

Tax Amnesty and Taxation Revenue: Nigeria's Voluntary Assets and Income Declaration Scheme (VAIDS) in Retrospect

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Abstract

This work adopted the ordinary least square (OLS) method to examine Voluntary Asset and Income Declaration Scheme (VAIDS) of the Nigerian government executive order six as a form of tax amnesty and its impact on tax revenue of Value Added Tax (VAT) and Personal Income Tax (PIT) in retrospect. The data of this study were obtained mainly from secondary sources from Federal Inland Revenue Service reports and Central Bank of Nigeria (CBN) statistical bulletin. Econometric models/packages were used in this work. The result of the findings reveal that Voluntary Assets and Income Declaration Scheme (VAIDS) had a significant impact on VAT while Voluntary Assets and Income Declaration Scheme (VAIDS) did not have any significant impact on personal income tax. This work recommends that the Voluntary Assets and Income Declaration Scheme should be modified to be a permanent programme as a separate body or a Department Federal Inland Revenue Service should be set up to inspect and ensure the smooth running of the programme and the regulatory bodies should ensure that it implement policies that will reduce the loop holes in tax laws which tax payers capitalized on to evade tax.

Keywords: VAIDS, Tax, VAT, PIT, FIRS

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1. Introduction

As part of efforts to improve non-oil revenue amid a global outlook of low oil prices, Nigeria's acting President, Prof Yemi Osinbajo, in 2017 signed an Executive Order (EO) six on the Voluntary Assets and Income Declaration Schemes (VAIDS).

The main objective of the scheme which commenced on July 1, 2017 and lasted for a period of one year was to help expand the country's tax base. Other objectives of the scheme as announced by the then Minister of Finance, Dr Kemi Adeosun, included increasing tax to – GDP ratio from 6% to 18% by 2020 and improving compliance with existing tax laws. VAIDS was also expected to curb the use of tax havens, discourage tax evasion and tackle illicit financial flows. With the introduction of VAIDS, the government then hoped to encourage voluntary disclosure of previously undisclosed assets and income and the payment of outstanding tax liabilities (James, 2017).

In one of its reports on voluntary disclosure programmes, the Organization for Economic Co-operation and Development (OECD) described Voluntary Disclosure Programmes (VDPs) as opportunities offered by tax administrations to allow previously non-compliant tax payers to correct their tax affairs under specified terms when drafted carefully. Voluntary disclosure programmes benefit everyone involved-taxpayers making the compliance and governments. The Nigerian VAIDS was implemented by Federal Inland Revenue Services (FIRS) in collaboration with all 36 state Internal Revenue Service (IRS) and the FCT IRS.

While signing the EO on the scheme, Prof Yemi Osinbajo said it had become imperative for the government to do something about the low level of tax compliance, adding that when people pay taxes they pay more attention to what government is doing. There's a greater level of political and social consciousness.

Taxes are not only about boosting government revenues, when people pay taxes they hold the government to account more, he is right. In developed countries, citizens pay their fair share of taxes and they have a say in the way their representatives in government manage government funds.

Considering Nigeria's low tax to GDP ratio and the fact that out of a taxable class of about 69 million people, only 14 million were in the tax net, the implementation of VAIDS could go a long way in increasing non-oil revenue, despite having non-oil sector that accounts for up to 93% of Nigeria's GDP, government's non-oil revenue in 2016 was N2.99trillion (or 2.9% of GDP). Suffice to say, though, that there was a decline in non-oil collection from the 1.2.08 trillion recorded in 2015. Nevertheless this does not alter the main gist, which is the dismal performance of the non-oil sector in terms of generating revenue for the government voluntary disclosures regarding tax matters are not new in tax administration. Indeed VDPs are widely used in developed countries, helping to enhance the effectiveness of their tax administration. Voluntary disclosure programmes can generally be grouped into two categories namely permanent or temporary programmes. The Nigerian VAIDS is considered a temporary programme (Adetunji, 2017).

The Canadian Voluntary Disclosure Programme is a permanent programme. It gives individuals and

companies a second chance to change a tax return that was previously filed. To be eligible it must be voluntary, should an individual or company be contacted by the Canada Revenue Agency before making the disclosure, it won't be considered voluntary.

