Personal Income Tax Generation and Utilization in Taraba State Board of Internal Revenue, Nigeria

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Abstract
The objective of this study was to evaluate how personal income tax generation affects tax utilization in Taraba State, Nigeria. Specifically, the study assessed the relationship between tax identification, assessment and collection, and tax utilization in Taraba State, Nigeria using a sample of 234 respondents selected through simple random sampling techniques. Primary data was collected using questionnaire while reliability and validity of the instruments were evaluated using Cronbach's alpha and content validity index. Frequencies and descriptive statistics were used to analyze the population. Pearson linear correlation coefficient was employed to examine relationship between personal income tax generation and tax utilization. Findings of the study showed a positive relationship between tax identification and tax utilization ($r = 0.616$). It also showed a positive relationship between tax assessment and tax utilization ($r = 0.673$), and a positive relationship between tax collection and tax utilization ($r = 0.650$). The study concluded that the various components of income tax generation, that is, tax identification, tax assessment and tax utilization have positive and significant influence on tax utilization in Taraba State, Nigeria. The study recommends, among others, that the tax authorities should properly review and evaluate the assessment and collection procedures so as to encourage compliance among the tax payers; and that qualified personnel with the right attitude should be recruited, trained and retrained to man the internal revenue board. More so, deliberate efforts should be made to educate tax payers on the need to pay taxes while the government should embark on aggressive infrastructural development to justify the taxes received.

Keywords: Personal income tax, tax generation, tax identification, tax utilization and Taraba State

Introduction

The importance of taxation as a catalyst for development in modern economies needs not to be overemphasized. Income tax was introduced by William Pitt nearly 200 years ago to finance the wars against France during the reign of Napoleon. The history of taxation in Nigeria dates back to the pre-colonial period. According to Lekan and Sunday (2006), before the colonization of the different entities which were later amalgamated

under the name Nigeria, there were different systems of taxation existing in the form of compulsory services, contribution of goods, money, labour and so on amongst the various kingdoms, groups and tribes controlled by the Obas, Emirs, Ezes, Attah of Igala, Tor Tiv, Ohinoyi of Ebira and so on in order to sustain the monarchs. According to Yerokun (1997), during the colonial era; the imposition of any type of tax on citizens (individual and corporate) took the form of promulgation of laws by the colonial authority. Examples of such law include the Native Law ordinance cap 74 of 1917 applicable to Western Nigeria.

The Taraba State Board of Internal Revenue came into being following the creation of Taraba State on 27th August, 1991. Like Many government departments, the Board started operation in a temporary accommodation and moved to the present location at 56, Hammaruwa way, Jalingo in October, 2003.On creation in 1991, the Board had area offices at Jalingo, Wukari, Takum, and Gembu. However, due to increased volume of work and in order to bring tax and administration closer to the people, additional offices were opened at Bali, MutumBiyu and KarimLamido. In addition to these, area offices are collection centres located at Zing, Pantisawa, Lau, Sunkani, Donga, Ibi, Kurmi, Serti and Lissan. Similarly, driver's license processing centers have been opened in Jalingo, Zing, Takum and Gembu.

Expectedly, the Personal Income Taxes (PIT) should be a major source of income to the government. However, PIT has not yielded the much expected results in Nigeria (Asabor, 2012). PIT generation remains far below target, while administration of the taxes for the benefit of all taxpayers also remains a challenge. A study by Agya *et al* (2015) found out that Taraba State taxation system is lagging behind the standard of taxation system in Nigeria and did not yield effective results The factors which hinder the activities include inadequate and out dated revenue machineries, inadequate staff and lack of professional personnel in revenue section, inadequate salaries and incentives for revenue collectors, inadequate provision of social services, Market and Motor Park, Political interference in appointment into the task force board. It is quite regrettable that despite all the series of amendments ensued by many governments on Personal Income Tax Act; it still faces many limitations especially as it is evident in the assessment and collection machinery. The institutional framework within which the revenue administration operates directly affects the effectiveness and efficiency of the tax administration in Taraba State (Akintoye and Tashie, 2013; Asabor, 2012). The existing institutional framework in Nigeria varied. Despite the fact that Taraba State board of taxation have pledge to use technology to drive tax administration in order to promote accountability and transparency, the taxation system still lagging behind. The taxation system in Taraba is faced by various challenges, which include: lack of staff and adequate training of the available tax collectors, lack of sensitization on the part of tax payers as regards to the importance of taxation and administration as well as the corrupt alliance of tax collectors with tax payers to avoid tax for them (tax collectors) to make fast money.

