself. It has been in existence with us here in Nigeria before our colonization by the British. Abomaye-Nimenibo (2017) is of the view that tax is a compulsory contributions made by animate and inanimate beings to government being a higher authority either directly or indirectly to fund its various activities and any refusal is meted with appropriate punishment.He went further to say that tax is an involuntary payment made by a resident of a state in obeisance to levy imposed by a constituted authority of a sovereign state at a particular period of time. Taxation however is the process put in place by government (whichever tier) to exercise authority on and over the imposition and collection of taxes based on enacted tax laws with which projects are financed. Therefore, taxation primarily aimed at generating revenue for government in order to cater for its expenditure (Amah andNwaiwu, (2018).

According to Amah and Nwaiwu (2018), auditing is an independent examination and expression of opinion on the financial statement of an enterprise by an appointed auditor in accordance with his terms of engagement and compliance with statutory regulation and professional requirements. Tax audit is independent examination of accounts, tax returns, tax payments and other records of a taxpayer to confirm compliance with tax laws, rules and regulations and accuracy and correctness of tax paid and adhering to generally relevant accounting principles and standards (Okonkwo, 2014). Kircher (2008) as cited in Harelimana (2018) stated that tax audit is the examination of an individual or organization's tax report by the relevant tax authorities in order to ascertain compliance with applicable tax laws and regulations of state. He stated further that tax audit is a process where

the internal revenue service tries to confirm the numbers that have put on your tax return.

Tax investigation according to Okonkwo (2014) is a more detailed and painstaking examination of the taxpayer's records. It is usually triggered by suspicion of fraud, evasion and related offences. Adeniji (2016) submitted that tax investigation is an in-depth enquiry of the books, records, documents, tax returns etc of the taxpayer, when the tax authority has evidence or strong suspicion that the taxpayer has committed tax fraud or tax evasion. In an investigation, the scope of work is wider than that of a tax audit. Tax audit is always established to stimulate compliance on taxpayer's return (Olaoye and Ekundayo, 2018). However, the frequency of tax audits and investigations, in recent times, by the FIRS and the various SIRS has been on the increase (Ojo and Summola, 2014) as cited in Olaoye and Ekundayo (2018). Though, the idea of tax audit became known through Lagos state where monitoring agents were appointed to carry out tax audit on government behalf (Adediran, Alade and Oshode (2013). They were however introduced in Nigeria since the year 2007 (Onuoha and Dada, 2016). However, both the FIRS and SIRS have long since embraced tax audit and investigation as invaluable in the process of tax administration, they further stressed.

According to Amah and Nwaiwu (2018), tax audit can be classified into two: Desk Audit and Field Audit. Desk Audit is said to be the tax audit which takes place in the tax office where books and financial records of the taxpayers are examined. In Field Audit, examination of records and searching for evidence is done at the firm's premises. Olaoye, Ogunleye and Solanke (2018) stated that tax audit and investigation includes desk audit which is one in which the whole activity of the audit takes place within the confines of the office of the tax officials, and Field audit, which involves physical verification of documentary evidence and materials at the premises of a taxpayer so as to confirm the facts and figures of the tax returns filed by corporate taxpayers and back duty audit which is instituted when the following occurs; failure to disclose or include in full, any income or earnings in the return made available to the tax office; doubtful claim of capital allowance in respect of current or previous year; reduction in the profit in the returns files in the tax office; where the tax charged or assessed is less than what it ought to be. Adeniji (2016) opines that tax audit can be conducted in different locations, sometimes at a taxpayer's premises and in other situations. He further argues that tax audit can be categorized as desk audit and field audit.

Revenue Generation includes all amounts of money (i.e. taxes and/or levies) received from sources outside the government entity. Large governments usually have an agency or department responsible for collecting government revenue from companies and individuals (Harelimana, 2018). Taxes are the main revenue for the government and thus the department or agent concerned should ensure they are collected the right way, he further stated. In essence, it is often said that the customer is always right, hence not the case in the relationship between the tax authority and the taxpayer. This is so because the major aim of tax audit and investigation is not to manage the taxpayer but a focus on generating revenue by all means and at all costs (Onoja and Iwarere, 2015).