South Africa also operates a permanent VDP as part of its tax administration. However, a temporary VDP was introduced last year, called the special voluntary disclosure programme (SVDP) it is similar to Nigeria's VAIDS. The SVP Window period is between October 1, 2016 and August, 31st, 2017. It is meant for individuals and companies who have not in the past, disclosed tax and exchange control defaults in relation to offshore assets. In developed countries, there are benefits associated with voluntary disclosure, including reduced penalties and an allowance to negotiate for protection against criminal prosecution in serious cases of default.

In the case of VAIDS, some benefits to individuals and companies were also listed during the rollout such as; immunity from prosecution for tax offences, immunity from tax audit; wavier of interest and wavier of penalties. However, for there to be institutionalization of voluntary disclosure in Nigeria's tax administration, there needs to be an enactment of a permanent VDP law by the National Assembly. The South African Revenue Service, Voluntary Disclosure Programme (VDP), which came into effect on October 1, 2012 is administered under the tax administration Act 2011.

VDPs have been found to rake in significant funds for governments, Canada's VDP raked in \$1.3 billion in the 2014-2015 Fiscal year, out of which \$780 million came from offshore disclosure similarly. The United States offshore Voluntary Disclosure Prorgamme (OVDP) raked in about \$10 billion in taxes interest and penalties since 2009. For VAIDS or VDP law to be very successful, an efficient and effective tax administration has to be in place. The Nigeria's tax administration was bogged down with several issues, ranging from lack of accurate data, duplicity of taxes and crude collection systems.

The attitude of Nigerians towards taxation is worrisome as many prefer not to pay tax if given the opportunity despite the fact that they expect a lot of benefits ranging from good roads, provision of constant power supply, good and standard health care system, good and qualitative education and other basic amenities from the government. The economy continues to lose huge amount of revenue through the unwholesome practices of tax avoidance and tax evasion. This huge loss of revenue by the government can change the fortune of Nigeria's economy. During the period of oil boom the Nigerian government generated 90% of its revenue from crude oil sales. However, this is no longer the case due to the persistent decline in the price of crude oil worldwide.

Nigeria's Tax Revenue contribution to Gross Domestic Product is reportedly one of the lowest in the world compare to other countries. Due to multiple sources of income and inherent attitude of taxpayers to avoid or evade taxes, taxpayers always present false declaration of assets and income and these tend to lower the generation of revenue in Nigeria. Again, the total number of taxpayers in Nigeria's tax net is just 20% out of the number of that are qualified to pay tax.

Following from the foregoing, the Federal Government of Nigeria issued the executive order (EO) six on voluntary assets and income declaration scheme (VAIDS) which was launched by the Vice President (who was then, the Acting President) of the Federal Republic of Nigeria, Prof Yemi Osibajo in June, 2017. This research works intends to examine in retrospect, if the voluntary assets and income declaration scheme as a form of tax amnesty affected tax revenue generation in Nigerian with emphasis on value added tax and personal income tax.

2. REVIEW OF RELATED LITERATURE

2.1 Concept of VAIDS

Tax revenue mobilization as a source for financing development activities in Nigeria has been a difficult issue primarily because of various forms of resistance, such as evasion avoidance and other form of corrupt practices. These activities were considered as sabotaging the economy and were readily presented as part of the reasons for present state of underdevelopment in Nigeria. Therefore, VAIDS came on the back of a renewed global movement to tackle the problem of illicit financial flows which included tax evasion. The tax amnesty was critical pillar to support the global exchange of information initiative as many of those that required tax regularization did so with full assurance of confidential protection and immunity from penalties tax intentional previous positions could ordinarily have attracted. The voluntary disclosures regarding tax matters are not new in tax administration. VAIDS aimed at increasing the Gross Domestic Product of the Country and it covered all categories of existing and potential tax payers that were liable to tax in Nigeria and was jointly executed by the Federal and State Government through their respective Bodies.

2.1.1 Scope of the VAIDS

The scheme applied to all persons and business entities in default of their tax liabilities and covered assets and income from sources within and outside Nigeria. As noted in the proviso to paragraph II of the order, the rights and status acquired by any participating taxpayer pursuant to the scheme were vested to the benefit of the taxpayer to the extent provided by law.