Another feature and problematic aspect of Nigeria especially Taraba State tax system is the location of the assessment and collection functions within the tax administration. According to Oduh (2012), problems also emanate from the frequent changes in the tax laws; every year the annual budget estimate introduces new measures and procedures, amends or cancels existing ones. Another institutional arrangement that seems to impede the efficiency and effectiveness of tax administration in Nigeria which happens at Taraba State as well is the linkage of the revenue administration with the civil service. The revenue administration, therefore, reflects the weaknesses and structural defects existing within the civil service organization, especially executive bureaucracy, low morale and inadequate resources (Angahar & Sani, 2012). It is true that problem of tax collection and administration is universal but developing countries such as Nigeria and a typical State of it such as Taraba State seems to be more plagued and inflicted both in weight and magnitude. On this note, given the importance of having an efficient taxation system for the development of the country, it is necessary that a study is conducted to assess the framework for personal income tax generation and utilization in the country.

Although different study has been carried out on taxation, most of them were carried out in other themes such as the problems of tax administration in Nigeria, the impact of taxation on revenue generation in Nigeria (Okpe, 2014) tax revenue generation and Nigeria economic development (Okafor, 2012), etcetera. The objective of this study was to evaluate how personal income tax generation affects tax utilization in Taraba State, Nigeria. Specifically, the study aimed at analyzing whether a relationship exists between tax identification, assessment and collection, and tax utilization in Taraba State, Nigeria. Knowledge of the relationship on how personal income tax generation affects tax utilization will benefit tax authorities in Taraba State and Nigeria at large as well as the employees who pay the tax. It will also be useful in understanding the current framework for personal income tax generation and utilization in Taraba State and provide lessons for other States in Nigeria. The study will further enrich existing knowledge on the relationship between tax identification, assessment and collection, and tax utilization in Nigeria as well as provide literature for future researches on related subject. The remainder of this paper is organized as follows: Section 2 contains a review of empirical literature. Section 3 describes data and methodology. Section 4 presents results and discussions, and section 5 provides conclusions and recommendations.

Literature Review

Income tax revenue is one of the major sources of revenue for Nigerian government (Angahar & Sani, 2012; Okpe, 1998). Its importance cannot be overstated. The Nigerian tax system even though has been employed to achieve various economic objectives at notable periods, has basically been structured as a tool for revenue generation which are used to finance the provision of social amenities to the citizenry by the government (Oduh, 2012). This importance assumes an accelerated dimension, in the face of the present economic recession in Nigeria. Taxation is an instrument of fiscal policy used by

government (Asabor, 2012; Oduh, 2012; Ariwodola, 2000). It can be used to stimulate growth in certain sectors of the economy as well as discourage investment in others.

Taxation serves the purpose of income and wealth distribution, where the use of transfer payments and benefits to those members of the society who are less well-off according to Musgrave and Musgrave (1980) is to promote social equality. Taxation as a mechanism for income and wealth distribution holds that the burden of taxation should be heavier for the rich in the society than for the poor so that that taxes collected are used to pay for social services for the less fortunate (Akintoye and Tashie, 2013; Oduh, 2012; Angahar & Sani, 2012). The essence of taxation is to raise revenue for government expenditure or finance government projects, control consumer demand, encourage investment and savings, fight economic depression, inflation and deflation, guarantee equitable distribution of income and wealth, control the general trend of the national economy, and ensure a proper allocation of national resources (Akintoye and Tashie, 2013; Oduh, 2012).