The relevant tax authority will always be out to maximize tax revenue for their government while the taxpayer is always unwilling to pay tax liability. Considering the high level of corruption cases in Nigeria, there is no gainsaying that many taxpayers would attempt to report falsely on their self-assessments in order to conceal some of the amounts payable as tax to the government (Onuoha and Dada, 2016). Accoding to Onuoha and Dada (2016), there is a general feeling that corruption, lack of transparency by tax administrators and taxpayers has gravely impacted on the ability of the relevant tax authorities to generate appropriate level of revenue from taxes. As government responsibilities continue to increase over time in Nigeria as a result of growing population and technological development, but resources available from oil as the only major source of revenue continue to decline on daily basis due to the serious decline in the price of oil in recent years. The financial responsibility of Nigeria where there is dearth of infrastructures, prevailing poverty, and social vices called for all tiers of government to look for another means of generating revenue internally to argument the dwindling revenue from the oil sector which has been the main source of revenue in Nigeria. Tax audits

Though, a very significant challenge around tax audits and investigation by tax authority has been how to ensure timely completion. In fact, very few tax audit exercises in Nigeria commence and get concluded within twelve months as most span for years before closure (Amah and Nwaiwu, 2018; Nwaiwu and Macgregor, 2018). Yet, tax audit and investigation remain the tested tools of generating appropriate revenue for all tiers of government in order to run the affairs of the state without recourse to borrowing. Thus, according to Harelimana (2018), with tax audit, tax liability can be easily declared and matters that need adjustment are identified. It helps in collecting tax interests and penalties which thereby increase revenue collection, and also helps to implement changes to eradicate evasion. In essence, tax audit is positively related to revenue generation using aforementioned effective and efficient variables of tax audit and investigation, he further stated.

Also, most empirical analyses of tax audits effects on revenue generation research have been on data from developed countries, notably USA, China, Canada, Japan, South African and Thailand. However, studies espousing the effect of tax audit on tax revenue generation research in less developing economies have been rather sparse (Nwaiwu and Macgregor, 2018). Also, the paucity of studies in this area of interest constitutes a

vacuum in academic, which must be filled to enhance tax policy and formulation of strategy (Soyinka, Jinadu and Sunday, 2016; Olaoye and Ogundipe, 2018). This study therefore is necessary at this point in time to examine the impact of tax audit and investigation on revenue collection by relevant tax authorities in Nigeria.

The following questions are therefore raised and this research work is carried out to proffer solutions to them; to what extent has desk/office audit affect CIT revenue generation in Nigeria; how has field audit impact on CIT revenue generation in Nigeria; and how does audit investigation affects CIT revenue generation in Nigeria? Meanwhile, these hypotheses in null form will be tested and conclusion drawn in the course of this study;

Ho1: Desk/Office audit does not significantly affect company income tax revenue generation in Nigeria

Ho2: Field audit has no significant impact on company income tax revenue generation in Nigeria

Ho3: Audit investigation does not significantly affect company income tax revenue generation in Nigeria

With the above hypotheses development, it very glaring that while tax audit and investigation are the explanatory variables (predictors), the dependent variable (revenue generation) is proxied as company income tax (CIT). Based on the above, the scope of this study is limited to activities of Federal Inland Revenue Service in the South Western States where mostly activities of tax audits and investigation are carried out due to concentration of the corporate taxpayers which is the focus of this study.

2. Literature Review
Conceptual Review
Taxation

Taxation is seen as an essential part of a country's investment and growth pattern. Tax is a compulsory levy imposed on a subject or upon his property by the government to provide security, social amenities and create conditions for the economic well-being of the society (Appah, 2004; Abomaye-Nimenibo, Micheal and Friday, 2018). Nwaiwu and Macgregor (2018) defined tax as a compulsory levy by government through its agencies, on income, consumption and capital of its subjects. These levies, they further submitted are made on personal income such as salaries, business profit, interest, dividend, discount or royalties to obtain revenue. To them, taxation is a transfer of resources from private to public sector levied on the basis of the determined criterion and without reference to specific benefits received in order to accomplish some of the nation's economic and social objectives (Nwaiwu and Macgregor, 2018). Tax is one of the sources of revenue to the government which contributes much more than any other source of revenue generation to the government of any country (Olaoye and Ekundayo, 2018). Adedeji and Oboh (2012) opined that taxes are known to be the principal source of government revenue and the beauty of any government is for its citizen to voluntarily perform their tax responsibilities without much coercion and harassment.

Tax Audit

Tax audit is established to stimulate tax compliance on taxpayers' return. Okonkwo (2014), cited by Olaoye and Ekundayo (2018) defines tax audit as an independent examination of accounts, tax returns, tax payments and other recoerds of a taxpayer to confirm compliance with relevant tax laws, rules and regulations and accuracy and correctness of tax paid and adhering to the relevant generally accepted accounting principles and standards. Adediran et al (2013) opined that tax audit just like financial audit involves the gathering of information and processing it for determining the level of compliance of an organization with tax laws of the territory. Chude and Chude (2015) defined tax audit as an official examination ofbusiness and financial records to see that they are true and correct. It is a special audits carried out by tax officials fro relevant tax authority (ies) with an approach and scope of work slightly different from that to be carried out for audit under CAMA 1990 (Olaoye and Ogundipe, 2018). Tax audit can be classified into Desk Audit and Field Audit (ICAN, 2014; Olaoye and Ogundipe, 2018; Bassey, 2013; Adediran et al, 2013; Adeniji, 2016).

