

# Information Communication Technology and Tax Administration in Ondo State

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**Abstract:** This paper examined the influence of Information Communication Technology on tax administration in Ondo State. The study adopted a survey research design, data used in this research were gotten from primary source of data through the use of questionnaires. The study employed simple random sampling technique, and a sample size of 211 employees were selected out of 450 employees using Taro Yamani formula. The study discovered that Information Communication Technology has a significant effect on tax administration in Ondo State, with f-value of (67.665), P-value  $.000 < 0.05$ . This transformational effect stems from the integration of advanced technological tools and systems, which streamline tax collection, enforcement, and data management processes. The study recommended that Government should improve on online portal for taxpayers to become more users friendly, promote self-assessment and easy submission of tax-related documents, which can enhance transparency, increase taxpayer compliance, and streamline the tax assessment procedures. Also, Ondo State Internal Revenue Services should continue harnessing the potential of Information Communication Technology, with an emphasis on cyber security to further optimize tax policy implementation and ensure its continued effectiveness.

**Keywords:** Information Communication Technology (ICT), Internal Revenue, Tax Administration, e-tax, Tax Planning.

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## I. INTRODUCTION

Government generate revenue through taxes for the implementation and actualization of fiscal responsibilities which include provision of infrastructural facilities such as good roads, schools, health, education, transportation, securities, and social amenities. The required financial resources cannot be obtained without efficient tax administration, this view was supported by Ganyam, Ivungu and Anongo (2019) who opined that there is need to mandate effective tax administration to ensure that enough revenue is generated for government operation.

Tax administration involves all the strategies and principles adopted by any government in order to plan, impose, collect, account, control and coordinate personnel charge with the responsibility of taxation. It also includes the effective use of tax revenue for efficient provision of necessary social amenities and facilities for the tax payers. Tax administration exists to ensure compliance with the tax laws. The tax administration is majorly concerned with administration, conduct, management, supervision and direction of the application and execution of laws, and tax conventions of the internal revenue (Ganyam, Ivungu, & Anongo, 2019).

Over the years, there has been failure of tax administration in Nigeria due to lack of equity, certainty, convenience and poor motivation of tax officials. Other factors are improper planning, ineffective monitoring, weak control, fraudulent practices, unqualified and ill-equipped manpower and public discouragement due to misuse of tax revenue by government (Ogbonna, 2010).

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In order to overcome the challenges identified with tax administrations, the tax authorities seek to take advantage of information technology (ICT) by employing e-tax administration systems to relate with taxpayers (Zadvornyykh, 2019). Isiadinso and Omoju (2019) defined information technology as the process by which companies re-organize the administrative tax and strategies to obtain greater benefits through the implementation of new technologies. Information technology is advantageous in the area of decision making because it has the ability to monitor and diagnose system disturbances on its own, determine a course of action, and take action in order to bring the system back into balance (Anwar & AbdZebari, 2015). Qader, Hamza and Sabir (2021) opined that several tax authorities around the world are implementing electronic tax administration systems to interact with the taxpaying public in tax collection, administration, planning and compliance in order to improve the effectiveness and efficiency of tax administration and collection.

Previous studies on information technology and tax administration were done outside Ondo State, and focused on online tax filing, online tax registration and online tax remittance, this study focus on ICT and tax administration in Ondo state. Ondo State Internal Revenue Service is one of the bodies charge with the responsibility of accessing, collecting and accounting for the various taxes in the state. Over the years, tax collection in Ondo State Board of Internal Revenue Service has been trolled with several limiting factors such as weak administrative lapses and lack of adequate facilities resulting in manual compilation of tax payers' records. When records are stored in this manner over a long period of time, retrieval of such records may prove to be very difficult and this results in situations such as tax evasion, tax avoidance, corruption and mismanagement on the part of the tax officials, inability to identify all taxable persons and lack of effective mechanism put in place to prosecute cases of tax evasion.