Tax Professionals argued that the scheme should only have applied to those taxes administered by the FIRS

given that the order was issued by the Federal Government and considering the constitution of the Federal Republic of Nigeria clearly delineates powers of the federal from the State Governments. It appeared however and commendably so, that the benefits under the scheme are available in respect of all taxes administered by the FIRS as well as those administered by all State Boards of Internal Revenue. A possible explanation for the overreaching and all-encompassing nature of the scheme was not far-fetched starting with the seemingly centralized nature of legal regime for taxation in the country coupled with the involvement of the state in the formulation of the scheme. As noted earlier, the NEC which gave the initial approval-in-principle to the scheme, prior to the issuance of the Order by the then Acting President, had as its members, all the Governors of the 36 states in Nigeria and the Governor of the Central Bank of Nigeria. Thus, by granting approval in principle through the NEC, the states Governors on behalf of their states, seemed to have sanctioned the scheme.

To further buttress the involvement of the states, the preamble to the order clearly stated that the scheme was consequent upon “the determination of the Federal and State Governments to provide an opportunity for taxpayers who are in default under all relevant statutes to voluntarily declare their Assets and income and pay taxes”. Similarly, taxation is an item in the exclusive legislative list and the Federal Government plays a supervisory role over tax matters. As a demonstration of the harmony that exists between the Federal Government and the Federating Units, the then FIRS Chairman, Mr Babatunde Fowler, stated at the 138th Quarterly Meeting of the Joint Tax Board that there was memorandum of Understanding adopted between the FIRS and State Internal Revenue Services in respect of VAIDS which had been working effectively. He further stated that all the money generated from the scheme would be shared between the three tiers of government.

Notwithstanding the wide scope of the VAIDS, the implementation of the scheme across the various states did not pose any difficulty given the reported collaboration that existed amongst the three tiers of Governments.

2.1.2 Eligibility to participate

The scheme was open to all persons and entities in default of their tax liabilities such as;

1. Those who earned income or own assets but yet to register with the relevant tax authorities.
2. Registered taxpayers who had additional disclosures to make or needed to amend prior disclosures.
3. Registered taxpayers who had not been filing returns as well as those who submit tax returns but have not been fully declaring their taxable income and assets.
4. Persons who were underpaying or under remitting their taxes.
5. Provided opportunity for those who were under a process of tax audit or investigation with the relevant tax authority and those that were engaged in a tax dispute with the relevant tax authority but were prepared to settle the tax dispute out of court.

Notwithstanding the general applicability of the scheme to all taxpayers (Federal and State taxes), an applicant was however, required to fulfil certain preconditions in order to validate any application made under the scheme.

Such mandatory requirement included in the scheme were:

- i. The applicant must have made a voluntary disclosure which must be full, frank, complete and verifiable in all material respects.
- ii. The disclosure must be made using the VAIDS form or in any other form or manner as maybe prescribed under the scheme.
- iii. The assessment of the tax payable must be carried out by relevant tax authority.

It was made clear to applicants that any disclosure that did not comply with the conditions and requirements of the scheme would be declared invalid and the applicant denied the benefits that would ordinarily have accrued to a valid applicant.

2.1.3 Benefits and reliefs for voluntary disclosure

As a form of tax amnesty and taxpayer who truthfully and voluntarily declared his assets and incomes, complied with regulations and guidelines made pursuant to the scheme and paid all outstanding taxes were entitled to the benefits provided under the scheme. Amongst those benefits were:

- i. Immunity from tax audit and prosecution for tax offenders.
- ii. Waiver of interest and penalties on unpaid taxes and the option of spreading payment of outstanding liabilities over a maximum period of three years as may be agreed with the relevant tax authority. The waiver however, is without prejudice to any court order or judgment already obtained in respect of any accrued interest or penalty.
- iii. A taxpayer who volunteers information under the scheme was equally guaranteed of confidentiality of such information to the extent permitted by law and any tax official or authorized person who breaches the confidentiality of information received or exchange under the scheme without due authorization shall be liable to prosecution under the relevant law.