Personal income tax generation in Nigeria is confronted with complex and multi-dimensional challenges. According to Ola (2001), revenue collected from income tax of individuals and corporate bodies is tend to be too low because of inadequate level of knowledge (tax literacy), poor association between tax authorities and taxpayers, as well as insufficient number of qualified and competent accountant among the staff of tax authorities. Untrained and unqualified tax personnel lack skills on how to reach information or other technical procedures on how to utilize information available for the assessment and calculating tax in a best suitable manner.

Another challenge is the shortage of staff for tax collection. For tax collection to be effective and efficient, there must be adequate staff. However, there is an acute shortage of qualified and trained personnel in the tax offices. This leads to contraction in tax collection efforts and as a consequence, tax collections are in arrears. There are a lot of problems associated with the generation of personal Income tax. The senior tax analyst with the International Monetary Fund (IMF), Peter Griffith as cited in (Asada, 1997; Angahar & Sani, 2012) identified three principle factors that cause a great fluctuation in tax revenue. The author described as exogenous; such as changes in the substance of the law, changes in the base to which the tax applies, and changes in the quality and efficiency of the administration. Changes in the base to which the tax applies is illustrated by the rise and fall of revenue from taxes from year to year on export commodities due to fluctuations in prices in the international market; changes in the substance of the law is amply illustrated by the erratic nature of our taxation laws whereby say revenue is increased through raising the rate of tax or is lost through increasing the exemptions from income tax; changes in the quality and efficiency of tax laws, lack of trained personnel, lack of a database for taxable persons, lack of adequate penalties for tax evaders, these are just a few constraints that hinder the quality and efficiency of tax generation in Taraba State Nigeria (Sani, 2012; Okpe, 1998).

The assessment and collection of Personal Income Tax from taxable individuals have been difficult in Nigeria (Asada, 1997; Angahar & Sani, 2012). In Nigeria, it is safe to say that Personal Income Tax is mostly paid by civil servants. This is because the taxes are deducted before the employees receive their pay (Oduh, 2012; Ariwodola, 2000; Okpe, 1998). In private sectors, most employers do not bother with P.A.Y.E deductions. Those that do make deductions do not remit said deductions to the State. Majority of the self-employed citizens mostly do not pay income tax (Akintoye and Tashie, 2013). Due to this, a lot of money is lost; money that could have been gainfully used to improve the lot of the populace. Lack of adequate fraud control provision in our tax laws is another problem encountered in personal income tax generation. Experience has shown that Nigeria's tax collectors are usually susceptible for financial inducement and therefore help tax payers to evade tax. If the tax collectors do collect these taxes, they fail to remit the sums to the State (Asada, 1997; Angahar & Sani, 2012; Okpe, 1998)

Tax Administration revolves around salient functions, including accountability of all taxes collected. Therefore, to deal with the administrative problems of taxation alone is enough to solve all the problems of taxation in Nigeria including tax evasion. Quite a good number of scholars are of the view that the operation of any tax system and the attitude of taxpayers are strongly influenced by the quality of its administration, as cited in Dandago and Alabede (2006), observed that a good tax system could be turned into an instrument of oppressing the taxpayers by a bad tax administration, while a good tax administration may convert a bad tax system into a very good one. It will suffice now to mention that a good support from a tax system is needed in the form of sensible tax laws to aid the efficiency of the administration.

According to Jenkins (1991), tax system can never work better than its administration, but that even the best tax administration would certainly fail to turn a bad tax system into a well operating one. The author added that there cannot be a good tax policy without efficient tax administration. Without the permanent reorganization of tax administration and an almost daily improvement in methods of its management, it is impossible to expect that tax reforms could be realized successfully. Alabede (2004), however, observes that the establishment of a comprehensive and efficient tax system in which the tax administration holds an important role, is one of the most complex and serious macroeconomic problems that countries in transition are faced with. Dandago and Alabede (2006) clearly state that no real regression in the indirect tax administration could be made unless there was a concerted effort by both agencies to assess the taxes due properly and enforces collection at a predictable and stipulated time in addition, Mohammed (2004) emphasizes the necessity for taxation. The author opined that no matter how efficient the tax laws and tax policies are, unless the implementation and execution machineries are equally efficient and effective, the entire system may crumble. The author therefore considers tax problems as purely administrative. To ensure efficient tax collection and accounting, the study recommends the following; right orientation of staff, right

working environment, staff development programme, need for information procurement and dissemination, and use of budgetary system for tax collection etc. The foregoing and many other reasons clearly indicate the need for an efficient tax administration and that, if the tax officials are adequately remunerated and given immense training, there would be significant increase in their productivity and collection.

