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Tax Audit And Tax Revenue Generation In Nigeria

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***Abstract:** The ability of a particular country to meet with the needs and demands of her citizens depends on its revenue generation through taxes. The study examined the effect of tax audit on tax revenue generation in Nigeria. To generate adequate revenue through tax, a tax audit is required to be intensified by relevant tax authorities. The study employed survey research design with structured questionnaire to obtain data. The study adopted Ordinary least square (OLS) technique as the data analysis method. The study found that tax audit has positive significant impacts on tax revenue generation in Nigeria. The study recommends as follows: In order to increase government revenue generation through tax in Nigeria, tax audit should be intensified; also, tax authorities should adhere strictly to the established standards and procedures laid down by the government in respect of tax revenue generation in Nigeria. The study concluded that tax audit should be considered very essential in tax revenue generation in Nigeria.*

***Keyword:** Audit, Tax audit, Authority, Tax revenue, standards, Nigeria*

I. INTRODUCTION

The fall in oil prices, the effects of Covid-19, the level of insecurity and their resultant negative diminution in revenue generation in Nigeria has made Nigerian government at all levels to shift more attention to tax revenue. Tax is a compulsory levy by government through its agencies on the earning, capital and consumption of its subjects. These levies are levied on personal income such as salaries, business profit, interest, dividend and royalties to obtain revenue. Tax forms major sources of government revenue in Nigeria. Therefore, tax is a compulsory levy or transfer of resources from private to public sector in order to achieve some of the nation's economic and social objectives. Tax is primarily aimed at generating revenue for government in order to cater for its financial commitment. Tax is also levied against company profit, capital gains, capital transfer and petroleum profit (Bello, 2001). With the present infrastructural shortfall and the high domestic debts of the country, the present tax revenue needed to be enhanced. It will be difficult for government to sustainably grow the economy without improving the current tax revenue generation (Oghuma, 2018). One of the possible strategies of promoting tax revenue generation in Nigeria is tax audit. Tax audit is described as the examination of an individual or organizations' tax report by the relevant tax authorities in order to ensure compliance with applicable tax laws and regulations of the country. Tax audit is a process where the internal revenue service tries to confirm the numbers that you have put on your tax return (Kircher 2008). Tax could be direct or indirect. It is direct when governments, through its tax agencies impose directly on individuals and businesses. The payment of a direct tax goes to agencies such as the Federal Internal Revenue Services (FIRS) or State Internal Revenue Services (SIRS). Indirect taxes are levied on goods and services. That is, *not* an individual or company. Example of indirect tax is the sales tax that customers pay for items they purchase for their personal use (Bradford, 2013 & Akinlabi, 2016). It is compulsory that individual or an organization that falls within the above scope is mandated to pay tax. The payment could be willingly or otherwise. Payment of taxes brought the issues of returns and tax assessment. Tax payers who are due to income tax for a year of assessment are required to file their returns and other relevant documents to the relevant tax authority that will assess them to tax (Oyebanji, 2006).

When it comes to the issue of tax payment, taxpayers are reluctant. They are either motivated or force to pay the tax due to them. To be able to generate adequate revenue by the government through taxes, tax audit is required to be intensified by the government. Tax audit has been helpful in the generation of revenue to government in Nigeria. The audit units of the Federal Inland revenue Service (FIRS) over the years use audit tools to expose tax evaders which eventually led to the enforcement of tax law on any tax payers who refuses to pay tax due to him. One of the audit tools is the risk engine tool for unveiling tax offenders. Any tax payers caught by such tool is subjected to tax audit in line with the statutory mandate and the provisions of Sections 58 and 60 of the Companies' Income Tax Act (Cap. 21 LFN 2004) and Sections 26 and 27 of the Federal Inland Revenue Services Established Act (2004) (Iheanyi, 2014). One of the efforts made by IFRS for the purpose of tax revenue generation was the creation of audit department. The commission realized that tax audit is an important operational modern system of tax administration. Amah and Nwaiwu (2018) stressed that it is the duty of taxpayers to declare their tax affairs in line with the available tax laws. Amah & Nwaiwu (2018) stressed further that taxpayers are not willing to open their books for examination by tax authorities. As a result, there is the need to force any taxpayer who is not ready to pay tax due to him to do so. Audit is carried out to determine the validity and reliability of financial information. It is important to note that to achieve audit quality, there is the need for external auditors to be independent and considered engagement performance very important (Zysman, 2004 & Bradford, 2013).