However, with the advent of ICT, Ondo state is one of the states that embraces its usage, and the State government made frantic effort to digitalize all the activities of the Board of internal revenue. The thrust of this study is to examine the effect of ICT on tax administration in Ondo state.

## II. LITERATURE REVIEW

### A. Information Technology

Information technologies are tools, devices, and resources used to communicate, create, manage, and share information. They include hardware (computers, modems, and mobile phones), software (computer programs, mobile phone applications), networks (wireless communications, Internet) and basically concerned with the purpose of collecting, processing, storing and transmitting relevant information to support the management operations in any organizations (Adewoye & Olaoye, 2014). It is a system that provides historical information on current status and projected information. Chen and Zhang (2014) conceptualized that information technology is useful in the area of decision making as it can monitor by itself disturbances in system, determine a course of action and take action to get the system in control.

ICT has been found to be useful across so many sectors of the economy. Amaoko (2012) in his research on the impact of ICT on banking operations in Ghana argued that ICT has contributed positively to the provision of banking services and the growth of the Ghanaian banking industry. Ayoola-akinjobi and Akinseye (2016) concluded that information technology has greatly reduced the poverty level in Ondo state, by enabling most of the youth to be self-employed. Akpobi, and Igbekoyi, (2019) in a study conducted on electronic tax and tax compliance among fast food restaurant in Lagos state Nigeria (taxpayers' perspective); found out that: ease of use positively impacts on compliance; taxpayers' level of awareness about electronic tax will determine their compliance rate; and tax payers may be discouraged from using the electronic taxation system by high costs. Olaoye and Kehinde (2017) examined the impact of IT on tax administration in south west in Nigeria. They discovered that IT through Online Tax Registration, Online Tax Remittance and Online Tax Filing has influence on tax productivity.

### B. Tax Administration

Tax is an instrument employed by the government for generating public funds (Doru, 2024) It is a compulsory payment imposed by the government on the income, profit or wealth of individuals, group of persons, and corporate organisations while tax administration consists of the tax authorities and the organs of tax administration that are charged with the responsibility of implementing the tax laws in accordance with the set guidelines (Ogbonna, 2010). The Nigerian tax laws define tax authority to mean the Federal Inland Revenue service, state board of internal revenue or the local government revenue committee.

ICT is used to enhance performance in revenue administrations by reducing human error and processing times, providing readily accessible data for tax officers, promoting voluntary compliance thereby minimizing tax evasion and facilitating better decision making by tax authorities. The federal inland revenue has automated the tax administration system at the federal level through the usage of TIN (Taxpayer Identification Number), and Integrated System of Tax Administration. This project assisted the progress of Tax Database by connecting major stakeholders and all revenue authorities together in the country

**Innovation Diffusion Theory**

This study is based on the innovation diffusion theory which was popularized by Professor Everett M. Rogers in 1962. The theory explains the rate new ideas and technology spread. Its elements are innovation, communication in social system overtime (Rogers, 2003). The stages of innovation are knowledge, persuasion, decision implementation and confirmation. Adopting a new idea is a process in situations where some people accept innovation earlier than others. Stages in which people adopt innovation are: awareness of its need, deciding to adopt or reject it, its initial use to test it, as well as its continued use. The adoption of a system is influenced by relative advantage degree in which it is viewed as being better than the program or idea it is replacing, comparability, it’s consistency with values, needs and experiences of adopters, observability extent to which it provides tangible results, tribalism testing it before deciding to accept it and complexity how difficult it is to be used or understood. This theory is applicable to the study because it helps to understand the process of adopting electronic tax filing system; show how it is accepted as a new innovation or idea; and how it is communicated through information system established in Ondo State.

**III. METHODOLOGY**

The study was conducted at the Ondo State Internal Revenue Board to examine the impact of Information Communication Technology (ICT) on tax administration. Using a survey research design, data were collected from a population of 450 employees of the Ondo State Internal Revenue Services (ODIRS). A simple random sampling technique was employed to select a sample size of 211 employees earlier determined through Taro Yamane formula. The primary data collection tool was a structured questionnaire, which was distributed and collected through self and hand delivery to ensure a high response rate and clarity in responses. The collected data were analyzed using descriptive statistics and inferential statistics.