One of the major challenges of tax generation in a country is the high tax evasion. Tax evasion is reprehensible acts committed by taxpayer or expert advisors that deliberately violating the provisions of tax legislation (Alm, 2016). Tax evasion is a taxpayer resistance to law provisions. Allingham and Sandmo (1972) uses Theory of Economic Crime to understand behaviour of tax compliance, and explains that taxpayer is not afraid to fines and administrative sanctions if the utility gained for tax evasion is greater than the fines and penalties. Taxpayers who do tax evasion are more motivated by principle of cost and benefit. Risk calculation also motivates the tax evasion. Taxpayers as rational human beings will evade tax if evasion detection is lower than acceptable risk (Alm, 2016). For Indonesia, high cases of corruption committed by bureaucrats, both at regional and centre, becomes an important concern for taxpayer. Perceptions are formed by taxpayer, that tax payment is used for construction of public facilities and infrastructure, such as highway facilities, schools, bridges, hospitals, health centres, subsidized food, clothing and shelter. But the fact is different. Tax revenue actually becomes a means to share the money among officials. News in Republika (online), Thursday, March 7, 2013 showed news cases of corruption committed by public officials. ".... District Government Association of Indonesia (APKASI) showed that there were 222 regional heads in Indonesia who were suspected as corrupt...." Both the taxpayer and government should analyze tax liability as a social contract between the taxpayer and government.

According to Mohammed (2014), taxation is a necessity, but no matter how efficient the tax laws and tax policies are unless the implementation and execution machineries are equally efficient and effective, the entire system may crumble therefore considers tax problems as purely administrative. To ensure efficient tax collection and accounting, he recommends; right orientation of staffs, right working environment, staff development programme, need for information procurement and dissemination, and used of budgetary system for tax collection etc. However, these are not adequately documented in Taraba State board of internal revenue, thereby necessitating this study to ascertain the status of administrative efficiency in the tax body. Also, Ariwodola (2000) Angahar and Sani (2012) postulate that for any tax system to be efficient and effective, it must have conformed to certain principles that are universally recognized. Therefore, based on the previous researchers; no research has been conducted exactly on "personal income tax generation and utilization. Consequently, this study intends to close this lacuna in empirical literature.

Materials and Methods

The study employed a cross-sectional descriptive survey design. Primary data was collected through self-administered questionnaires distributed to employees of the Taraba State Board of Internal Revenue, local political leaders, as well as the business communities within Jalingo local government area in Taraba State. The questionnaire was selected as an instrument to collect the data because it is straight forward and less time consuming for respondents. The questionnaires were structured and were administered through drop and pick later method and the researcher used e-mails and telephone calls to contact the respondents. The target population of the study was 600 respondents' out of which 234 was selected using the Krejcie and Morgan's sample size determination method (Krejcie & Morgan, 1970).

Validity was determined using Content Validity Index (C.V.I). A CVI of 0.83 was used to declare that the study instrument was valid since it was above 0.7 which is the minimum CVI index required to declare a study instrument valid (Amin, 2005).

Table 1: Validity of the instrument

	Relevant items	Non relevant items	Total
Reter 1	21	3	24
Reter 2	20	4	24
Reter 3	19	5	25
Total	60	12	72

Average = 0.88 + 0.83.79=2.48=0.83
         3

CVI= 60 = 83.3%
     72

From the above computation, CVI for reter 1 and is 0.88 reter 2 is 0.83 while for reter 3 is 0.79 making all average of 0.83 which shows that the instrument was valid because it is above the minimum level of 0.20 (Amin 2005)

An instrument is reliable if it produces the same results whenever it is repeatedly used to measure trait or concept from the same respondents even by other researchers (Amin, 2005). Reliability (internal consistency and stability) of the instruments was tested using Cronbach's Alpha Coefficient (Cronbach, 1946). The Cronbach's Alpha coefficient test indicated that the questionnaires where reliable since the coefficient was above 0.5 (α=0.80).