Desk/Office Audit

Desk/Office audit is the routine examination that is carried out in the tax office by the inspector as soon as a tax return is received. It focus is to ensure completeness of the items submitted for tax purposes (Olaoye and Ogundipe, 2018). The inspector carrying out a desk audit will also look for apparent errors or mistakes in the tax computations and/or in the accompanying documents and records, they submitted further. The outcome of a desk audit may however lead to the conduct of a field audit whenever additional information or documentary evidence is required to satisfy the inspector of taxes. Oyedokun(2015) describes desk audit as audit which take place on the tax office where books and financial records of the taxpayers are examined.

Field Audit

Adeniji (2016) opined that a field audit is more elaborate and comprehensive than a desk audit. He submitted that field audit is usually carried out outside the tax office, in the taxpayer's business premises and this is to

enable the tax auditors carry out the examination of applicable documents and also obtain appropriate information directly from the officials of the business. Field audit is that tax audit conducted in the taxpayers' office (Oyedokun, 2015). In field audit, auditors have opportunity to examine the relevant documents, accounts, and other necessary schedules in taxpayers' business premises and this affords the auditors opportunity to obtain information and explanations directly from the staff of the company (Bassey, 2013).

Tax Investigation

Tax investigation varies from tax audit because it would be carried out when a taxpayer is suspected to have committed tax fraud in the form of tax evasion which could be due to: failure to file tax returns; filing of incomplete or inaccurate returns; failure to register for tax purposes. The activity is mainly conducted by tax inspectors who have special training and competence in investigation techniques with or without the assistance of police investigators and enforcers with the aim of exposing all the circumstances of tax fraud and to obtain evidence for possible prosecution (ICAN, 2014).Oyedokun (2015) opines that investigation is the act or process of investigating or the condition of being investigated. It could be referred to as a detailed verification and clarification of doubt about a transaction or event (Oyedokun, 2013). In the US, a tax investigation may lead to a referral to the 'criminal investigation' whereby the defaulter will be prosecuted (Goodrich, 2013). Adediran et al (2013) submit that the benefit of tax audit and investigation is to create genuine revenue for the federal, state and local governments through different basis which are: CIT, PIT, PPT, ET, WHT, and VAT.etc. Olaoye and Ogundipe (2018) listed of tax investigation to include: Surveillance or pre-investigation activities; evidentialaudit/investigation; Case preparation stage; Arraignment of defaulters; and Termination of investigation.

Revenue Generation

Revenue generation according to Ganyam, Ivungu and Anongo (2019) could be viewed as the annual or periodical yield of taxes, as well as other sources of income that a nation, state or public sector collect or receives into their treasury for public use. Fayemi (2001) cited in Ganyam, et al (2019) sees revenue as all tolls, taxes, imprests, rates, fees, duties, fines, penalties, fortunes and all other receipts of government from whatever source arising over a period of either one year or six months. Revenue generations are ways through which government raise revenue for the purposes of meeting its capital and recurrent expenditure (Enahoro and Olabisi, 2012). The purpose of tax administration is to generate revenue for the government to enable the authorities deliver on the public goods and fill up the expectation gap of the taxpayers (Onuoha and Dada, 2016). Obara (2017) defined it as the revenue or funds generated by the government internally to finance government activities. It can be seen as revenue collected from taxes on income and profits, social security contributions, taxes levied on goods and services, payroll taxes, taxes on the ownership and transfer of property, and other taxes (Amah and Nwaiwu, 2018).

Empirical Review

Amah and Nwaiwu (2018) examined empirically the effect of tax audit practice on down south tax revenue generation in Nigeria using both primary and secondary data and analyzing it by employing regression model. Results indicate that the predictor variable of tax audit practice has positive effect on criteria variable of tax revenue in Nigeria. Based on the results, it was recommended that cost and cost analysis between expanded tax verification and tax receipts should be conducted by tax authorities in order to ensure that the collection of taxes has been higher than costs.

