



**Indicators of Tax Evasion Behaviour Among Entrepreneurs: Evidence
From Nigeria**

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Abstract

This study identified the indicators of tax evasion among entrepreneurs in Osun State. This was with a view to improving understanding on the indicators of tax evasion and providing information that are beneficial to tax officials saddled with the responsibility of ensuring that taxpayers are not negligent in paying their taxes. The population for the study consisted of officials of the Osun State Internal Revenue Service and taxpayers who are entrepreneurs in Osun State. The study surveyed a sample size of 50 tax officials out of 316 from the Osun State Internal Revenue Service and 600 taxpayers who are entrepreneurs in the 30 local government area of Osun State using purposive sampling technique. Selection was based on the availability of taxpayers' record of the Osun State Internal Revenue Service within the period of this study.

Data on the indicators of tax evasion were sourced through the administration of structured questionnaire. Data collected were analysed using descriptive statistics. The result showed that the indicators of tax evasion in Osun State included

maintaining more than a single set of transaction records (82.0%), low level of patriotism (84.0%), use of false names to register businesses (84.0%), large unexplained gaps in documentation (78.0%), underreporting of income (96.0%), non-filing of tax returns form (96.0%) and non-registration of businesses (96.0%). It was concluded from the study that the prospect of improved government tax revenue is a function of effective management of these indicators by government and tax authority.

Keywords: Indicators; Tax Evasion; Entrepreneurs; Nigeria

1. Introduction

In most countries of the world, the primary objective and purpose of taxation is essentially to generate revenue or raise money for government expenditure on social and economic welfare. Apart from this, the use of taxation as an instrument of economic regulation or control for the purpose of discouraging certain forms of anti-social behavior is also discernible from tax legislation, in this century. Thus, it has been stated that the importance of taxation lies primarily in its ability to raise revenue for the public sector, for the development and growth of the economy and also in assisting in the regulation of the consumption pattern, resulting in economic stabilization and effective redistribution of income (Adegbie and Fakile, 2011). Today, taxes have an important role to play especially in any government economic and social policy.

Apart from the overall objective of tax which is revenue generation, another objective of tax is the redistribution of income and wealth. This can be looked at from two angles. The first is the doctrine that taxation should be based on the ability to pay, so that the burden of taxation ought to be heavier for rich men than the poor, with the taxes collected being used to pay for social services for the less privileged people. This is achieved by the graduation or progressiveness of the rates at which the taxes are levied. The last objective is the management of the economy. Taxation is important in the planning of savings and investments and by harmonizing it with development strategy and changing economic structure. Government can use taxation as a powerful fiscal weapon to plan and develop a country. A tax system can also provide the government with effective and flexible instrument for the day-to-day management of the economy. Consequently, taxation can be used to achieve specific economic objective of a nation. It is imperative, from the foregoing, that tax

has a major role to play both in terms of revenue generation of a nation as well as transformative impetus, but this can be greatly jeopardized via the incursion of tax evasion.

In recent years, the academic and political debate on development aid has even raised the issue that tax avoidance and tax evasion may undermine the ability of developing countries to finance their public sectors (Bariyima and Gladson, 2009). This view is based, among other things, on the perception that the “shadow economy” has no universally accepted definition. But for the context of taxation and revenue mobilization, a useful definition of the shadow economy would include unreported income from the production of legal goods and services, either from monetary or barter transactions; hence all economic activities that would generally be taxable were not reported to the tax authorities (Schneider and Enste, 2000). Again, different groups have examined issues around tax evasion by corporate bodies in Nigeria and other developing African countries and submitted that many organizations and individuals in Nigeria do not pay adequate tax, evade tax due to weak tax base, and many citizens do not pay their taxes (Omoh, 2013). Eboziegbe (2007) was of the opinion that this unlawful practice of tax evasion remains a serious threat to revenue generation efforts of government. While tax evasion has contributed to revenue loss to government of Nigeria, there has been paucity of empirical studies on the relationship between tax evasion and revenue generation in Osun State and Nigeria as a whole. This study is designed to bridge this knowledge gap.