Table 2: Reliability of the Instrument

Construct variables	Number of items	Cronbach alpha
Tax generation	13	0.82
Tax utilization	11	0.78
Mean	24	0.80

The mean of the reliability was established at 0.80 therefore the internal consistency (reliability) of the instrumental was confirmed.

Pearson's linear correlation coefficient (PLCC) to determine the nature of relationship between tax identification, assessment and collection, and tax utilization in Taraba State, Nigeria. The sign (+ or -) indicates the direction of the relationship. The value can range from -1 to +1, with +1 indicating a perfect positive relationship, 0 indicating no relationship and -1 indicating a perfect negative or reverse relationship.

Results of the Findings
Demographic Characteristics of Respondents
Gender of Respondents

The Table 3 presents the distribution gender of the respondents.

Table 3: Gender of Respondents

		Frequency	Percentage
Valid	Male	152	65
	Female	82	35
	Total	234	100

Source: Primary Data

The result in Table 3 shows that 65% of the respondents were male, and 35% of them were female. This explains that a bigger percentage of male respondents answered the questionnaire as compared to the females.

Age Group of Respondents

The distribution of the respondents who participated in this study is shown in Table 4.

Table 4. Showing Age of the Respondents

		Frequency	Percentage
Valid	18 – 27	83	35
	28 – 37	54	23
	38 – 47	38	16
	48 – 57	25	11
	58 – 67	13	6
	68 and above	21	9
	Total	234	100.0

Source: Primary Data

The results in Table 4 shows the age distribution of respondents, where 35% of the respondents were aged between 18 – 27 years, 23% of them were aged 28 – 37 years, 16% of them were aged 38 – 47 years, 11% of them were aged 48 – 57 years, 6% of them were aged 58 – 67 years, and 9% of them were aged 68 years and above. This implied that majority of the people involved in business in Taraba States are in their youth, a true reflection of Nigeria's youthful population.

Academic level

The results in table 5 show the academic level of the various respondents.

Table 5: Showing the academic levels of respondents

		Frequency	Percentage
Valid			
	Master's degree	49	21
	Bachelor's degree	70	30
	Diploma	60	26
	Certificate	55	23
	Total	234	100.0

Source: Primary data

The information in Table 5 shows the academic levels of the respondents. Majority of the respondents (30%) were categorized as Bachelor's degree, others included 23% with certificate qualification, 21% of the respondents are master's degree qualification. 26% of the respondents are with diploma qualification. This implied that most of the respondents who ventured in business were those with Bachelor's degree academic qualifications.

Occupation of the Respondents

The results in Table 6 present the position of the people who were involved in this research.

Table 6: Occupation of the Respondents

	Frequency	Percentage
Valid		
Taraba SBIR official	33	14
Politician	58	25
Business leader	51	22
Business man/woman	92	39
Total	234	100.0

Source: Primary Data

The results in Table 6 shows that on the occupation of the respondents, majority (39%) were businessmen/women. Also, 22% of the respondents were business leaders, 25% of the respondents were political leaders, and 14% of them were officials from the Taraba State Board of Internal Revenue.

Duration

The number of years/duration that respondents have spent in their current position is shown in Table 7.

Table 7: Showing the duration

	Frequency	Percentage
Valid		
1 - 3 years	88	38
3 - 5 years	65	28
5 – 8 years	40	17
8 – 10 years	29	12
Over 10 years	12	5
Total	234	100.0

Source: Primary data

The results in Table 7 show the duration/time spent in the current position. Here, majority of the targeted respondents (38%) had been in their positions for $1 – 3$ years, 28% of the respondents had been in their current positions for $3 – 5$ years, 17% of the respondents had been in their position for $5 – 8$ years, 12% of the respondents had been in their current position for 8 -10 years, and 5% of the respondents had been in their current positions for more than 10 years. This information implied that majority of the respondents had been in

their current position for 1 – 3 years; therefore, they were familiar with the various operations within the tax system in Taraba State.