It is important to note that the protection of confidentiality as stated above is in line with section 38 (2) of the Personal Income Tax (Amendment) Act 2011, Section 5(1) of the Petroleum Profit Tax Act 1990, Article 26 of the Double Taxation Relief Order between Nigeria and certain countries

which all provide that a member of the relevant tax authority shall treat tax information confidentiality and only disclose as provided by law.

2.1.4 Value added tax (VAT)

Vat is a consumption tax that is relatively easy to administer and difficult to evade and it has been embraced by many countries world-wide (Federal Inland Revenue Service, 1993). Value added Tax Act 1993 is the law that regulates the collection of tax due to “vatable” goods or services, (Adereti, 2011). It was introduced to replace the old sales tax. It is a consumption tax levied at each stage of the consumption chain and is borne by the final consumer. It requires a taxable person upon registering with the Federal Board of Inland Revenue to charge and collect VAT at a flat rate of 5% of all involved amounts of taxable goods and services, (Ariyo, 1998). Adereti (2011) explained that evidenced so far supports the view that VAT revenue is already a significant source of revenue in Nigeria. Every person, whether resident in Nigeria or non-resident in Nigeria, who sells goods or renders services in Nigeria under the VAT act (as amended) is obligated to register for VAT within six months of its commencement of business in Nigeria. Registration is with the Federal Board of Inland Revenue (FBIR).

2.1.5 Personal income tax (PIT)

The tax is on the Pay As You Earn (PAYE) basis, that is the tax payable depends on how much is earned by the taxpayer. The tax is easy to collect from civil servants as it is deducted from source by the appropriate authorities unlike the private sector who will have to file returns of each taxpayer which is no done in most cases, Cislac and Abu 2012), documentation from different scholars indicate that even with all efforts through the various tax reforms undertaken by Nigerian government to increase tax revenue over the years, prior statistical evidence has proven that the contribution of income taxes to the government’s total revenue remained consistently low and is relatively shrinking. However, of all the taxes, personal income tax has remained the most disappointing, non-performing unsatisfactory and problematic in Nigeria tax system. Specifically, the contribution of personal income tax remained marginal and comparatively to both the Federal Inland Service and the State Board of Internal Revenue depending on the sector in which the taxpayer is employed. The tax is regulated by personal income tax act 2004.

2.1.6 Tax avoidance and the tax evasion practices

Tax Avoidance is generally considered as a way of identifying the loophole in the tax laws and then taking advantage of such a loophole to reduce the tax payable, (Ojo, 2003). For instance, a taxpayer may invest in qualifying capital expenditures that will ordinarily not invest in because of the advantage there from. Because of this, tax avoidance is not considered as an offence. A tax avoidance practices benefit the tax payers at the expense of the state. The major loophole in the tax law is the area where companies exploit capital allowances on their qualified capital expenditures in use for the purpose of a trade or business. Capital allowance is claimed in replacement for depreciation charge, which is treated as an inadmissible expense for tax purpose. The tax benefits help them to have retained funds in the system to grow their business, tax avoidance is legal. According to Sani (2005), tax avoider is simply one who agrees to his duties in such a way that he pays little or no tax.

Tax evasion is a deliberate Act on the part of the taxpayer not to pay tax due. This is considered as a criminal offence on the part of the taxpayer. The relevant tax authority may take such steps as it deems fit to recover any such tax and the taxpayer penalized if found guilty. Tax evasion can be partial or total and its degree varies from company to company. There is partial evasion when a company under declares its profits for tax purpose and total evasion of income tax occurs when a company which is already qualified to pay tax refuses to get its evasion of income tax is a serious problem in Nigeria, more so as there is a big gap between actual and potential tax collections by the various levels of government. The criminal act in Nigeria is perpetrated through these medium; total ignorance of the law, lack of faith in the rate which makes evasion more attractive and economical absence of visible benefits accruing to the taxpayers, outright unwillingness to contribute towards the development of the society and ridiculous low penalties prescribed in the laws for late payment of tax.