A. STATEMENT OF THE PROBLEM

Ideally, there should be enough funds available to Nigerian government through tax revenue generation to cater for the needs and demands of her citizens such as adequate security, good health facilities, sound education, payment of workers' salaries, electricity supply, public libraries, public toilets, Network road, events center, recreation center, good water supply, credit facilities for agriculture and good insurance scheme. Due to dishonest of tax payers and corrupt practices in Nigeria, revenue generation through taxes could not be achieved adequately. As a result, Nigerian government hardly achieves the aforementioned. Nigerian government has been trying to increase revenue generation through taxes with the introduction of tax audit for tax assessment by the relevant tax authorities.

Tax payers are reluctant to pay taxes in Nigeria because they are not motivated. If government could not provide basic facilities to the tax payers, then, what is the essence of paying tax? If there is adequate provision of essential commodities to the tax payers, every tax payer will be willing to pay taxes. Tax administration in Nigeria is porous. Most of the tax officials lack the required training for tax assessment while some of them are corrupt. Unless tax payers are motivated to pay taxes for government to generate enough funds to meet with its expenditure and for the government to show values for such taxes, the problem of paucity of funds will be deepen in Nigeria and the citizens will suffer.

The issues of taxes particularly its effects on Nigerian revenue generation have been debated by researchers in Nigeria. The researchers include: Adediran, Alade and Oshode (2013), Bello (2001), Elim, Kerosi and Timimba (2015), Lawyer and Efeelo (2017) and Onoja and Iwarere (2015). Some of the researchers argued that lack of motivation is responsible for poor tax revenue generation in Nigeria while some attributed the non-adequate payment of tax liability in the country to weak tax administration system. The debates of the researchers are inconclusive. Failure of the researchers to address why tax revenue generation in Nigeria remain low is unsolved problem. The problem to be investigated in this paper is the increase in the degree of low tax revenue generation in Nigeria. This paper is structured into four sections beside the background to the study namely: section two reviews of literature. Section three addresses methodology. Section four presents data analyses and discussions while section five concludes and provides some recommendations.

Arising from the statement of the problem, are the following pertinent research questions.

B. RESEARCH QUESTIONS

- ✓ Does tax audit has any effect on tax revenue generation in Nigeria?
- ✓ Does tax audit really promote tax revenue generation in Nigeria?

C. OBJECTIVES OF THE STUDY

The broad objective of the study is to examine the impact of audit quality on tax revenue generation in Nigeria. To achieve the broad objective are the specific objectives:

- ✓ To determine if tax audit has significant effects on tax revenue generation in Nigeria and
- ✓ To examine the extent to which tax audit impacts on tax revenue generation in Nigeria.

D. RESEARCH HYPOTHESES

In order to achieve the objectives of the study, the following null hypotheses were stated.

- ✓ Tax audit has no significant effect on tax revenue generation in Nigeria.
- ✓ Tax audit does not promote tax revenue generation in Nigeria.

E. SIGNIFICANCE OF THE STUDY

The study will be of benefits to the government, tax agencies, individual and companies in Nigeria. Also, the study will make meaningful contributions to the efforts of the Federal Inland Revenue Service on the need to employ audit quality for the purpose of tax revenue generation in Nigeria. The study will also assist those who are interested in further researcher in this field of study.

F. SCOPE OF THE STUDY

The study is restricted to tax audit and tax revenue generation in Nigeria. The targeted population of the study comprises of all the 36 State Inland Revenue Services (SIRS) and Federal Inland Revenue Service (FIRS) offices, audit firms and tax practitioners in in Nigeria. Due to the large numbers of the element of the population, the study focus on the tax revenue generation of Ondo Sate.