**IV. RESULTS AND DISCUSSION**

**Table 1: Mean Responses to effect of Information Communication Technology Adoption on Tax Administration in ODIRS**

S/N	Items	Mean	St.D	Remarks
1	Information Communication Technology is necessary for the Tax Administration activities	3.71	0.45	Agreed
2	Information Communication Technology has reduced the period of time between when Tax is generated and the moment it is paid	3.21	0.81	Agreed
3	Information Communication Technology in Tax Administration aims at enhancing efficiency in tax collection	3.58	0.62	Agreed
4.	Information Communication Technology has reduced the overall cost of tax Administration	2.92	1.06	Agreed
5	Information Communication Technology has provided 24/7 access to tax service.	3.48	0.73	Agreed
<i>Grand mean Value</i>		<i>3.38</i>	<i>0.73</i>	<i>Agreed</i>

The result in Table 1 revealed the respondents’ views on the influence of information communication technology adoption on tax Administration in ODIRS. The cut off point for 4 Likert scale is 2.5 which means that any mean score equals to 2.5 and above regarded as agreed, however, any means scores below 2.5 is disagreed. From the result of the study, it was revealed that, the respondents agreed that information communication technology is necessary for the tax administration activities (3.71). The result show that respondents were in agreement that Information Communication

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Technology has reduced the period of time between when Tax is generated and the moment it is paid (3.21). Furthermore, the respondents believed that Information Communication Technology in Tax Administration aims at enhancing efficiency in tax collection (3.58). Similarly, the respondents agreed that information communication technology reduces the overall cost of tax administration (2.92) and the respondents were in agreement that information communication technology provided 24/7 access to tax service (3.48). The grand mean value of 3.38 and standard deviation of 0.73 indicate that generally, respondents were in agreement that the adoption of information communication technology influence tax administration in Ondo state internal revenue services.

**Test of hypothesis**

Information Communication Technology (ICT) has no significant effect on tax administration in Ondo State Internal Revenue Service

**Table 2: Information Communication Technology on Tax Administration in Ondo State Internal Revenue Services**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	268.551	1	268.551	67.665	.000
Within Groups	785.829	198	3.969		
Total	1054.380	199			

The result present in Table 2 show that f-value of (67.665), df =1(198), P-value .000 less than 0.05. This indicate that the effect is significant hence the rejection of the null hypothesis which states that Information Communication Technology has no significant effect on tax administration in Ondo State Internal Revenue Services.

Findings show that information communication technology is necessary for the tax administration activities because it reduce the period of time between when tax is generated and the moment it is paid. It also enhancing efficiency in tax collection and reduces the overall cost of tax administration as well as providing 24/7 access to tax service. The finding supports the research outcome of Yuda (2013) who revealed that ICT had influence on modernized Tax administration procedures and revenue collection in Taxpayer Department of Revenue Authority in Tanzania. ICT minimized operational costs; removed postal delay, plug loss in revenue and curbed cheating. The finding corroborates with the study of Efunboade (2014) who revealed that ICT had encouraging impact on tax administration. The study supports the assertions of Umenweke and Ifediora (2016) who found that electronic tax is an indispensable and effective tool for transforming administration of tax.

**V. CONCLUSION AND RECOMMENDATION**

The study concluded that Information Communication Technology (ICT) had a significant effect on Tax Administration in Ondo State Internal Revenue Services. This transformational effect stems from the integration of advanced technological tools and systems, which streamline tax collection, enforcement, and data management processes. ICT not only enhances the efficiency and accuracy of tax assessment but also promotes transparency, reduces fraud, and increases revenue collection.

The study recommended that Ondo State Internal Revenue Services should continue harnessing the potential of Information Communication Technology, with an emphasis on cyber security to further optimize tax policy implementation and ensure its continued effectiveness.

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