2.2 Theoretical framework

The following theories were relevant to this study:

2.2.1 Benefit theory

According to Yunusa (2003), the benefit theory was propounded by William Petty in 1992. According to the benefit theory there is basically an exchange relationship between taxpayers and the state. The state should levy taxes on individual according to benefit conferred on them. This means that, the more benefit a person derives from the activities of the state, the more he should pay to the government. This theory seeks to ensure that each individual’s or company tax obligations are as far as possible based on the benefits that he or she receives from the enjoyment of public services. The application of these theories in Nigeria is such that there are various taxes (levies) that are collected in the Local jurisdiction example, in market, bus stands which are collected by various local government authorities, at the end this fund is further used to develop social facilities which results to social benefit to the society members. However, this theory faces various critics such as;

Firstly, the assumption that the tax should be paid by an individual in proportion to benefits conferred by

the state on that individual, it quite unrealistic because the benefit derived cannot be correctly measured in terms of money. Benefits purely subjective matter and there is no scientific way to measure the magnitude of benefit and its money value.

Secondly, if benefits accrued to an individual is the basis of taxation, the poor must pay higher tax because in a welfare state the poor get more benefits than the rich from the expenditure of the government. This is clearly unjust and as such an unacceptable proposition.

Thirdly, if the state maintains a certain convection between the benefits conferred and the benefits derived, it will be against the basic principle of the tax. A tax is a compulsory contribution made to the public authorities to meet the expenses of the government and the provisions of general benefit. There is no direct quid pro quo in the case of tax.

2.2.2 Ability to pay theory

Ability to pay theory was developed in 1939 by Kardrick (Pandeto, 2010). The ability to pay theory was developed due to inadequacies in benefit and sacrifice theories of taxation. This is the most popular and commonly accepted principle of equity or in accordance with their ability to pay. It appears very reasonable and just that taxes should be levied on the basis of the taxable capacity of an individual. For instance, if the taxable capacity of a person A is greater than the Person B, the former should be asked to pay more taxes than the latter. It seems that if the taxes are levied on this principles as stated above, then the justice can be achieved. However, there are still some difficulties putting this theory in practice.

Firstly, it is difficult if not impossible to determine the ability of a person to pay taxes. The term “Ability to Pay” is ambiguous. It leads to question such as should the taxes be charged at a uniform percentage for all taxpayers or is it going to be a higher percentage on high income and low percentage on low income?

Secondly, taxes all the government to offer public goods and services and the users to those goods and services should pay taxes according to extent to which the use public goods and services and not on the basis of how much they have earned.

2.2.3 The sacrifice theory

In the words of Plesko (2004), the sacrifice theory was developed by Macullah in 1845. The sacrifice theory attempts to determine the burden that rests upon an individual by virtue of his payment of taxes and how much of his or her income remains for purpose of his own subsistence. According to this theory payment of tax is a sacrifice that an individual or company makes towards the support of the government. The measure of such is, giving up of enjoyments, which is giving up a portion of individual’s means (income) of satisfying wants (consumption). Practically the sacrifice theory demands that individuals should only pay tax on that portion of individual’s means over and above subsistence. Applicability of this theory is conceptually difficult unless it is expressed in terms of income and consumption.

2.2.4 The cost of service theory

According to Pandery (2010), the cost of service theory was made popular by Van Hock. Some economists were of the view that, if the state charges actual cost of the service rendered to the people, it will satisfy the idea of equity justice in taxation. The cost of service principle can no doubt be applied to some extent in those cases where the services are rendered out of prices. Also, the theory is rejected because no quid pro quo in a tax.

2.2.5 Theory of social influence

This theory was propounded by Cialdina Psychological Theory. The theory of social influence as accessed from changing minds explains thus; in 1984, Cialdina published influence where he discussed on topics like reciprocity, social proof, liking, authority and scarcity.

Reciprocity: It is a belief that when you give you expect in return. It is natural that when taxes are paid government should put the funds to judicious use. Consistency and commitment. This is an idea where government made promises to provide amenities, when this is done the taxpayers are inclined to pay their taxes.

Social Proof: This shows lack of policy implementation where people evade tax and are not punished, copy and the cycle continues.

Liking: When the citizens see good governance they feel like and are obliged to do their civic duties.

Authority: When a citizen knows that by not paying his tax there is consequence for not paying, he has no option than to pay.