2. Statement of the Problem

The contending problem of tax evasion, collusion of tax officials and diversion of revenue belonging to government into private pockets remain insurmountable. Improving the revenue generation via taxes is one of the main challenges faced by many developing countries including Nigeria. This according to Ademola (2013) was due to economic sabotage of tax evaders in Nigeria which has deprived government of billions of naira that would have gone in to infrastructural development and employment generation. Dike (2013) was of the view that the general apathy shown by individuals and corporate bodies in Nigeria to the payment of taxes, and the incidences where agencies had to employ coercion to enforce the payment of taxes, by all and sundry, has posed a serious concern to all stakeholders in the tax industry. However, few empirical studies and researches have adequately been undertaken to investigate the indicators of tax evasion in Nigeria. This

repulsive scenario needs to be investigated. Omoh, (2013) opined that one major excuse for failure to pay tax is attributed to government's inability to judiciously use the money collected but that is no genuine reason to adduce for evading taxes in Nigeria.

Tax evasion remains one of the greatest problems plaguing revenue from taxes in Nigeria (Baunsgaard and Keen, 2005). These problems tend to defeat some of the fiscal policies of the country such as the ability to transfer part of the excess resources from private hands to government hands with a view to spending same for the welfare of the generality of the citizens. Although, several factors have been identified as the cause of tax evasion in developing countries, the indicators and factors that cause tax evasion in Nigeria are inconclusive. It is in light of the above pertinent scenerio that this research work intends to examine the indicators of tax evasion among entrepreneurs in Osun State, Nigeria, to profer solutions that will reduce tax evation and boost tax revenue of government and doing this will bridge the gap that other reseachers have not taken time to consider; hence this study.

1. Objective of the Study

The objective of this study was to identify the indicators of tax evasion in Osun state, Nigeria.

2. Literature Review

2.1 Review of Empirical Studies

Tax evasion can be traced back to the study of Allingham and Sandmo (1972) with the publication of the article, "Income Tax Evasion: A Theoretical Analysis." Since then, it has been followed by large number of contributions to the literature giving it different directional views. The study observed a positive correlation between tax rates and evasion. This finding is also consistent with the findings of Chipeta, (2002) which identified causes of tax evasion. Firstly, he noted that the rates at which taxpayers are being taxed impacts on tax evasion. He observed that the higher the rate, the higher will the likelihood for the taxpayers to evade, as this increases their tax burden and hence lowers their disposable income. Secondly, the probability of being detected after evading taxes also influences the decision of a taxpayer as whether to evade or not. This is directly linked to the level of how strict tax laws are being enforced. (Allingham&Sandmo, 1972; Chipeta, 2002).

Literature also provides a link between tax evasion and corruption. Acconnia (2003) noted that the level of corruption and tax evasion depends on such factors as the wealth of the taxpayer and the wage of the tax officer. Maclearn (1996) further worked on a model which tried to identify the optimal wage at which tax officer should be remunerated. He argued that Governments face the dilemma of identifying, a salary level which will ensure that its tax officers are not enticed to bribery, as there is a link between tax evasion and the salary level of tax officers through corruption. According to Pashev, (2005), the failure of the Government to provide basic infrastructure which are supposed to be funded by the taxes being collected may aggravate tax evasion. Lack of transparency and accountability in the use of public fund has the effect of building public distrust both in the tax system as well as the Government. Hence, this is believed to increase the level of tax evasion. (Pashev, 2005). Some of the studies, Armstrong and Robison (1998), Olivia (1998), McGee (1998; 1999), Smatrakalev (1998) and McGee and An (2006) have taken different opinions on tax evasion. All these studies have one or more opinions. These opinions include philosophical opinion, practitioners' opinion and religious opinion. Some studies also have two opinions combine together. In the study of Morale (1998), tax evasion was discussed from a philosophical point of view by gathering evidence from Mexican Workers. His study concluded that Mexican workers have a more important duty to their families than to the state; this point of view is also believed to have a religious underlining as it has a bearing with the Catholic theological literature as identified by Crowe in 1944. (Armstrong and Robinson, 1998; Olivia, 1998; McGee, 1998b, 1999b; Smatrakalev, 1998; McGee and An, 2006; Crowe, 1944). All the opinions found on tax evasion in the literature can be grouped into three broad areas. These are the unethical opinion, the anarchist opinion and the circumstance opinion. Notwithstanding the value, literature in accounting and finance has argued that there is drastic reduction in States budget all over the world because of the practice of tax evasion by economic agents. In a report released by Tax Justice Network in November 2011, Murphy Richard, tax expert and senior advisor on tax matters for the firm reported that the value of tax evasion the world over is in excess of US\$3.1 trillion approximately 5.1% of global GDP.