Nwaiwu and Macgregor (2018) investigated the effect of webometric indices of tax audit and tax revenue generation in Nigeria with primary and time series data of different variables of tax audit and tax revenue collected from FIRS, auditor general office, Chartered Institute of Taxation of Nigeria and questionnaire. Data collected were analyzed using OLS regression analyses and results indicate that tax audit has a significant positive effect on tax revenue generation, explaining about 48.3% and 43.9% of the total variation in tax revenue generation in Nigeria. It was therefore recommended that in order to increase government tax revenue, there should be regular tax audit practice by tax authorities in Nigeria; Tax administrators should not concentrate only on desk tax audit but also on field tax audit and back duty tax audit; Cost benefit analysis between the cost of carrying out tax audit and the expected tax revenue should be conducted by the tax authorities before embarking on tax audit; Qualified and competent manpower should be used by the tax authorities and proper orientation and public enlightenment campaign should be conducted among the taxpayers to sensitize them and seek their cooperation.

Olaoye and Ekundayo (2018) carried out a study on the effect of tax audit on tax compliance in Ekiti State, Nigeria employing primary data collected from sample selected from Federal Inland Revenue Service and Ekiti State Internal Revenue Service which was analyzed using Multinomial Logistic Regression model. Findings revealed that the tax audit can influence the tax compliance, that tax accuracy and current returns have not been

significantly affecting tax compliance and that tax law has effect on tax compliance while tax procedure has no effect on tax compliance during the study period. It was however recommended that the relevant tax authority at all levels should improve the standard of tax audit employed foe effectiveness and efficiency and relevant tax authority should provide a policy that would allow the taxpayers to cooperate during the period of tax audit.

Olaoye, Ogunleye and Solanke (2018) examined the impact of the tax audit on tax productivity in Lagos State, Nigeria using both primary and secondary data which was analyzed descriptively using inferential methods such as unit root, and estimation techniques such as Fully Modified Least Square cointegration regression and Logit regression analysis. Findings revealed that Field tax audit, desk tax audit and back duty tax audit exert a significant positive impact on tax productivity in Lagos State and researchers however recommended that the relevant tax authority, tax auditors and FIRS staff members should have full knowledge of modern audit tools like CAATs to enhance performance and maximum tax revenue generation.

In a research work carried out by Ganyam, Ivungu and Anongo (2019), the research work examined the effect of tax administration on revenue generation in Benue State, Nigeria using primary data elicited through questionnaire administration. Data collected was analyzed by employing frequency, percentages, mean and standard deviation and findings revealed that electronic tax payment system significantly improves tax accountability and revenue generation in Benue State. The study recommends that government at all levels should cooperate and support the relevant tax authorities to enable them effectively manages the tax system for desired output.

Yunana, Yunana and Muhammad (2018) examined the impact of tax audit and investigation on value added tax (VAT) generation by the FIRS, Kaduna State using primary data collected through structured questionnaire administration to staff of FIRS in Kaduna State. Data collected was analyzed through application of simple descriptive statistics with the use of percentages and graphs and findings revealed that tax audit and investigations can increase value added tax generation in Kaduna State and can also reduce VAT evasion. The study recommended proper, frequent and thorough tax auditing and investigation so as to increase value added tax and also bring down the rate of VAT evasion.

In the study carried out by Olaoye and Ogundipe (2018) to examine the application of tax audit and investigation on tax evasion control in Nigeria using relevant primary data sourced from the administration of questionnaire and analyzed with ordered logistic regression and Spearman's rho measure of association. Results revealed that tax investigation does not influence significantly the level of fraud control and concluded that tax audit in the form of desk and back duty are highly instrumental in the reduction in tax evasion, while tax investigation and field audit does not influence the control of tax frauds in the form of evasion. The study recommended that revenue agency should frequently engage in desk and field audit as they both contribute largely to the control of tax evasion in the country.

Onoja and Iwarere (2015) explored the effects of tax audit on revenue generation in FIRS and determined the relationship between the tax audit and revenue generation in FIRS, Abuja. Primary data sourced was analyzed using ANOVA and findings revealed that tax audit has significant effects on revenue generation in FIRS and tax audit has a positive relationship with the revenue generation in FIRS. The study recommends that there is a need for tax audit department autonomy to be able to carry out their responsibility effectively as specified in FIRS Establishment Act 2007 and that tax audit should b carried out on a routine basis to prevent tax evasion and extreme tax avoidance by the taxpayers.

Harelimana (2018) studied the effect of tax audit on revenue generation in Rwanda using primary and secondary data which were analyzed with the aid of Ordinary Least Square regression model. Findings revealed that tax audit actually has an effect to revenue collection as according to the t-tests there is significance in the correlation between tax collected before the audit and after the audit which clearly indicates that tax audit increases revenue collection. the study therefore recommends that the tax audit reports be submitted to the and a standard procedure to be found in choosing the companies that random audit is conducted and that the public should submit their taxes fully and seek clarifications whenever they are not sure of what to do.

Theoretical Framework

The study is anchored on Classical theory of Compliance which was developed by Sandmo (2005) called the A-S models based on the deterrence theory. The theory states that the taxpayer is assumed to maximize the expected utilities of the tax evasion gamble, balancing the benefits of successful tax cheating against the risky prospect of being caught and punished by tax authorities.