Scarcity: If government knows without acting in order to generate money through tax today then the inevitable will happen, that is, lack of money to run the state.

2.3 Empirical review

Adegle and Fakle (2011) examined the relationship between company income tax and Nigeria’s economic development for the period 1981 to 2007. The used GDP to capture the Nigerian economy which was measured against total annual revenue from company income tax for the same period. They employed the use of chi-square and multiple linear regression analysis method to analyse data obtained from both primary and secondary sources. Their variables included various taxes regressed against GDP with an R squared of 98.6% and an

adjusted R squared of 98.4% revealing that company income tax's impact on GDP is very high and impressive. It further showed that there is a significant relationship between company income tax and Nigeria economic development and that tax evasion and avoidance are the major hindrances to revenue generation. Overall the study, only company income tax which calls for the need to see the impact of all tax revenue on the Nigeria economy.

From the study, ethics of tax evasion, Fagbemi (2017) in Nigeria used a survey for the study. The researcher focused on business taxpayers and left out likely tax evaders like the contractors and professionals like the lawyers, doctors and accounting firms. The analysis of the study used both descriptive and inferential statistics. They found out that the level of tax evasion is significantly higher when government is corrupt than any other views.

Adesi and Gbeyi (2017) in their study, effect of tax avoidance and tax evasion on personal income tax in Nigeria, administered questionnaires on employees of federal Inland Revenue Service in Abuja. Just like Fagbemi (2017) some of the elements in personal income tax like contract ors and professionals are left out of the study. ANOVA was used to analyze two hypothesis; the relationship tax avoidance, tax evasion and personal income tax administration in Nigeria, and the relationship between tax, rates, tax avoidance and tax evasion. The researcher use of ANOVA to test relationship brings to question whether the study is measuring effect or relationship? The study found out that good governance will discourage tax avoidance and tax evasion. It equality found out that tax avoidance and evasion is as a result of high tax rate.

Bonu and Pedro (2009) investigated the impact of Income tax rates (ITR) on the economic development of Botswana, the study reveals that the influence of Income Tax Revenue over GDP is not much in economically advanced countries such as Japan, China, UK, USA and Canada, among the advanced countries, Japan has 4% followed by Canada (9%), UK (10%), China, (11%) and USA (12%). In developing nations, the lowest influence of Income Tax over the GDP is found in Mozambique (2%) followed by Mauritius (4%), Seychelles (5%), Tanzania and Zambia (6% each), Congo (7%), Lesotho (8%), Botswana (9%) whereas a greater influence is found in Malawi (50%), Angola (36%), Zimbabwe (14%), South Africa (13%) and Naibia (12%). According to Giligan and Richardson (2005), the tax system that is perceived as unfair by the citizens may likely to be less successful and this will encourage the taxpayers to engage in non-compliant behaviour, which may have adverse effect on economic growth.

Brain (2007) analysed the "effects of tax revenue on economic growth in Uganda's experience for the period 1987-2005. From the study, tax revenue was found to have had an impact on the economic growth level of the country, with direct taxes having a positive effect while indirect taxes had a negative impact. However, he stated that due to time, financial and data constraints, not all essential issues could be analysed the issue arising from this work is the fact that indirect taxes are not easily evaded when it comes to payment because they are paid either on consumption of goods and services or at source and so one expects that they should have a positive impact on a country's economic growth not negative as reported.

Abiola (2010) conducted a research work on the recent developments in company's income taxation in Nigeria and analysed the variables with the use of quantitative survey method and finds out that the Nigeria tax system is unduly complex, skewed low revenue yielding poorly administered anti-federalism largely inequitable and loaded with unduly large number of overlapping taxes which have more nuisance value than revenue value. The study recommended that the tax administration amending act altered some of the penalties under CITA to reflect current realities and make them more administrable.

Jane (2011) carried out research on the impact of tax reform on the general economy of the nation and tested the research variable with the use of ordinary least square regression method and find out that tax reforms in Nigeria have not had a significant impact on the macroeconomic stability. It was observe that increase in the tax rate ultimately result in greater burden for the masses through a shift of the tax liability. As a result, tax reforms in Nigeria have created inequalities rather than bridging such the study further recommended that citizens should wake up to their civic responsibilities in terms of tax compliance.