Tax Evasion reported in Empirical Studies

Earlier studies addressed the debate as to whether tax evasion results from increased tax rates and economic incentives as claimed by several other economic scholars (Slemond, 2007). Using survey data collected in the United State between

1960 and 1980, found that tax evasion increased during the periods as most Americans considered taxes as unfair even though tax rates remained stable (Coricelli, Joffily and Villeval 2010). The information gathered in the survey led the author to conclude that the growing sense that taxes are unfair is more likely than increasing tax rates and one's level of income to lead to tax evasion. This position was corroborated by Fisman and Wei (2003) when they examined tax evasion in China by comparing the values of the country's imports from Hong-Kong, with what Hong-Kong reported as exports to china over a defined period. The result was that on average, a 1% increase in tax rate is accompanied by a 3% escalation in evasion. However, there was a non-linear correlation as evasion elasticity is larger at higher tax levels.

In a related study, Levin and Widell (2007) estimated the amount of tax evasion in customs authorities in Kenya and Tanzania by calculating measurement errors with tax rates through evidence from missing imports. Findings concluded that coefficient on tax is higher in Tanzania as compared to Kenya, implying that tax evasion on imported goods is higher in Tanzania than Kenya and ultimately tax evasion is more severe in the Tanzanian customs authority. Ultimately, corruption amongst tax officials and lack of transparency in tax revenue accountability are responsible for tax evasion in these countries.

Another empirical investigation conducted by Abbasi and Heidaryemadi (2012) using input from 1300 questionnaire distributed across officials among employees and legal persons, provided evidence to factors responsible for tax evasion in Iran through field investigation. Findings discovered several motives for tax evasion ranging from mistrust and unfairness perception of tax system, lack of transparency in tax rules, lack of sanctions for tax collection, inadequate technological infrastructure to support the tax system, inept and inexperience tax officials, precipitate and reckless approval of some tax rules; lack of trust about destination of tax revenues and lack of adequate accounting records by economic agents.

In Tanzania, Fjeldstad (2004) also supported this view when his study concluded that citizens feel they get very little in comparison with taxes paid. The study revealed that this perception has impact on their willingness to pay as well as contribute to eroding peoples' trust in the local government's capacity to provide expected services. Hence, the study suggested the provision of better linkage between tax compliance and service delivery as majority of respondents do not have

any form of information about local government finances. An exploratory study in Australia carried out by Devos (2008) investigated the relationship between demographic variables and personal taxpayers' attitudes to tax evasion. The electronic survey of 300 respondents revealed that the link between taxpayers' attitudes towards penalties and the consequential attitude towards tax compliance is dependent on a number of factors such as the imposition of penalties, gender, occupation as well as age of respondents.

In a series of experiments among different social groups in both Albania and the Netherlands to compare behavioural patterns related to tax evasion, Gerxhani and Schram (2003) found that economic agents take the possibility of evasion into cognizance when deciding on the source of income, where one type enables subsequent tax evasion. In addition, there exist no distinct levels of tax evasion in both countries in relation to attitudes and culture as the research attributed tax evasion in Albania to inadequate tax collection institutions, while audit probability plays significant role in the Netherlands.

In defining effective strategies to curb tax evasion with the Beitbridge border post in Zimbabwe, Hove (2013) conducted a survey on the Zimbabwe revenue Authority (ZRA) officials and its clients. The paper revealed factors such as high tax threshold and lack of transparency in tax revenue appropriation hold ace for tax evasion. A study on tax evasion in Greece was also carried out by Matsaganis and Flevotomou (2010) reflecting an estimated 15% of tax evasion in the country. Comparing income reported in tax returns with those observed in the household budget survey in 2004/05, the paper discovered income under-reporting in Greece at 10%, resulting in a 26% shortfall in tax receipts and concluded that the impacts of tax evasion are higher income inequality and poverty, as well as lower progressivity of the income tax structure. The findings further revealed factors responsible for tax evasion ranges from low trust in Governance and low tax morale. One other survey conducted on tax evasion was in Armenia as reported by McGee (2006) where he presented the outcome of an empirical study amongst Armenia theology and business students in 2005. The paper found that there is widespread moral support for tax evasion in Armenia. Mughal and Akram (2012), in an empirical investigation similarly conducted an enquiry into factors responsible for tax evasion in Pakistan and discovered that lack of public enlightenment, inadequate tax incentives, poor relationship between taxpayers' and authorities', proliferation and/or multiplicity of taxes, illiteracy of tax calculation ranked amongst the top in the list. In a slightly