3. Methodology

In this research work, primary data elicited through the use of questionnaire on the staff of Federal Inland Revenue Service (FIRS), Southwest region who are saddled with the responsibility of assessment and collection of taxes on behalf of the Federal Government. The justification for the choice of these employees stemmed from the fact that they were in charge of all related tax assessment, collection and evasion activities in Nigeria.

Structured questionnaire was administered on the study sample of 162 (one third) based in Lagos, drawn randomly from the total population of 484 staff in the FIRS offices located in Southwest region (Adeyeye, 2019) using Taro Yamane sample size calculator technique at 5% margin of error. The data gathered was mainly through administered questionnaire which was divided into two sections; Section A is based on personal data of the respondent while section B comprises of five point Likert scale questions ranging from Strongly Agree (5), Agree (4), Undecided (3), Disagree (2), and Strongly Disagree (1).The scores of "strongly disagree" and „disagree" were taken to represent a statement not agreed upon, equivalent to mean score of 0 to 2.5. The score of "undecided" were taken to represent a statement agreed upon moderately, equivalent to a mean score of 2.6 to 3.4. The score of "agree" and "strongly agree" were also taken to represent a statement highly agreed upon equivalent to a mean score of 3.5 to 5.0.

The construct validity of the research instrument (questionnaire) in this research work was guaranteed by giving it to five (5) academicians in Lagos State in the relevant field to indicate the extent to which each of the questionnaire items is relevant to the underlining construct it indicates. For reliability of the instrument used, the researcher adopted the CronbachAlpa statistics which is normally used in measuring internal consistency of an instrument, that is, how closely related a set of items are as a group (Ganyam et al, 2019). In essence, the study's questionnaires were distributed to 20 independent tax practitioners in Lagos State who are not part of the study's population but knowledgeable on the issue under investigation. This was done in order to test for reliability of the instrument using the CronbachAlpa Method. A CronbachAlpa index of at least 0.70 will make the instrument to be internally consistent (Abiola and Udofia, 2011).The Cronbach alpha coefficient values as also depicted on table 1 revealed that items measuring the variables of desk/office audit, field audit and audit investigation met the threshold of 0.7 and above. Hence, implying the existence of internal consistency in the data collected.

Table 1: Reliability Analysis of Analyzed scaled Items

Items	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No of Items
Desk/Office Audit	0.799	0.898	5
Field Audit	0.883	0.881	5
Audit Investigation	0.718	0.728	5

Source: Extracted from SPSS Output

The data generated was analyzed using descriptive and inferential analytical method. The descriptive part of the analysis was based on the pictorial representation of respondents' personal information and average response score for relative index was adopted for the questions raised on the measured variables of tax audit and revenue generation. Inference was made using ordinary least square regression analysis approach to confirm the strength of the effect of tax audit and investigation on revenue generation in Nigeria.

Model Specification

The regression model specified for the purpose of this study is written in equation 1 as;

$$REVG - \beta_0 + \beta_1(DOA)_i + \beta_2(FA)_i + \beta_3(AINV)_i + \varepsilon_i \qquad (1)$$

Where REVG, DOA, FA and AINV are variables of overall response on "Revenue Generation", "Desk/Office Audit", "Field Audit", and "Audit Investigation" respectively; $\beta_0, \beta_1, \beta_2, \beta_3$ are intercepts (autonomous REVG when the predictor variables are held constant), coefficients of DOA, FA and AINV respectively; ε_i is the error term which is assumed to be normally and independently distributed with zero mean and constant variance.

4.0 Results and Discussion

4.1 Demographic Characteristics of Respondents
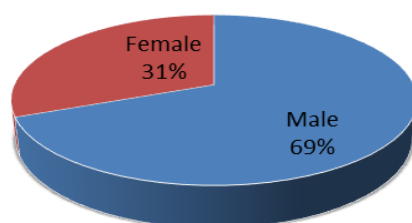
Gender of the respondents can be depicted in figure 1. Results presented revealed that majority of 69% of the respondents were male while 31% were female. The results imply that majority of the federal internal revenue service employees are male. This implies that there is male dominance in most tax collection and assessment organization in Nigeria.