The relationship between variables using Pearson's Correlation

Table 8: Pearson's correlation on the relationship between variables

	1	2	3	4
Tax identification **(1) – IV**	1			
Tax assessment **(2) – IV**	.396	1		
Tax collection **(3) – IV**	.399	.474	1	
Tax utilization **(4) – DV**	.616**	.673	.650**	1

** Correlation is significant at the 0.01 level (2-tailed).
Source: Primary Data

The results in Table 8 show a positive relationship between tax identification and tax utilization in Taraba State, Nigeria (r = 0.616, P-value <0.01). This implies that, tax identification capacity has an effect on tax utilization in Taraba State, Nigeria. This finding was partly in agreement with earlier reports by Musgrave and Musgrave (1980), who say that taxation serves to promote social equality. The author further added that taxation as a mechanism for income and wealth distribution holds that the burden of taxation should be heavier for the rich in the society than for the poor; so that the taxes collected are used to pay for social services for the less fortunate. Additionally, Akintoye and Tashie (2013); and Oduh (2012) have said that the essence of taxation is to raise revenue for government expenditure or finance government projects, control consumer demand, encourage investment and savings, fight economic depression, inflation and deflation, guarantee equitable distribution of income and wealth, control the general trend of the national economy, and ensure a proper allocation of national resources. According to Oduh (2012), experience has shown that the institutional capacity to administer taxes effectively is woefully lacking in this country. Procedures, reinforced by third party audits, appear to ensure that taxes are paid and received albeit with potentially serious and costly internal lags. However, Nigeria lacks capacity to assess the reasonableness of the returns submitted by tax payers, including costs and staffing, skills, pay scale and other funding. A recurring problem with PIT is the non-compliance of employers to register their employees and to remit such taxes to relevant authorities. Absence of competent tax administrators due to incompetence and absence of honest administrators, problem of tax avoidance and evasion has reached an alarming proportion. The problem with income taxation in Nigeria is the administration of the tax system bordering on the tax collection, assessment and widespread corruption.

The study results show a positive relationship between tax assessment and tax collection (r = 0.673, P-value <0.01). This implies that tax assessment process has a

significant effect on tax utilization in Taraba State, Nigeria. This finding is supported by the literature from various authors; Asada (1997) said that assessment and collection of personal income tax from taxable individuals have been difficult in Nigeria; Angahar and Sani (2012) said that in Nigeria, it is safe to say that personal income tax is mostly paid by civil servants. This is because the taxes are deducted before the employees receive their pay, but that in private sectors, most employers do not bother with P.A.Y.E deductions, and those that do make deductions do not remit the deductions to the respective State. Majority of the self-employed citizens mostly do not pay income tax according to Akintoye and Tashie (2013). Due to this, a lot of money is lost; money that could have been gainfully used to improve lot of the populace. Lack of adequate fraud control provision in the country's tax laws is another problem encountered in personal income tax generation. According to Akintoye and Tashie I. R. (2013) experience has shown that tax collections are usually susceptible for financial inducement and therefore help tax payers to evade tax. If the tax collectors do collect these taxes, they fail to remit the sums to the state. Also, according to Dandago and Alabede (2006), tax assessment and realization revolves around salient functions, including accountability of all taxes collected. Therefore, to deal with the administrative problems of taxation alone is enough to solve all the problems of taxation in Nigeria including tax evasion. Quite a good number of scholars are of the view that the operation of any tax system and the attitude of taxpayers are strongly influenced by the quality of its administration. Further evidence by Dandago and Alabede (2006) has shown that a good tax system could be turned into an instrument of oppressing the taxpayers by a bad tax administration, while a good tax administration may convert a bad tax system into a very good one, and that a good support from a tax system is needed in the form of sensible tax laws to aid the efficiency of the administration.

