



COMPARATIVE ANALYSIS OF TAX HAVEN, TAX EVASION AND TAX AVOIDANCE ON TAX REVENUE IN KWARA STATE, NIGERIA

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Abstract

Tax haven, tax evasion and tax avoidance practices are problems bedevilling the Nigerian tax system and revenue generation for some years now and it seems to have defied various forms of solutions. While some had blamed the situation on tax authorities for failing to live up to expectation as regards tax administration, others associated it to the unpatriotic attitude of tax payers. This study examines the effect of tax haven, tax evasion and tax avoidance in Nigeria, it specifically examined individual effect of tax haven, tax evasion and avoidance on tax revenue on a comparative basis in Nigeria. Survey research design was adopted and 55 copies of questionnaire were administered to collect primary data for the study. Descriptive statistics and inferential statistics (regression analysis, ANOVA and Chi-square) were used in analysing the data. The study revealed that tax haven, tax evasion and tax avoidance greatly hinder tax revenue generation in Nigeria with tax haven contributing the greatest hindrance. Tax rate was also found to be a key factor determining the level of tax avoidance, tax evasion and shifting income to tax haven in the country. The study concluded that tax tax revenue is greatly reduced by all the independent variables, tax haven more devastating effect on revenue reduction while tax revenues were not judiciously used in the provision of social amenities to the benefit of tax payers. The study recommends amongst others that government should efficiently utilise the tax revenue in the provision of public goods, and encourage tax payers through enlightenment and tax incentives to reduce the incidence of tax avoidance, tax evasion, and shifting of income to tax havens outside the country.

Keywords: tax haven, tax evasion, tax avoidance, tax revenue, Nigeria

JELCodes: M M4 M39

Introduction

Taxation is central to the current economic development agenda in Nigeria as it provides a stable flow of revenue to finance development priorities especially in financing government expenditures and in strengthening physical infrastructure. Fundamentally, tax policy shapes the environment in which international trade and investment take place. Thus, a core challenge for African countries is finding

the optimal balance between a tax regime that is business and investment friendly, and one which can leverage enough revenue for public service delivery to enhance the attractiveness of the economy. According to OECD, (2009), A significant share of the tax revenue increase in Africa for the past 25 years stems from natural resource taxes, while non-resource-related revenue has increased by less than 1% of GDP.

Although no tax system exists without tax avoidance, the aim of anti-avoidance measures should not be its total eradication but instead, find the right balance so that taxpayers can carry on their business and live without undue restriction. It may also be that taxpayers are incentivised by the tax system to act in a particular way while it allows government to raise sufficient revenues. In so doing, it is for government to decide what acceptable tax planning methods fits its economy to remain internationally competitive. However, such a tax system must be sufficiently clear; for business to be able to operate with confidence and remain stable so that long-term decisions can be made without significant risk of tax change. Such a system should also be fiscally comparable to its competitors' tax systems so that financing and transactions can take place without significant additional tax cost (OECD, 2009).

Unfortunately, increasing government expenditure outlets has made tax environment become increasingly unstable with significant changes to the tax system each year, and the general approach to avoidance has resulted in legislation that is increasingly difficult for taxpayers to navigate.

For today's multinational corporations (MNCs), tax avoidance and the use of tax havens have become common place and even an integral part of modern business practice. Although, these practices have recently garnered considerable media attention and public criticism worldwide, some corporate leaders have demonstrated remarkable nonchalant attitude towards or even expressed pride in their tax avoidance practices. In fact, the need to discharge fiduciary responsibilities toward shareholders may even require their corporations to engage in such activities. If this attitude prevailed in all areas of business, however, corporations would still engage in environmentally harmful activities, human rights abuses, and other

forms of socially irresponsible activity for the sake of maximizing shareholder value (Fisher, 1989).