II. REVIEW OF LITERATURE

This section addresses conceptual issues, relevant theories and empirical evidences from prior studies relating to the audit quality and tax revenue generation in Nigeria.

A. CONCEPTUAL FRAMEWORK

Conceptual issues reviewed include: Tax audit and Tax revenue generation in Nigeria.

a. TAX AUDIT

The word audit is defined as an independent examination of financial information of an entity. The entity could be profit-oriented or otherwise, with a view to expressing an opinion regarding the truth of the financial statements of a given business organization (Arrunada, 2000). Audit can be seen as a systematic approach in examining books and records of a business organization in order to verify and to report the state of affairs of business financial statements (Aigbokhaevbolo, Omoregie, Omoitobor, Isabu, Ofanson & Monday, 2019).

A tax audit is the process of verification and inspection of the accounts of a taxpayer to confirm their adherence to the provisions of the Income Tax law (Future General India Life Insurance Company (FGILIC) 2021 & Arrunada, 2000). A tax audit is a formal examination conducted by the IRS to verify information or uncover inaccurate tax returns or fraud. (Find Law Staff, 2021).

b. PURPOSE OF TAX AUDIT

A tax audit determines whether financial records and transactions are correctly recorded and accounted for. This, in turn, ensures that the records reflect the actual income of the taxpayer and that the claims for deductions made are accurate (FGILIC, 2021).

c. TYPES OF TAX AUDIT

- ✓ *According to Simone (2020), the following are the types of tax audit*
- ✓ *Correspondence Tax Audit*

Correspondence audit which is the most common type of tax audit, is when order or letter is received from the IRS requesting a proof of statement or documentation that will help them verify the information reported on one's tax return.

- ✓ *Office Audit*

This is when there is a meeting between a tax payer and a tax auditor at the Internal Revenue Service (IRS) office. This occurs when there are issues on tax payer's return that a correspondence audit could not resolve. Sometimes this happens because a business operating as a proprietorship has some unusual transactions

- ✓ *Field Audit*

This is a face to face meeting with an Internal Revenue Service (IRS) auditor at the tax attorney's office or tax payer's place of business or home to discuss the details of tax payer's return. If there is inventory involved in the business, the auditor will usually want to observe the actual inventory and review inventory records at the business location.

- ✓ *Taxpayer Compliance Measurement Program Tax Audits*

This is when IRS auditors examine every item and event in tax payer's life that they feel can affect his taxable income. This is uncommon audit and may require tax payer to show birth certificate, marriage license and other personal documents. Their goal is to check that all the paperwork he provided is actually from him.

d. TAX REVENUE (TR)

Tax revenue is the income that is gained by governments through taxation Tax is the primary source of government revenue. Revenue may be extracted from sources such as individuals, public enterprises, trad, royalties and natural resources and/or foreign aid (Ojo, 1996). Tax revenue is comprised of funds collected by federal, state and local governments through taxes on income and profits, sales and use taxes levied on goods and services, and taxes on the ownership and transfer of property. Tax revenue also is received through federal payroll taxes including federal Social Security contributions mandated by the Federal Insurance Contributions Act (FICA), federal unemployment tax required by the Federal Unemployment Tax Act (FUTA), Medicare taxes and state payroll taxes such as state unemployment taxes that can partially offset FUTA levies, and other taxes. At the federal level, the income tax is by far the largest source of revenue (Loveday, 2017 & Michelle, 2021).

Most developed countries impose one or more tax structures similar to those used in the United States. However, many countries rely less on income taxes than the U.S. does and collect more of their revenue from consumption taxes, usually imposed as value-added taxes (VAT) on goods and services and from taxes directly supporting social welfare programs

B. THEORETICAL REVIEW

The study is guided by Benefit Theory and Classical Theory of Tax Compliance

a. BENEFIT THEORY

According to this theory, the state should levy taxes on individuals according to the benefit conferred on them. The more benefits a person derives from the activities of the state, the more he should pay to the government. This principle has been subjected to severe criticism on the following grounds:

Firstly**,** if the state maintains a certain connection between the benefits conferred and the benefits derived. It will be against the basic principle of the tax. A tax, as we know, is 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 a tax.