Saidu (2012) conducted a research study on the effect of tax audit on tax compliance in Nigeria with Bauchi State board of Internal Revenue as a case study. The data generated for the study was analysis with the aid of simple percentage method. The audit towards achieving target revenue that tax revenue reduces the problems of tax evasion and that taxpayers do not usually cooperate with the tax audit personnel during the exercise.

The research study further recommends that relevant to tax authority (RTA) at all level should improve the statement of tax audit employed for effectiveness and efficiency.

Basila (2010), in investigating the relationship between VAT and GNP in Nigeria used a data based on VAT revenue figure and GNP figure from 1994 to 2008 obtained from Central Bank of Nigeria statistical bulletin, GNP and VAT figure for that period of study were tested for correlation, the vest revealed a strong Pearson's Product Moment Correlation (PPMC) at about 96% strength, further a test of significance confirmed that VAT revenue is significantly different at 99% confidence level in relation to GNP. He concluded that there is a strong positive correlation between VAT revenue and GNP, again as regards to the test of significance,

student “t”-test confirmed that VAT is significantly different in relation to GNP in Nigeria.

Okoye and Gbeyi (2013), used a secondary data that were generated from Federal Inland Revenue Service and Federal Bureau from statistical analysis with the aid of a table and simple percentage while the hypothesis formulated were tested using Product Moment Correlation Coefficient and student in test. The findings revealed that revenue generated through VAT has a significant influence on wealth creation in Nigeria and also that revenue generated through VAT has a significant effect on total tax revenue in Nigeria. Therefore, from their findings the discovered that VAT is the bedrock of wealth creation in Nigeria as well as economic development as it contributes significantly to the nation’s Gross Domestic Products (GDP). Therefore, the government must give a degrade attention to taxation in general and VAT in particular, under a stable and conduct socio-political and economic atmosphere.

In their study of the relationship between company income tax and Nigerian economic development, Festus and Samuel (2007) reformed that in Nigeria, the role of tax revenue in promoting economic activities and growth is not felt primarily because of its poor administration, perception and often an undesirable imposition which bears no relation to the responsibilities of citizenship or to the service provided by the government. Their study further revealed that an efficient and effective tax administration results in increased revenue yield but this is not possible because of the presence of evasion and avoidance due to loop holes in tax laws. On the other hand, Adedeji and Oboh (2010) stated that people expect that by sacrificing their private resources to the form of taxes, government is expected to reciprocate by spending public revenue in a way that will enhance their welfare. However, government and tax collectors have been dubiously mismanaging the public treasury. There is high level of manipulation and diversion of tax revenue by the collectors. The dwindling tax revenue as presently witnessed results from lack of encouragement to the taxpayer, due to the fact that there is very little evidence to show for taxes collected. For these reasons, there are increased cases of tax evasion. Therefore, this gap in existing literature on tax revenue and economic growth needs to be filled (Appah, 2004).

3. Materials and method

This research work adopted the ex-post-facto research design. This design was more appropriate in providing and in-depth understanding of the factors contribution to VAIDS in generating revenue, as it involves the analysis of the past as opposed to the future and exploration on an existing phenomena.

The data of this study were obtained mainly from secondary sources. The data is made up data for tax revenues and captures revenue from Personal Income Tax and Value Added Tax.

The data analysis technique adopted in this study is the regression analysis and the following simple linear models were built for this research:

$$\text{VAT} = f(\text{VAIDS}) \text{ ----- i}$$

Specified as follows;

$$\text{VAT} = a + b\text{VAIDS} + \mu \text{ ----- ii}$$

$$\text{PIT} = f(\text{VAIDS}) \text{ ----- iii}$$

Specified as follows;

$$\text{PIT} = a + b\text{VAIDS} + \mu \text{ ----- iv}$$

Where;

VAIDS = Voluntary Assets and Income Declaration Scheme.