Similar to other socially irresponsible activities, tax avoidance has the potential to harm a corporation and its shareholders by damaging the corporate reputation and inhibiting its branding efforts. It also imposes costs on individuals outside the corporation that outweigh any potential benefits to the corporation. Corporate tax avoidance diverts funding from national infrastructures and skews the allocation of tax burdens, causing particular harm to the developing nations that attempt to attract investments by operating as tax havens through offers of extremely low tax rates; banking secrecy laws; and anonymous corporate registration (Fisher, 2014).

One of the greatest problems facing Nigerian tax system as well as Africa is the incidence of tax avoidance and tax evasion and instances of hidden tax haven. While tax haven involves shifting income to low tax jurisdictions, tax evasion is the wilful and deliberate violation of the law in order to escape payment of tax which is unquestionably imposed by law of the tax jurisdiction. Tax avoidance is the active means by which the tax payer seeks to reduce or remove altogether his liability to tax without actually breaking the law.

These "triplet devils" have created a great gulf between actual and potential revenue with consequential effect on development. Rynoids (1963) opined that since tax is a principal source of revenue to government, a situation where individuals or companies employ legal or illegal means to escape payment of tax that they are under obligation to pay made tax lost its theoretical principle of equity. Unarguably thus is the fact that tax haven, tax avoidance, and tax evasion deny every government revenue due to her, but the 'triplet devils' do not have the same financial and psychological implications.

The continued occurrence of these problems has further resulted in a number of challenges relating to dwindling tax revenues, high degree of vulnerability to manipulation, lack of proper accountability and transparency, inadequate disclosure/returns by organisations and individuals for tax assessment purposes.

Summarily, these have greatly affected provision of adequate infrastructures that are essentials for healthy living and this is evidenced in the low standard of living of Nigerians (less than \$1/ ₦300 per day). Previous studies have associated prevalence of these 'triplet devils' to poor tax policies and have as well describe them as having varying consequences on government tax revenues and thus required different approaches to address.

The main objective of this study is to establish the order of severity in consequence among tax haven, tax avoidance and tax evasion in Nigeria. Specifically, the study ascertains the influence of tax haven, tax avoidance, and tax evasion on income tax generation in Nigeria and also examines the relevance of tax rate in the incidence of tax haven, tax avoidance and tax evasion

Corresponding hypotheses were raised as follows:

- i. H_{01} : Tax haven, tax avoidance, and tax evasion do not significantly differ in terms of their effects on income tax generation
- ii. H_{02} : Tax rate has no relevance in the incidence of tax haven, tax avoidance and tax evasion.

Review of Literature

Concept of Tax Haven, Tax Avoidance and Tax Evasion

Although, there are several definitions of tax havens, but The Economist has tentatively adopted the description by Geoffrey Colin Powell (former economic adviser to Jersey): "What ... identifies an area as a tax haven is the existence of a composite tax structure established deliberately to take advantage of, and exploit, a worldwide demand for opportunities to engage in tax avoidance."The Economist points out that this definition would still exclude a number of jurisdictions traditionally thought of as tax havens. Similarly, others have suggested that any country which modifies its tax laws to attract foreign capital could be considered a tax haven.

The OECD (1998) defined the following features of tax havens: no or low taxes, lack of effective exchange of information, lack of transparency, and no requirement of substantial activity. Other lists have been developed in legislative proposals and by researchers. Also, a number of other jurisdictions have been identified as having tax haven characteristics.

Interest in tax haven actions has increased over time. For instance, the scandals surrounding the Swiss bank UBS AG (UBS) and the Liechtenstein Global Trust Group (LGT), which led to legal actions by the United States and other countries, focused greater attention on international tax issues, primarily information reporting and individual evasion. The credit crunch and provision of public funds to banks has also heightened public interest. The tax haven issue was revived recently with a meeting of the G20 industrialized and developing countries that proposed sanctions and a number of countries began to indicate commitments to information sharing agreements.

The OECD in (2009) generated three lists: a white list of countries implementing an agreed-upon standard, a gray list of

countries that have committed to such a standard, and a black list of countries that have not committed. The last four countries on the black list, which were countries not included on the original OECD list include: Costa Rica, Malaysia, the Philippines, and Uruguay and were later moved to the gray list (Anthony & Jordan, 2009). The gray list includes countries not identified as tax havens but as “other financial centers.”