Secondly**,** most of the expenditure incurred by the slate is for the general benefit of its citizens, it is not possible to estimate the benefit enjoyed by a particular individual every year.

Thirdly**,** if we apply this principle in practice, then the poor will have to pay the heaviest taxes, because they benefit more from the services of the state. If we get more from the poor by way of taxes, it is against the principle of justice?

b. CLASSICAL THEORY OF TAX COMPLIANCE

Theory of tax compliance also calls deterrence theory states that taxpayers are assumed to maximize the utilities of the tax evasion, balancing the benefits of successful tax cheating against the risky prospect of being apprehended and punished by tax authorities (Sandmo, 2005). Alabede, Zainol-Affirm & Idris, (2011) submitted that the theory focus largely on tax audit and penalty. They further stressed that the theory makes taxpayers to pay tax as a result of fear and sanctions. The theory suggests that taxpayers make calculations of the economic consequences of different compliant alternative. The theory states that the essence of the deterrence model of tax compliance is to examine the interaction between probabilities of detection and sanction severity that should affect non-compliance. Brook (2001) says that classical theory is based on economic analysis only. Brook (2001) opine that social and psychological variables are equally important in understanding the issue of non-compliance to tax. Some of the important studies about the effects of compliance include Hasseldine (2000), Torgler (2003) & Kirchler (2007). Elffers (2004) & Braithwaite (2003) argued that if deterrence (that is the probability of detection and sanction severity) would be the most significant variable in explaining compliance, rational individuals in most societies of the world would be noncompliant because the levels of deterrence are low.

The study is guided by two theories. That is, ability to pay and classical tax compliance theories. The former theory emphasizes on ability while the later focuses on compliance. The study seeks to examine how tax revenue generation could be achieved in Nigeria through tax audit. Whether ability or no ability, nobody pays debt with smile. In most cases, debts are paid with force which the theory of compliance is trying to address. Based on the focus of compliance theory which is most relevant to the study, the study therefore adopts compliance theory.

C. REVIEW OF PRIOR STUDIES

Anichebe, Evbota & Osemwegie (2018) carried out research on impact of tax audit on federal government revenue generation in Nigeria. Their study adopted questionnaire to obtain data. The data obtained by them was analyzed by T-test statistical method. Their study found that there is significant relationship between tax audit and government revenue generation in Nigeria.

Onoja & Iwarere (2015) researched on effects of tax audit on revenue generation of federal Inland Revenue service, Abuja, Nigeria. Questionnaire was adopted by them for data collection. The data collected by them was analyzed by analysis of variance (ANOVA). The result of their study revealed that tax audit has a positive relationship with the revenue generation in federal Inland Revenue Service of Abuja

Appah & Eze (2013) carried research work on a causality analysis between tax audit and tax compliance in Nigeria. The researchers obtained data from both primary and secondary sources. The primary source was questionnaire while the secondary data was scholars published and unpublished studies. The data obtained by them was analyzed by ordinary least square (OLS). The result of their findings showed that tax audit aid tax compliance in Nigeria.

Nwaiwu & Maccregor (2018) worked on tax audit and tax revenue generation in Nigeria. Questionnaire was used by them to obtain data. Their data was analyzed by OLS with the aid of SPSS version 22. Their research work indicated that tax audit has significant effects on tax revenue generation in Nigeria.

Ama & Nwaiwu (2018) studied tax audit practice and down South tax in Nigeria. They gathered data through primary and secondary sources. The data gathered by them was analyzed by linear regression analysis with the ais of SPSS version 21.0. Their findings depicted that tax audit practice has positive effects on tax revenue generation in Nigeria.