In addition, the results show a positive relationship between tax collection and tax utilization in Taraba State, Nigeria (r = 0.650, P-value <0.01). This implies that tax collection methods significantly affect the level of tax utilization in Taraba State, Nigeria. This finding is supported by literature from Jenkins (1991), ho said that the tax system can never work better than its administration, but that even the best tax administration would certainly fail to turn a bad tax system into a well operating one. The Author added that there cannot be a good tax policy without efficient tax administration. Without the permanent reorganization of tax administration and an almost daily improvement in methods of its management, it is impossible to expect that tax reforms could be realized successfully. Alabede (2004), however, observed that the establishment of a comprehensive and efficient tax system, in which the tax administration holds an important role, is one of the most complex and serious macroeconomic problems that countries in transition are faced with. Mohammed (2004 emphasized the necessity for taxation. The author opined that no matter how efficient the tax laws and tax policies are, unless the implementation and execution machineries are equally efficient and effective, the entire system may crumble therefore considers tax problems as purely administrative. To ensure efficient tax collection and accounting, the author recommends the following; right

orientation of staff, right working environment, staff development programme, need for information procurement and dissemination, and use of budgetary system for tax collection etc. The foregoing and many other reasons clearly indicate the need for an efficient tax administration and that, if the tax officials are adequately remunerated and given immense training, there would be significant increase in their productivity and collection.

Conclusion

The study has examined the relationship between personal income tax generation and utilization in Taraba State Board of Internal Revenue, Nigeria. Findings of the study revealed that tax identification influences tax utilization, since there was a positive and significant relationship between the two variables. Tax identification is significant in a way that it is only when there are efficient means of identifying taxable individuals and entities that there can be adequate mechanisms to assess and collect the taxes. Therefore, tax identification is a crucial part of tax generation in Taraba State, Nigeria. The study also established that tax assessment has a positive and significant influence on tax utilization. This is underscored by the fact that an efficient tax system is based on accurate assessment of the taxes due to be paid by each individual/entity. Therefore, tax assessment is also crucial for tax generation in Taraba State, Nigeria. The study conclude that tax collection has a positive and significant influence on tax utilization. This is so because without an effective collection mechanism in place, the taxes identified and assessment cannot be actually realized. Therefore, tax collection is also crucial for generating adequate taxes for the government in Taraba State, Nigeria.

In order for a given government to generate adequate revenue from tax system, tax administration is expected to work in the most effective and efficient manner. And for the tax administration to generate adequate revenue, the various components of tax identification, assessment and collection are expected to work in an integrated approach. Therefore, inappropriate fit among any of the tax generation components can lead non-achievement of objectives. For instance, in the absence of good integration in the transformation components between informal structures and formal or between individuals and their task requirement etc. can create enormous problems. More so, reforming one or two components while leaving others unreformed will bring about the others to fall.

Recommendations

Based on the findings of this study, the following recommendations were made:
i.   In order to improve the tax identification process, government should embark upon other means of publicity such as radio messages, television advertisement, post bills as well as the use of town criers to inform tax payers of changes in tax legislation and need for compliance. Tax payer's information and history should be computerized and this will facilitate effective monitoring and coordination of tax

and income data. Deliberate efforts should be made to educate tax payers on the need to pay taxes while the government should embark on aggressive infrastructural development to justify taxes received.

ii. The tax authorities should properly review and evaluate the assessment and collection procedures so as to encourage compliance by the tax payers. The usual practice of reprinting parts of the tax laws and sending same to the tax payers expecting that they would understand is not encouraging since these laws are written in legal jargons or terms that are not easily understood. Moreover, tax forms should be made less complex.

iii. In order to improve the tax collection process, qualified personnel with the right attitude should be recruited, trained and retrained to man the internal revenue board. Revenue Personnel should be generally trained and restrained to cope with the demands of the job. Staff should also be motivated through good salary package to insulate them from fraud and other corrupt practices. In-service training should also be instituted, the staff should be conversant with applicable tax laws and this is only possible with the training. Cash incentives should be given for best performance. This will increase their effectiveness as well as reduce the need for corruption.

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