According to news reports, Hong Kong and Macau were omitted from the OECD’s list because of objections from China, but are mentioned in a footnote as having committed to the standards. However, David (2009) noted that a “recent flurry of commitments brought 11 jurisdictions, including Austria, Liechtenstein, Luxembourg, Singapore, and Switzerland into the committed category. As of May 18, 2012, only one country (Nauru) appeared on the gray list for tax havens and one (Guatemala) appeared on the gray list for financial centers.

Tax avoidance arises in a situation where the taxpayer arranges his financial affairs in a way that would make him pay the least possible amount of tax without infringing the legal rules. Kiabel (2001) refers tax avoidance to a term used to denote those various devices which have been adopted with the aim of saving tax and thus sheltering the taxpayers’ income from greater liability which would have been otherwise incurred

Ani (1978) described tax avoidance as a situation where the taxpayer knows the law but decide not to be caught by it, therefore arranges his business in such a manner so as to escape tax liability partially or entirely. It is a lawful trick or manipulation to evade the payment of tax. The meaning of tax avoidance is vividly captured in the case involving *Ayrshire Pullman Motor Services and David M. Ritchin Vs Commissioner of Inland Revenue* when the Lord President Lord Clyde held that:

“No man in this country is under the smallest obligation moral or otherwise so to arrange his legal relations to his business or to his property as to enable the Inland Revenue to put the largest possible shovel into his stores. The Inland Revenue is not slow and quite rightly to take every advantage, which is open to it under the taxing statutes for the purpose of depleting the taxpayer’s pocket and the taxpayer is in like manner entitled to be astute to prevent so far as he honestly can the depletion of his means by the Revenue”.

Thus, it is clear that tax avoidance is legal or at least not illegal since one is mostly probably using the tax laws to limit his tax liability under the same law. Examples of tax avoidance as pointed out by Kiabel and Nwokah (2009) include: (i) Seeking professional advice; (ii) Reducing one’s income by submitting claims for expenses in earning the income; (iii) Increasing the number of one’s children (in Nigeria the maximum allowable is four); (iv) Taking additional life assurance policies. Tax avoidance is thus considered to be a matter of being sensible.

Tax evasion is an outright dishonest action whereby the taxpayer endeavours to reduce his tax liability by illegal means. According to Farayola, (1987), tax evasion is the fraudulent, dishonest, intentional distortion or concealment of facts and figures with the intention of avoiding the payment of or reducing the amount of tax otherwise payable. Tax evasion is accomplished by deliberate act of omission or commission which in them constitutes criminal acts under the tax laws.

These acts of omission or commission might include: (a) failure to pay tax e.g. withholding tax; (b) failure to submit returns; (c) omission or misstatement of items from returns; d) darning relief (in Personal Income Tax), for example, of

children that do not exist; (e) understating income; (f) documenting fictitious transactions; (g) overstating expenses; (h) failure to answer queries. The most common form of tax evasion in Nigeria is through failure to render tax returns to the Relevant Tax Authority.

A tax evader may be charged to court for criminal offences with the consequent fines, penalties and at times imprisonment being levied on him for evading tax (Faseun 2001). More so, as observed by Sosanya (1981), tax evasion has become the favorite crime of Nigerians, so popular that it makes armed robbery seem like minority interest. It has become so widespread that there now exists a cash economy of vast proportions over which the taxman has no control and which is growing at several times the rate of the national economy.

No doubt, tax evasion and avoidance had robbed the Nigerian government of substantial tax revenue. According to the Nigerian Stock Exchange, (2014); 85 percent of corporate tax revenue in the country accrues from the 196 companies listed on the exchange compared to the 30,000 companies registered with the Corporate Affairs Commission. This is a serious indictment of the administrative machinery and capacity of the tax authorities in Nigeria.