Clement, Stephen & Festus (2018) studied tax audit and tax productivity in Nigeria. They obtained data from both primary and secondary sources. They analyze their data by inferential methods. Their research work found that tax audit has significant impact on tax generation in Nigeria.

Anyaduba & Modugu (2014) studied the impact of tax audit and other qualitative attributes on the tax compliance level of companies in Nigeria. Questionnaire was adopted by them to obtain data. Ordered Logistic Regression technique was employed to analyze their data. Their result showed that there was positive relationship between tax audit and tax compliance in Nigeria.

Adediran, Alade & Oshode (2013) examined the impact of tax audit and investigations on revenue generation in Nigeria. They obtained data through questionnaire. They analyzed the data collected by them by Pearson Correlation Coefficient. The findings of their research work indicated that tax audit and investigations can increase the revenue base of the government and can also stamp out the incidents of tax evasion in in Nigeria.

Soyinka, *Jinadu and Sunday* (2016) studied tax audit determinants and corporate tax compliance in Nigeria. They used survey research design to obtain data. Least square regression was adopted to analyze their data. The findings of their research work revealed a significant impact of tax audit on tax compliance in Nigeria.

Kennedy (2014) examined the impact of tax audit on tax compliance in Nigeria. Questionnaire was used by them to obtain data while ordered logistic regression technique was used to analyze their data. The result of their research work showed that positive relationship exists between tax audit and tax compliance in Nigeria.

III. METHODOLOGY

A. RESEARCH DESIGN

The study employs a survey research design. Survey research method was used to gather information from respondents concerning their opinions on certain aspects of audit quality in Nigeria. This research strategy was considered appropriate because it facilitates a comprehensive and detailed new of the major questions raised in the study.

B. POPULATION

The population of the study comprises of Accountants, Auditors, State Inland Revenue Services (SIRS) and Federal Inland Revenue Services (FIRS) staff in Ondo State.

C. SAMPLING AND SAMPLE SIZE

The study adopted stratified random sampling technique in selecting the 100 respondents which are made up of the accountants, auditors, staff of FIRS and SIRS in Ondo State. The composition of the respondents is as follows:

Group	**No. Sample**
Auditors	25
SIRS staff	25
FIRS staff	20
Accountants	30
Total	100

D. RESEARCH INSTRUMENT

The instruments used for the study is questionnaire. The questionnaire was of multiple choices to assist the respondents in expressing their views about tax audit and tax revenue generation in Nigeria

E. RELIABILITY AND VALIDITY OF THE RESEARCH INSTRUMENT

The research instrument used is reliable because the information obtained was tested severally and yet some result was gotten. Also, the research work was accorded with a close supervision by experts in this field of study. The supervision of the experts validates the instruments.

F. SOURCE OF DATA COLLECTION

The major source of data for the study is the primary data. This collection of data is achieved through the administration of copies of structured Likert scale questionnaire to the respondents.

G. METHOD OF DATA ANALYSIS

Data extracted from the copies of questionnaire were coded to suit the data analysis technique. The analysis of data in the study is done with the aid of Ordinary least square regression (OLS) technique.

H. MODEL SPECIFICATION

The model developed in the study by the researcher for the purpose of estimation is as follows:

TRG = f (TA)
TRG = f (TA, TA)
TRG= $a_0 + a_1$ TA + a_2TA + u
Where:
TRG = Tax Revenue Generation
TA = Tax administration
TA = Tax authority
U = Stochastic Error Term
a_1, a_2, a_3, = Regression Coefficients.

IV. PRESENTATION AND ANALYSIS OF DATA

Preliminary Analysis

		Gender	Ages	Academic Qualification
N	Valid	100	100	100
	Missing	0	0	0
Mean		1.59	2.02	2.75
Median		2.00	2.00	3.00
Minimum		1	1	1
Maximum		2	3	4

Source: SPSS Version 20.0

Table 1: Descriptive Statistics

The descriptive statistics is the normality test for the distribution of Bio-data of respondents, this has shown the dispersion and central tendency in the variables from mean, median, standard deviation, minimum and maximum and sum of it, with the mean of **1.59, 2.02** and **2.75** in all the Bio-data.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	41	41.0	41.0	41.0
	Male	59	59.0	59.0	100.0
	Total	100	100.0	100.0	