Fig. 1: Gender distribution of the Respondents

The respondents were asked to indicate their level of education. Results in fig. 2 showed that 67% of the respondents had attained graduate level (BSc/HND), 14% had attained post graduate level (MSc and PhD) while 18% of them have middle level manpower certificate (OND). This implies that the respondents interviewed are well educated and hence the information supplied could be relied upon.
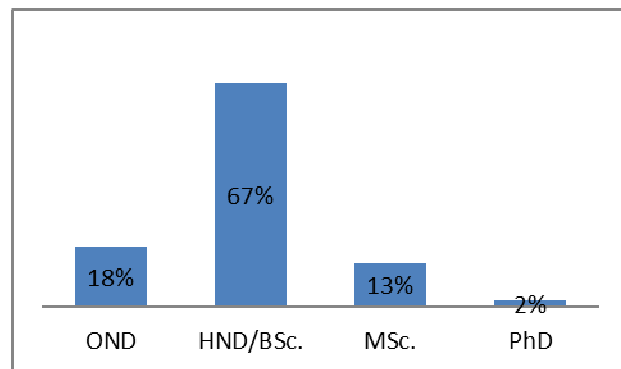

Fig. 2: Distribution of Respondents educational level

The respondents were asked of their area of specialization in the organization. Results in fig. 3 reveal that 56% of them are accountants while 44% are tax consultants. This implies that all the respondents interviewed could give cogent response to questions emanating from tax audit due to their area of specializations.
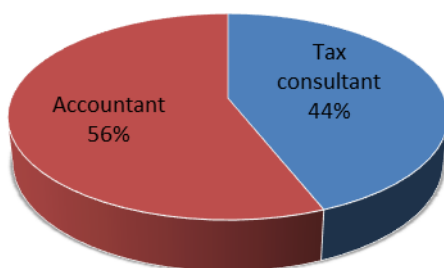

Fig. 3: Distribution of Respondents Area of Specialization

Fig. 4 showed the response of the respondents on their years of work experience. Results reveal that 14% of the respondents had worked in FIRS for more than 20 years, 20% had worked for 5 to 10 years, 41% had work for11 to 15 years while25% had work for 16 to 20 years. This implies that majority of the respondents have been working in FIRS for more than 5 years. It also means that the respondents have adequate skills and experience on matters to do with tax auditing, hence, are in position to give relevant information.
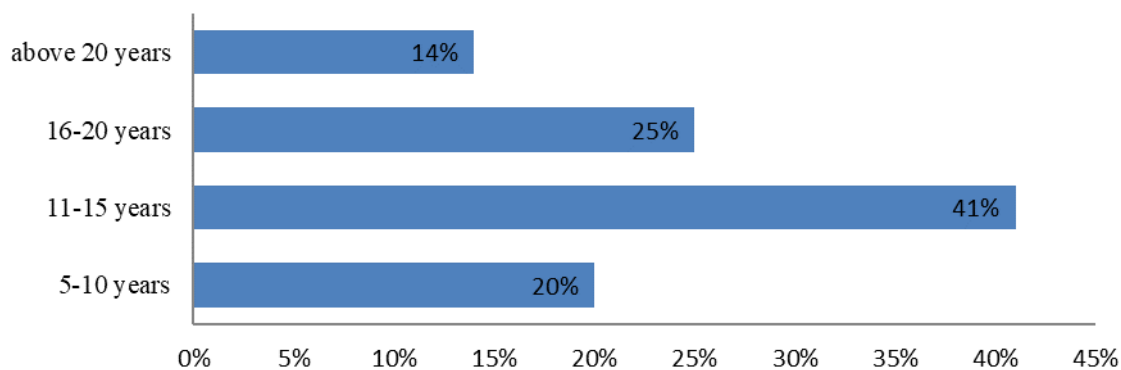

Fig. 4: Distribution of Respondents year of Work Experience

4.2 Analysis of Descriptive Statistics
4.2.1   Desk/Office Audit
Table 2 depicts the descriptive statistics of respondents' opinion on the influence of desk/office audit on revenue generation. According to the results, majority of respondents were found to highly agree that government revenue generation is boosted through desk/office audit (4.25); Desk/office audit help in enforcing compliance of taxpayers with tax laws (4.15); desk audit help in generating revenue which taxpayers wouldn't have paid voluntarily (4.18); desk audit help in bringing more taxpayers into the tax net thereby reducing evasions (3.81); and that government revenue is boosted since tax audit is normally carried out through the back duty investigation (3.80). Overall, majority of the respondents were found to agree with most of the statements regarding desk/office audit (4.038).However the answers were varied as shown by a standard deviation of 0.707.The Findings of these studies concur with that of Oyedokun (2015) who describes desk audit as audit

which take place on the tax office where books and financial records of the taxpayers are examined.