Causes of Tax Evasion and Tax Avoidance in Nigeria

The causes of tax evasion and avoidance are universal, as they are applicable in any country that tax is imposed. Some are peculiar to different areas. However, in Nigeria some of these causes as identified by Onuigbo (1986) include: absence of a "Quid Pro Quo"- due to lack of guaranteed compensatory benefit commensurate with the taxes paid, inequitable Distribution of amenities, misuse or mismanagement of collections made, remoteness of taxpayers from the government, absence of spirit of civic responsibility.

Most Nigerians probably due to illiteracy and ignorance fail to understand that they owe certain responsibilities to government, one of which is payment of tax. Even when the government says it is poor they would rather argue that the government should print more money to solve her problems. This lack of spirit of civic responsibility amongst the majority of Nigerians is a major cause of tax evasion in Nigeria.

Kiabel (2001) has argued that some businessmen do not see any reason why they should pay tax irrespective of the fabulous profits made- This is the direct display of the spirit of unpatriotism. Such people take the stand that no matter the income or revenue that was acquired during the year nothing will be paid as tax or they may prepare their accounts in such a way that a loss will be reflected. Generally, tax evasion which is illegal achieves the same goal as tax avoidance

Taxation, Investment and Economic Development

According to Mike (2009), taxation plays a key role in helping African countries to reach their Millennium Development Goals (MDGs). African governments aim to use taxation to provide a stable and predictable fiscal environment to promote economic growth and investment; promote good governance and accountability by strengthening the relationship between government and citizens; and ensure that the costs and benefits of development are fairly shared. Taxation is an integral part of countries' development policies, interwoven with numerous other areas, from good governance and formalising the economy, to spurring growth through, for example, promoting small and medium sized enterprises (SMEs) and stimulating export activities.

Among other things, taxation provides governments with the funding required to build the infrastructure on which economic development and growth are based; creates an environment in which business is

conducted and wealth is created, shapes the way government activities are undertaken; and plays a central role in domestic resource mobilisation.

Taxation provides a predictable and stable flow of revenue to finance development objectives. In fact, the 2002 Monterrey Consensus recognised taxation's key role in domestic resource mobilisation, an acknowledgement sentiment echoed at the 2008 United Nations Doha conference on Financing for Development.

Indeed, taxation shapes the environment in which international trade and investment take place but tax evasion and the siphoning of funds to tax havens deprive African countries of the fiscal benefits of growth.

Theoretical Framework

Theory of Taxation

According to Eftekhari, (2009) taxation has always been an issue for the government and taxpayers alike from the early years of civilization. The issue of taxation has generated a lot of controversies and severe political conflicts over time. Due to the importance of tax revenue, several economic theories have been proposed to run an effective system. However, the connection between tax revenue and leakages of revenue resulting from tax avoidance, tax evasion and tax haven lends itself to the theory called 'ability to pay principle'.

As the name suggests ability-to-pay principle says that taxation should be levied according to an individual's ability to pay. It says that public expenditure should come from "him that hath" instead of "him that hath not". The principle originated from the sixteenth century, but was scientifically extended by the Swiss philosopher, Jean Jacques Rousseau (1712-1778), the French political economist Jean- Baptiste Say (1767-1832) and the English economist John Stuart Mill (1806-1873).

This theory is indeed the basis of 'progressive tax,' that purports that tax rate should increase by the increase of the taxable amount. This principle is indeed the most equitable tax system, and has been widely used in industrialized economies. The usual and most supported justification of ability to pay is on grounds of sacrifice. The payment of taxes is viewed as a deprivation to the taxpayer because he surrendered money to the government which he would have used for his own personal use.

However, there is no solid approach for the measurement of the equity of sacrifice in this theory, as it can be measured in absolute, proportional or marginal terms. Thus, equal sacrifice can be measured as: (i) Each taxpayer surrenders the same absolute degree of utility that he/she obtains from her/his income; (ii) Each sacrifices the same proportion of utility she/he obtains from her/his income; (iii) Each gives up the same utility for the last unit of income; respectively.

Thus, a tax system that does not follow this principle is seen as being cruel by taxpayers and this creates conditions of tax avoidance, tax evasion and search for tax haven in order to better their lots.