Source: SPSS Version 20.0

Table 2: Gender of the Respondents

The table above showed the gender distribution of the respondents that were sampled for the research. 41 (41%) was female while 59 (59%) was male.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	25 – 30	27	27.0	27.0	27.0
	31 – 35	44	44.0	44.0	71.0
	36 and above	29	29.0	29.0	100.0
	Total	100	100.0	100.0	

Source: SPSS Version 20.0

Table 3: Ages of the Respondents

According to the table above, which has shown the age structure of the respondents who responded to the questionnaire assigned, out of 100 respondents, 27 respondents fall below the age of (25-30years) which was 27%, 44 respondents were within the age of (31-35) which was 44% and 29respondents were within the age of (36 and above) with 29%, this shown that more experience Accountant and Auditors were employed by in the three selected area. Below is the graphical structure of respondents' age.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	HND	7	7.0	7.0	7.0
	BSc/BA	22	22.0	22.0	29.0
	MSc/PhD	60	60.0	60.0	89.0
	ICAN/ANAN	11	11.0	11.0	100.0
	Total	100	100.0	100.0	

Source: SPSS Version 20.0

Table 4: Academic Qualification of the Respondents

From the table 4 above on the Academic qualification showed that 22% of the staff are Degree Holders, 7% are National Diploma Holders, 60% are Master and Professional Accountants holders while 11% are Doctorate holders.

INTERPRETATION OF RESULTS

The test is aimed at determining whether the signs and sizes of the results are in line with what theoretical postulation of the study. Thus, theoretical postulation tells us that the coefficients are positively related to the dependent variable, if an increase in any of the explanatory variables leads to an increase in the dependent variable, vice visa.

Variable	Coefficient	Standard Err	T-statistic	Probabilities
Intercept	3.898	0.350	11.131	0.000
AQ	0.250	0.110	2.281	0.003
TR	0.239	0.082	2.923	0.038
R^2=0.647, R^2bar= 0.623, F-stats(2, 97)= 6.047, D.W-stats., 1.737				

Table 5: OLS Technique

A-PRIORI EXPECTATION CRITERIA

The test is aimed at determining whether the signs and sizes of the results are in line with what theory postulates. Thus, theory tells us that the coefficients are positively related to the dependent variable, if an increase in any of the explanatory variables leads to an increase in the dependent variable. Therefore, the variable under consideration and their parameter exhibition of A-priori signs have been summarized in the table below. This table will be guarded by these criteria.

When $\beta>0$, Positive relationship.

When $\beta<0$, Negative relationship.

Variable(s)	**Expected Sign**	**Estimate**	**Remarks**
AQ	**(+)**	$\beta_1>0$	**Conform**
TR	**(+)**	$B_2>0$	**Conform**

Source: Author's Computation

Table 6: A-priori Expectation Table

TRG = 3.898+ 0.250EB+ 0.239EP+ Ut

S.e (0.350) (0.110) (0.082)

T-Stat {11.131}{2.281} {2.923}

The intercept value shown was 3.898 which means, Tax Revenue Generation (TRG) has 3.898 units when other variables are held constant, this means, generated revenue can be sourced outside the independent variables in this study and as a result of others factor in the economy.

Tax audit (TA) shows that 1 unit increases in tax audit brought 0.250 unit increases in Tax Revenue Generation (TRG) which was significant and substantial enough to justifies the impact of tax audit in any organization both private and public sector in Nigeria and also to boost government generated revenue because t-calculated value is greater than t-critical 2.281>1.662, thus, it can be used for policy making by way of improving government generated revenue through tax audit.

Tax revenue (TR) shows that 1unit increases in government revenue brought 0.239 units increase in Tax Revenue Generation (TRG) with it is a statistically significant using rule of thumb and T-test statistic respectively, thus, tax revenue (TR) improves government revenue.