differing approach, Tabandey (2012) applied Neural Network method and used multilayer perception layer (MPL) with 5 factors for the input layer to determine the factors affecting tax evasion and their relative contribution by sign data from 1963 to 2010 in Malaysia. Results discovered strong negative correlation between individual taxpayer's income and tax evasion which depends largely on tax rates. After increasing income, if government increases tax rates, taxpayers' action is to avoid tax and tax evasion would be on the rise. One sharp point to note in this study is that there was no form of difference between the uses of the term tax evasion as compared to tax avoidance as they both were used interchangeably in the paper. Using similar approach to that adopted in this study, Wadhwa and Pal (2012) in India surveyed the opinion of income tax professionals' regarding income tax evasion. Their conclusion was that high tax rates, corruption in public sector units, multiple tax rates and inefficient tax authorities were largely blameable for tax evasion in India and suggested significant reduction in tax rates, simplification of tax laws as well as removal of loopholes in the tax laws. In addition, they recommended proper information processing under applicable tax returns computation, creation of transparent, friendlier and less discriminatory administrative system, educating the public about tax laws in the country in order to reduce tax evasion. In Turkey, one of the reviews on tax evasion was aimed at investigating factors related to tax evasion (Yalama and Gumus, 2013). The survey employed factor analysis and multiple regression techniques and it was discovered that taxation and fiscal factors, demographic, administrative and few other factors have statistically significant effect on tax evasion behaviour of Turkish residents.

To the best of our knowledge, none of the previous studies in Nigeria have examined the indicators of tax evasion among entrepreneurs in OsunState ofNigeria and this is the main emphasis of this study.

3. Methods

3.1 Population, Sample Size and Sampling Techniques

The population for this study consists of the 316 workers of the Osun State Internal Revenue Service (SIRS) and 3,566 registered entrepreneurs with State Internal Revenue Service in OsunState. A sample size of fifty (50) tax officials out of three hundred and sixteen (316) of the Osun State Internal Revenue Service was selected using stratified sampling technique. First, the staff members of SIRS were classified into senior level, middle level and low level officials. Then purposive

sampling technique was used to select respondents from each category. A sample size of six hundred (600) taxpayers who are entrepreneurs in the thirty (30) local government areas of Osun state were selected using purposive sampling technique. Purposive sampling technique was adopted because those selected were the ones in the best possible positions to supply the necessary information to carry out the study. Copies of questionnaire were purposively distributed to respondents within the state and revenue generated through tax was sourced from publication of the Osun State Internal Revenue Service.

3.2 Data Collection Techniques

This study generated data from primary sources through the use of structured questionnaire. The questionnaire was to facilitate the pilot test and validate a priori expectation of the empirical analysis. The questionnaire was designed to obtain key sets of data among others, with focus on tax evasion indicators. The adoption of this source was to improve the empirical analysis, provide relevant answers to the research question and to achieve the objectives of the study. The research instrument was divided into two (2) sections: A and B. Section A captured information on demographic characteristics of the respondents while section B was designed to collect data relating to the variables of research concern.

3.3 Data Analysis Technique

This study adopted descriptive statistical technique to identify the indicators of tax evasion among entrepreneurs in Osun State generation. The descriptive method of analysis such as frequency counts, tables and means were statistically employed. The results were presented in the charts and graphs below:

4. Presentation And Analysis

This section presents the interpretation, analysis and discussion of findings. Section 4.1 presents the percentage analysis of the socio-economic characteristics of respondents. Section 4.2 presents the analysis, interpretations and discussion of findings.

4.1 Socio-Demographic characteristics of Respondents

The socio-demographic characteristics of respondents were presented in Table 4.1. The characteristics included gender, age, types of business, educational level and length of business of the respondents. The respondents were predominantly male which constituted 60.0 % of the respondents, while the remaining 40.0% were female. This indicated that majority of the business owners surveyed with tax officials were predominantly male. This reflects the ratio of male to female

entrepreneurs in Nigeria as found by Ogundele (2008). There was quite a good mix of age group ranging from below 30 years of age to over 50, although a bulk of the respondents belongs to middle ages (30-40). Consequently, the opinions expressed in the survey could very well reflect the attitudes and perceptions of the middle-aged and younger business owners (that is if we consider those above 40 to be the older respondents). This again indicates that the sample somewhat reflects the composition of the young and promising generation for the future of business development in Nigeria.