PIT = Personal Income Tax

VAT = Value Added Tax

a = Intercept (Constant)

b = Coefficient of the parameter estimate (Slope)

μ = error term

4. Results and discussion

Table 1: Regression result for the model

. *(2 variables, 36 observations pasted into data editor)

. regress vat vaids

Source	SS	df	MS			
Model	927983980	1	927983980	Number of obs =	36	
Residual	4.2321e+09	34	124472297	F(1, 34) =	7.46	
Total	5.1600e+09	35	147429774	Prob > F =	0.0099	
				R-squared =	0.1798	
				Adj R-squared =	0.1557	
				Root MSE =	11157	

vat	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
vaids	13623.39	4989.435	2.73	0.010	3483.64	23763.14
_cons	6682.431	2036.928	3.28	0.002	2542.894	10821.97

Source: Author's computation, 2020

On the basis of above result, the regression equation can be written as: $VAT = 6682.431 + 13623.39VAIDS$.

From the result of the analysis $R^2 = 0.1798 = 17.98\%$. This implies that the independent variable, VAIDS included in the model is able to explain 17.98% of variation in the dependent variable of VAT while the remaining 82.02% is accounted for by the disturbance term (errors) which are accommodated in the model specified.

This implies that the Independent Variable of VAIDS explains a weak/positive variation in VAT.

Also, in the above result, the adjusted R^2 is 0.1557 which is less than R^2 value of 0.1798. This is because it has adjusted for independent variables, VAIDS in the model on the basis of the association with the dependent variable VAT.

The coefficient of VAIDS is 13623.39 which implies that a Unit in VAIDS, the VAT will increase by 13623.39 holding all other factors constant.

From the analysis, we discover that P-value of VAIDS is 0.01 and is less than 0.05 at 95% confidence interval. We have sufficient evidence to conclude that Voluntary Assets and Income Declaration Scheme has a significant impact on VA

Table 2. Regression result for the model

. regress pit vaids

Source	SS	df	MS			
Model	1746.02031	1	1746.02031	Number of obs =	36	
Residual	178065.123	34	5237.2095	F(1, 34) =	0.33	
Total	179811.143	35	5137.46123	Prob > F =	0.5675	
				R-squared =	0.0097	
				Adj R-squared =	-0.0194	
				Root MSE =	72.369	

pit	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
vaids	-18.687	32.36421	-0.58	0.567	-84.45898	47.08498
_cons	150.542	13.21263	11.39	0.000	123.6907	177.3933

Source: Author's computation, 2020

On the basis of the above result, the regression equation written as: $PIT = 150.542 - 18.687 VAIDS$.

From the result of the analysis, $R^2 = 0.0097 = 0.97\%$. This implies that the independent variable, VAIDS included in the model is able to explain insignificantly 0.97% of variation in the dependent variable of PIT while the remaining 99.03% is accounted for by the disturbance terms (errors) which are accommodated in the model specified.

This implies that they Independent variable of VAIDS explains an insignificant/negative variation in PIT.

Also, in the above result, the adjusted R^2 -0.0194 which is less than R^2 value of 0.0097. This is because it has been adjusted for independent variables, VAIDS in the model on the basis of the association with the dependent variable, PIT.

The coefficient of VAIDS is -18.678 which implies that a unit increase in VAIDS, the PIT will decrease by 18.678 holding all other factors constant.

From the analysis above, we discover that P-value of VAIDS is 0.567 and is greater than 0.05 at 95% confidence interval, we conclude that voluntary assets and income declaration scheme does not have any significant impact on personal income tax.

5. Conclusion

This research work examined in retrospect, if the voluntary assets and income declaration scheme as a form of tax amnesty affected tax revenue generation in Nigerian with emphasis on value added tax and personal income tax. The regression equation (ordinary least square) was employed in the analysis of the data obtained from Federal Inland Revenue Service (FIRS). The results of the analyses indicate that Voluntary Assets and Income Declaration Scheme (VAIDS) had a significant impact on VAT while Voluntary Assets and Income Declaration Scheme (VAIDS) did not have any significant impact on personal income tax. This work recommends that the Voluntary Assets and Income Declaration Scheme should be modified to be a permanent programme as a separate body or a Department Federal Inland Revenue Service should be set up to inspect and ensure the smooth running of the programme and the regulatory bodies should ensure that it implement policies that will reduce the loop holes in tax laws which tax payers capitalized on to evade tax.

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