Empirical Studies

Murray (1997) examined specific avenues for avoidance and evasion for both firms and individuals under a comprehensive national sales tax and discussed the implications for the underground economy, the study finds that opportunities for avoidance and evasion will be sustained, not eliminated, by a change in tax structure. It added that lack of experience in administering a high-rate, indirect tax system precludes definitive statements regarding the likely extent of tax base erosion under a national sales tax.

Lefebvre *et al.*, (2011) conducted study in Netherlands, France and Belgium (Flanders and Wallonia) while examining the tax

behaviour of people. He compared the behaviour of people regarding welfare dodging and tax evasion. Results indicated that people adopt less evaded behaviour in tax treatment than in welfare treatment; and people evade more tax in Netherlands and France but tax evasion is more prevalent in Flemish than Walloons.

Adebisi and Gbogi (2013) examined the effect of tax avoidance and tax evasion on personal income tax in Nigeria and finds a direct and positive relationship between tax avoidance, tax evasion, tax rates and personal income tax administration in Nigeria.

Olaniyi *et al.*, (2014) examines the effect of tax rate, tax avoidance and tax evasion on revenue generation in Nigeria and finds a significant tax evasion, tax avoidance practices among Nigerian companies while the tax rate was adjudged too high to avoid these practices.

Uadiale *et al.*, (2010) conducted study in Nigeria while examining relationship between personal income tax evasion and cultural factors like religiosity, trust in government, and legal enforcement. The study reveals a positive impact on personal income tax of trust in government and legal enforcement. However, no significant relationship was found between religious variables and tax evasion in Nigeria.

Boylan and Sprinkle (2001) explores the behavioural of the determinants of tax evasion. He used experiment technique in order to acquire desired objectives such as to identify the factors that motivate the tax compliance and characteristics of noncompliant taxpayers.

Pommerehne *et al.* (1994) evaluates the determinants of tax evasion in the presence of grievance in absolute terms. Results indicated that as the sentiments of grievance increased in absolute terms, the level of tax evasion also increased and the level of tax moral belief decreased. Fisher, Coddeers and Young (1989) also examined

the behaviour of taxpayers in order to explore the behavioural determinants of tax evasion. He used random survey technique in order to acquire desired objectives of identifying the factors that motivate tax compliance and characteristics of noncompliant taxpayers.

Skinner and Slemrod (1985) investigate the determinants of tax evasion. In this study, only strict economic determinants proposed by seminal models were taken. The study finds that considerable share of effective tax compliance cannot be explained by using these solely variables.

Srinivasan (1973) also introduced seminal theoretical models and conducted study while exploring the determinants of tax evasion. In this study, he explained that the behaviour of tax evasion was based on level of risk aversion, amount of penalty imposed, and probability of being audited. Likewise, study found an ambiguous relationship between marginal tax rate or income and tax evasion.

Orewa (1957) investigates the characteristics of tax evasion and finds that high degree of inter-district mobility is the main reason for evading tax by taxpayers and argued that mobility of wage earners, salaried persons and self-employed persons with permanent and known addresses is an important factor of tax evasion because they keep themselves in movement from one place to another in order to earn legal money. He also found the reasons for partial evasion to include: resentment toward illiterate persons that present only their salaries and wages as taxable income and traders maintain inadequate records.

Previous research efforts dwells extensively on tax evasion and avoidance but none indeed have attempted to look at tax haven at all in relation to tax revenue generated by Nigerian governments. This is a critical gap in taxation studies which this study decides to address.

Methodology

Design and model

The relationship among the variables is such that revenue generation in the country depends on the magnitude of tax evasion, tax avoidance and tax haven practices. This, in line with ability to pay principle/ theory given by John Stuart Mill (1806-1873), is expressed in linear form as:

$$Y = a + b_x$$

When specified it becomes:

$$Y = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + U_i$$

Where:

Y = Revenue Reduction

B₀ = intercept

X₁ = tax haven

X₂ = tax avoidance

X₃ = tax evasion

B₁, B₂ and B₃ are the coefficients of tax haven, tax evasion and tax avoidance respectively.