The results reported in Table 4.1 also indicated that the majority of respondents were well educated, with more than 34.6% holding OND/NCE certificates and about 34.9% holding a bachelor or HND degrees while about 31.0% of the respondents held ordinary level certificates. This information reflected the relative importance of paper qualifications especially for young generations to face the challenges in the present day competitive business world. In the case of types of business survey for the study, combined together, the respondents in the two business groups (sole proprietorship and family business) represented approximately 73.8% of the total sample, while 7.7% of the respondents were selected among Osun State tax officials. This indicated that most of the respondents can be classified as private business owners with few of the respondents being private/government contractors. The table also indicated that majority of the respondents (46.0%) have had more than 10 years' experience in their chosen business/career. This was followed by those that have spent between five to ten years in their businesses (42.3%), while the remaining few (11.7%) have had less than five years experience in business. The implication of this demographic characteristic was that the survey group has had enough experience in the business and dealings with government tax officials in relation to the payment of various forms of taxes.

Table 4.1: Socio-Economic Characteristics of Respondents

Variables		Frequency	Percentage (%)
Sex:	Male	371	60.0
	Female	279	40.0
Total		650	100.0
Education Background:			
	O' level	195	30.5
	OND/NCE	214	34.6
	HND	97	15.8
	First Degree	118	19.1

Total	624	100.0
Age:		
Below 30 years	191	30.9
30-40 years	228	36.9
41-50 years	97	15.7
Above 50 years	102	16.5
Total	618	100.0
Area of Business:		
Sole proprietorship	263	42.6
Family business	193	31.2
Contractors	17	2.8
Partnership	96	15.7
Tax official	50	7.7
Total	619	100.0
Length of Service:		
Less than 5 years	72	11.7
5-10 years	262	42.3
Above 10 years	285	46.0
Total	619	100.0

Source: Field Survey, 2014.

4.2 Indicators of Tax Evasion among Entrepreneurs in OsunState

Table 4.2 presented the indicators of tax evasion in OsunState by the officials of internal Revenue Service of the state. The Table indicated that majority of the business owners to a very large extent ($\bar{Y} = 4.16$; $p < 0.05$) maintained more than one set of transaction records. Also, the officials indicated that to a large extent ($\bar{Y} = 4.08$; $p < 0.05$) there was low level of patriotism among citizens and business owners who willingly pay their due taxes. Other indicators of tax evasion to a large extent were common among Osun residents and business owners who showed low perception of tax evasion as a crime ($\bar{Y} = 4.10$; $p < 0.05$), the use of false names and documents to register business name ($\bar{Y} = 4.14$; $p < 0.05$), large unexplained gaps in documents presented ($\bar{Y} = 4.04$; $p < 0.05$), over-claiming expenses ($\bar{Y} = 4.28$; $p < 0.05$), the use of transactions that have no apparent commercial reality or relevance ($\bar{Y} = 3.98$; $p < 0.05$), repeated commission of offences over a number of years ($\bar{Y} = 4.40$; $p < 0.05$), Under-reporting income to reduce tax liabilities ($\bar{Y} = 4.50$; $p < 0.01$), Taking advantage of loopholes in tax law to reduce tax liabilities ($\bar{Y} = 3.90$; $p < 0.05$), Corrupt practices of some tax officials who sometimes collude with tax defaulters ($\bar{Y} = 4.04$; $p < 0.05$), Claiming personal expenses as business expenses ($\bar{Y} = 4.46$; $p < 0.01$), Non-filing of tax returns ($\bar{Y} = 3.78$; $p < 0.05$), Individuals not registering their businesses ($\bar{Y} = 4.45$; $p < 0.01$), Smuggling goods and moonlighting ($\bar{Y} = 4.02$; $p < 0.05$). From this result, the most problematic indicators of tax evasion in OsunState were non-declaring income/under-reporting income, over-claiming expenses, non-filing tax returns, claiming personal expenses as business expenses,

and individuals not registering their businesses. This corroborated the findings of Przsuski and Lalapet (2005). Similar to their work, the wide range of behaviours and activities employed was reflected by the fact that evaders range from self-employed individuals to large firms. The form of evasion by self-employed individuals is commonly non-filing and failure to keep records. Small to medium scale enterprises did register for tax purposes and file returns, but their most attractive method of evasion is under-reporting of income and overstatement of deductions. This was done through accounting misdeeds and failure to keep adequate records. In the case of small firms and self-employed in Osun state, evasion was done through the use of more complicated methods and conceals and shifts their tax base through sophisticated intra-firm transactions. Furthermore, some self-employed persons attempted to reduce their tax liabilities by splitting their incomes among their wives, children, and other close relatives or associates. Other form of tax evasion discovered was the formation of artificial partnerships. These partnerships were formed merely to reduce or to keep away from paying due taxes by distributing its shares among partners, as the share of profits of a partner is exempt from income tax.