Table 2: Influence of Desk/Office Audit on Revenue Generation in Nigeria

Statements	Mean	Std. Deviation
Government revenue generation is boosted through desk/office audit	4.25	.561
Desk/office audit help in enforcing compliance of taxpayers with tax laws	4.15	.774
Desk audit help in generating revenue which taxpayers wouldn't have paid voluntarily	4.18	.639
Desk audit help in bringing more taxpayers into the tax net thereby reducing evasions	3.81	.727
Government revenue is boosted since tax audit is normally carried out through the back duty investigation	3.80	.835
Average	**4.038**	**0.707**

4.2.2 Field Audit

From table 3 which investigated the influence of field audit on revenue generation in Nigeria, results indicated that majority of the respondents highly agree that field audit boost government revenue as tax authority normally stumbled on implicating evidence through examination of taxpayer's accounts and returns (4.38); government revenue is boosted through field audit since the scope/depth of verification depends largely on the outcome of the desk audit work carried out by the tax auditors (4.30); and that field audit help in enforcing tax laws which boost government revenue since tax defaulters are normally panelized (3.94). However, majority of the respondents were found to moderately agree that field audit help in enforcing tax compliance since taxpayers will want to avoid tax litigations which may affect his operations (2.99). Overall, majority of the respondents were found to agree with most of the statements regarding field audit (3.846). However the answers were varied as shown by a standard deviation of 0.945.

Table 3: Influence of Field Audit on Revenue Generation in Nigeria

Statements	Mean	Std. Deviation
Field audit boost government revenue as tax authority normally stumbled on implicating evidence through examination of taxpayer's accounts and returns	4.38	.696
Government revenue is boosted through field audit since the scope/depth of verification depends largely on the outcome of the desk audit work carried out by the tax auditors	4.30	.863
Field audit help in enforcing tax compliance since taxpayers will want to avoid tax litigations which may affect his operations	2.99	1.276
Since tax defaulters are normally panelized, field audit help in enforcing tax laws which boost government revenue.	3.94	.963
Field audit boost government revenue in that special attention of the auditors is paid to those items likely to have high tax yields potentials	3.62	.926
Average	**3.846**	**0.945**

Source: Extracted from SPSS Output, Version 20

4.2.3 Audit Investigation

According to the result of table 4 depicting the influence of audit investigation and revenue generation in Nigeria, majority of the respondents were found to high agree that through tax investigation which is usually triggered by suspicion of fraud, evasion and related activities, more revenue is generated into the government confer (4.00) and that audit investigation leads to prosecution of defaulters, thereby resulting in revenue generation (3.68). However, majority of the respondents were found to moderately agree that tax investigation is used to determine the level of fraud or willful default or neglect by taxpayers, hence taxpayers mostly comply with tax laws in avoidance of been found guilty (3.37) and that precautions taken by taxpayers to avoid escalation, prosecutions and consequences triggered revenue generated from voluntary compliance of taxpayers (3.06). Overall, majority of the respondents were found to agree with most of the statements regarding audit investigation (3.508) as answers were varied as shown by a standard deviation of 1.148.

Table 4: Influence of Audit Investigation on Revenue Generation in Nigeria

Statement	Mean	Std. Deviation
Through tax investigation which is usually triggered by suspicion of fraud, evasion and related activities, more revenue is generated into the government confer	4.00	1.271
Tax investigation is used to determine the level of fraud or willful default or neglect by taxpayers, hence taxpayers mostly comply with tax laws in avoidance of been found guilty.	3.37	1.215
Back duty investigation is centered on discovering some hidden sources of revenue due to gross non-compliance, proof of fraud and underpayment of tax liability.	3.43	1.119
Audit investigation leads to prosecution of defaulters, thereby resulting in revenue generation.	3.68	1.107
Precautions taken by taxpayers to avoid escalation, prosecutions and consequences triggered revenue generated from voluntary compliance of taxpayers.	3.06	1.029
Average	3.508	1.148

Source: *Extracted from SPSS Output, Version 20*

4.2.4 Revenue Generation

The study sought to investigate the revenue generation Nigeria, attributed to the influence of desk/office audit, field audit and audit investigation. This section presents findings to statement posed regarding revenue generation in Nigeria. According to the result of table 5, majority of the respondents highly agree that most tax payers attempt to evade taxes until they are compelled through tax audit and investigation practice (4.19), thereby boosting the state's revenue confer.

Table 5: Revenue Generation

Statement	Mean	Std. Deviation
Most taxpayers attempt to evade taxes not until they are compelled through tax audit and investigation practice	4.19	1.072

Source: *Extracted from SPSS Output, Version 20*

4.3 Regression Analysis

In testing the significant relationship existing between the trio of desk/office audit, tax audit and audit investigation on revenue generation, the R square of 0.18 in the model summary table 6, shows that the independent variables explain 38% of the total variations in revenue generation in Nigeria while the remaining 62% is explained by other variables that are not part of the model.