STATISTICAL CRITERIA {first order test}

COEFFICIENT OF MULTIPLE DETERMINANTS {R^2}

The R^2 shows the explanatory power of the model which can be seen as 0.647 (64.7%), means, 64.7% of changes in Tax Revenue Generation (TRG) can be explained by all explanatory/exogenous variables or are due to exogenous variables changed, while the R^2 adjusted is the predictive power to shows the predictive ability of the model and this can be seen as 0.623 (62.3%), means, 62.3% of change in Tax Revenue Generation (TRG) can be predicted by explanatory variables in the model.

Lastly, the F-statistic shows the robustness of the model for goodness of fit by comparing F-calculated to F-critical in the table, in order to explain the impact of whole explanatory variables on dependent/explained variable, and this was shown by looking at it from the angle of 0.01 and 0.05 level of significance which are 4.79 and 3.07 and is less than 6.047, (4.79 and 3.07<6.047) calculated respectively.

HYPOTHESES TESTING

HYPOTHESIS ONE: (H_{01}) NULL HYPOTHESIS

(H_{01}): tax audit does not have significant effect on tax revenue generation in Nigeria. From the analysis above, it is cleared that there is significant relationship between tax audit and tax revenue generation in Nigeria. Based on the analysis, audit quality will enhance and boost tax revenue generated by the government and also improve the status of audit professional and the result of the analysis has shown that tax audit contributes towards government tax revenue generation in Nigeria. Based on the analysis, we therefore reject null hypothesis (H_{01}): tax audit does not have significant effect on tax revenue generation in Nigeria in favour of the alternative hypothesis of tax audit has significant effect on tax revenue generation in Nigeria.

HYPOTHESIS TWO: (H_{02}) NULL HYPOTHESIS

(H_{02}): Tax audit does not promote tax revenue generation in Nigeria.

From the analysis above, it is cleared that there is significant relationship between tax audit and revenue generation in Nigeria. This is achievable with the compliance to the established standards and procedures in public sector in Nigeria for tax revenue generation. Based on the result of analysis done above, we reject the null hypothesis (H_{02}) of Tax audit does not promote tax revenue generation in Nigeria in favour of the alternative hypothesis of tax audit promotes tax revenue generation in Nigeria.

V. DISCUSSION OF FINDINGS

Failure of tax administration and tax authorities in Nigeria is an essential factor accountable for the low level of government tax revenue generation and the result of the analysis has shown that tax audit is a critical factor to be considered by government and others stockholders in tax revenue generation in Nigeria. Tax audit has impact on tax revenue generation as much as it is significant as expected based on the analysis done above, and with ability to reject null hypotheses in favour of alternative hypotheses. Therefore, the objective of determine the effects of tax audit on tax revenue generation in Nigeria as being achieved. Also, it is cleared that there is positive relationship between tax audit and revenue generation in Nigeria. The findings of scholars like: Ama & Nwaiwu (2018), Nwaiwu & Maccregor (2018), Onaoja & Iwarere (2015) & Anichebe, Evbota & Osemwegie (2018) on the topic under reference are in agreement with our findings. Our findings indicated that tax audit has significant impacts on tax revenue generation in Nigeria. The findings of the above mentioned scholars also indicated that tax audit aids tax revenue generation in Nigeria.

A. RECOMMENDATIONS

Based on the findings of the study, we specifically made the following recommendations:

- ✓ In order to increase government tax revenue generation in Nigeria, tax audit should be intensified by Nigeria government.
- ✓ Also, tax authorities should emphasize on the need to adhere strictly to the established standards and procedures laid down by the government in respect of tax revenue generation in Nigeria.

B. CONCLUSION

The study examined the relationship between tax audit and tax revenue generation in Nigeria. Research survey design was used for data collection. Ordinary least square (OLS) was used to analyze the data collected. Specifically, the study examines the effects of tax audit on tax revenue generation in Nigeria. With the analysis of the data and the result of the hypotheses, the study concluded that tax audit should be considered very essential in tax revenue generation in Nigeria.

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