Table 4.2: Indicators of Tax Evasion in Osun State

	Indicators	Very Large Extent (5) (%)	Large Extent (4) (%)	Low Extent (3) (%)	Very Low Extent (2) (%)	Not @ All (1) (%)	Total	$\bar{Y} = \frac{\sum fx}{\sum f}$
1	Tax payers maintaining more than one set of transaction records	22 (44.0)	19 (38.0)	5 (10.0)	3 (6.0)	1 (2.0)	50 (100.0)	4.16*
2	Low level of patriotism among citizens affect attitude of tax payers to willingly pay taxes	18 (36.0)	24 (48.0)	4 (8.0)	2 (4.0)	2 (4.0)	50 (100.0)	4.08*
3	The perception of tax evasion by some entrepreneur as crime is low	21 (42.0)	20 (40.0)	3 (6.0)	4 (8.0)	3 (6.0)	50 (100.0)	4.10*
4	Use of false names and documents to register business name	17 (34.0)	25 (50.0)	5 (10.0)	2 (4.0)	1 (2.0)	50 (100.0)	4.14*
5	Large unexplained gaps in documents	18 (36.0)	21 (42.0)	7 (14.0)	3 (6.0)	1 (2.0)	50 (100.0)	4.04*
6	Over claiming expenses	23 (46.0)	21 (42.0)	3 (6.0)	3 (6.0)	-	50 (100.0)	4.28*
7	The use of transactions that have no apparent commercial reality or relevance	18 (36.0)	20 (40.0)	6 (12.0)	5 (10.0)	1 (2.0)	50 (100.0)	3.98*
8	The repeated commission of offences over a number of years	24 (48.0)	23 (46.0)	2 (4.0)	1 (2.0)	-	50 (100.0)	4.40**
9	Under-reporting income to reduce tax liabilities	27 (54.0)	21 (42.0)	2 (4.0)	-	-	50 (100.0)	4.50**
10	Taking advantage of loopholes in tax law to reduce tax liabilities	16 (32.0)	20 (40.0)	8 (16.0)	5 (10.0)	1 (2.0)	50 (100.0)	3.90*
11	Corrupt practices of some tax officials who sometimes collude with tax defaulters.	17 (34.0)	24 (48.0)	5 (10.0)	2 (4.0)	2 (4.0)	50 (100.0)	4.04*

12	Claiming personal expenses as business expenses	26 (52.0)	22 (44.0)	1 (2.0)	1 (2.0)	- -	50 (100.0)	4.46**
13	Non-filing of tax returns	17 (34.0)	18 (36.0)	5 (10.0)	5 (10.0)	5 (10.0)		3.78*
14	Individuals not registering their businesses	27 (54.0)	21 (42.0)	2 (4.0)	- -	- -	50 (100.0)	4.50**
15	Smuggling goods and moonlighting	19 (38.0)	20 (40.0)	6 (12.0)	3 (6.0)	2 (4.0)	50 (100.0)	4.02*

Note: * & ** means significant at 0.05 and 0.01 level

Field Survey, 2014.

4.3 Conclusion and Recommendation

The study concluded that the prospect of improved government tax revenue is a function of effective management of tax evasion indicators by government and tax authority. While there are many things that a tax administration can do to prevent, detect and deal with tax evasion, it should be acknowledged that the effective practice should be embraced by the government and tax officials. Government need to work together to demonstrate to taxpayers how their money is being spent to benefit the populace/ society at large. Government should strive at ensuring that they are accountable and transparent in the administration of the society. There should be continuous orientation and enlightenment programs for tax payers and tax officials. Government should be prudent and transparent in spending taxes collected so as to gain tax payers confidence. Efforts should be put in place at sensitizing entrepreneurs and in fact, all taxpayers on the seriousness of tax evasion and penalties attached.

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