Table 6: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.624[a]	.380	.364	.980	1.757

a. Predictors: (Constant), ainv, doa, fa

b. Dependent Variable: revg

F-test is done to test the effect of independent variables on the dependent variable simultaneously. The F-statistic test basically shows whether all the independent variables included in the model jointly influence on the dependent variable. Based on the study results of the ANOVA test Table 7, the obtained F-statistic of 11.547 with corresponding p-value $0.00<0.05$ level of significance implies that the set of desk/office audit, field audit and audit investigation significantly affect revenue generation. Hence, the overall model was significant.

Table 7: Analysis of Variance ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.278	3	11.093	11.547	.000[b]
	Residual	151.790	158	.961		
	Total	185.068	161			

a. Dependent Variable: revg

b. Predictors: (Constant), ainv, doa, fa

Regression of coefficients results in table 8 indicated that desk/office audit (doa) and revenue generation are positively and significantly related (β=0.576, p=0.001). The table further indicates that field audit and revenue generation are positively and significantly related (β=0.407, p=0.000). finally it was established that audit investigation and revenue generation are positively but not significantly related (β=0.151, p=0.092).

The results imply that, holding all the aforementioned measure of revenue generation (independent variables) constant, the revenue generation was 0.711. Also, a unit increase in desk/office audit would lead to

0.576 units increase in revenue generation through tax in Nigeria; a unit increase in field audit would lead to 0.407 increase in revenue generation while a unit increase in audit investigation would lead to 0.151 increase in Nigeria revenue generation through tax. The study finding agree with that of

Table 8: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	5.350	.711		7.525	.000
doa	.576	.175	.262	3.293	.001
fa	.407	.090	.384	4.545	.000
ainv	.151	.089	.131	1.697	.092

a. Dependent Variable: revg

The fitted model for this study is as below:

$$REVG = 5.350 + 0.576(DOA)_t + 0.407(FA)_t + 0.151(AINV)_t$$

Hypotheses Testing
Hypothesis One
Ho1: Desk/Office audit does not significantly affect company income tax revenue generation in Nigeria
Parameter estimate of the mean response of desk/office audit and revenue generation in table 8 with t-statistic of 3.293 and associated p-value of $0.001 < \alpha = 0.05$ indicates the rejection of H_{01} which implies that desk/office audit significantly affect company income tax revenue generation in Nigeria. This findings is in line with the work of Olaoye, Ogunleye and Solanke (2018) examined the impact of the tax audit on tax productivity in Lagos State, Nigeria and found out that desk audit exert a significant positive impact on tax productivity in Lagos state. The work of Harelimana (2018) also corroborate the findings of this study they opined that tax audit is a process where the internal revenue service tries to confirm the numbers that have put on your tax return.

Hypothesis Two
Ho2: Field audit has no significant impact on company income tax revenue generation in Nigeria
Parameter estimate of the mean response of field audit and income tax revenue generation in table 8 with t-statistic of 4.545 and associated p-value of $0.000 < \alpha = 0.05$ indicates the rejection of H_{02} which implies that field audit significantly affect company income tax revenue generation in Nigeria. This finding is in tandem with the work of Olaoye, Ogunleye and Solanke (2018) examined the impact of the field audit on tax productivity in Lagos State, Nigeria and found out that field audit exert a significant positive impact on tax productivity in Lagos state.

Hypothesis Three
Ho3: Audit investigation does not significantly affect company income tax revenue generation in Nigeria
Parameter estimate of the mean response of audit investigation and income tax revenue generation in table 8 with t-statistic of 1.697 and associated p-value of $0.092 > \alpha = 0.05$ indicates the failure in rejecting H_{03} which implies that field audit significantly affect company income tax revenue generation in Nigeria. This findings do not corroborate with the work of Adediran et al(2013) where they infer that audit investigation creates genuine revenue for the federal, state and local government in different forms.

5. Conclusion and Recommendations
It cannot be overemphasized that tax is an important source of government revenue irrespective of the tier. Study emanating from the research findings showed that desk audit and field audit are compliant tools that can be used to increase revenue generation across the three tiers of government in Nigeria, taking Southwest part of the country into cognizance. Although, tax investigation do not significantly influence revenue generation as evidenced from the findings. This might be a result of the fact that the extent through which auditors investigates tax payers for compliance to tax remittance is not encouraging thereby marring the revenue to be generated by tax authorities to the government confers. This suggested that the more tax investigation increases in curbing tax evasion by tax payers, the higher the revenue generated.

The study however recommends that effective and efficient tax audit and investigation should be encouraged by the relevant tax authorities as this will help in curbing taxpayers habit of rendering false information/returns, improve voluntary compliance with tax laws, and thereby improve tax revenue generation in Nigeria in line with the findings and complimented by the reviewed literature.

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