U_i = error term

The apriori expectation is that B₁, B₂ and B₃ are all positively related to Y

This study adopted a survey design method in which information is gathered from sampled respondents using a questionnaire. Thus, opinion of respondents about the concept tax evasion, tax avoidance and tax haven on revenue generation is gathered through administration of self-administered questionnaire on a cross-sectional basis to the selected samples. The study focused on staff members of Federal Inland Revenue Service and Kwara State Board of Internal revenue. A total of fifty five (55) respondents were selected from the population using convenience sampling technique. This technique was adopted due to lack of secondary data on the concept while the population examined are those with knowledge on the concept being discussed.

Out of the seventy-five (75) copies of questionnaire administered, sixty-two (62) copies were returned completed but only sixty (60) were usable for analysis purpose.

The questionnaire is structured into five sections namely; ten operational questions for each of the four variables of the study i.e. tax revenue, tax haven, tax avoidance, and tax evasion, and the last section accounts for the relevant demographic data of the respondents.

The study adopted ANOVA, regression analysis to test the first hypothesis by measuring the individual impact of the three independent variables on the dependent variable, and Chi-square technique to test the second hypothesis.

Results and Discussion

Respondent's bio-data as presented in table 1 shows that the 60% of the respondents are male and 40% female. Majority of the respondents falls within 31-40 years of age bracket, 6.67%, 23.33%, and 13.33 are between the age ranges of 20-40years, 41-50years, and 51 years and above respectively.

Table 1 shows the profile of respondents, it implies that the respondents have acquired sufficient knowledge on tax policies and the information obtained through questionnaire can be relied upon. Thus, the respondents although are from Kwara State, all these implies that the information obtained from the questionnaire can be relied upon for generalisation into Nigeria economy.

The ANOVA result in table 2 shows the mean square to be 18.5 and F statistics to be 327.35.9. However, the P-value is 0.000 which is less than 0.05 significance level implies that tax haven, tax evasion and tax avoidance, significantly differ in terms of their effects on income tax generation. Hence, consequently, the null hypothesis is hereby rejected while the alternative hypothesis is accepted. However, the major variations in tax revenue are accounted for by tax have, tax evasion and tax avoidance.

Table 3 showed the results of the impact of independent variables (tax haven, tax avoidance, and tax evasion) on the

dependent variable (tax revenue). Evidence from this table gave an adjusted R^2 of 0.962, implying that 96.2% of variations in tax revenue is accounted for by variation in tax haven, tax avoidance, and tax evasion. The remaining 3.8% are accounted for by factors not captured in this study.

Table 4 establishes the test of significance of the dependent variables (tax haven, tax avoidance, and tax evasion) and the model connecting the dependent and independent variables.

H_0 : parameter = 0, for independent variables, this is given by standard error less than half of beta value (i.e. $B/2$).

For Tax Haven (TH), the standard error $0.113 < \text{half of beta values } 0.2785$. More so, the p-value of 0.000 implies that the variable is statistically significant at 5% level.

With respect to Tax avoidance (TA), $0.104 < 0.1625$ and a p-value of 0.003 implies that the variable is also significant at 5%.

For tax evasion (TE), since $0.065 < 0.0805$ and p-value = 0.018, it means that the variable is significant at 10%.

Thus, a linear connection of $Y = a + b_x$ becomes:

$$Y = -0.174 + 0.557X_1 + 0.325X_2 + 0.161X_3$$

From the linear equation established, the coefficients are 0.557, 0.325 and 0.161 respectively for tax haven, tax avoidance and tax evasion respectively. Thus, the conclusion reached that the effect of incidence of tax haven is more on tax revenue, than tax avoidance and tax evasion is in agreement with Davidson (2004). More so, the impact of tax avoidance on tax revenue is higher than that tax evasion. This is because tax haven is a deliberate allowance of not paying tax at all or paying extremely low tax compared to other countries. This is in line with reality since

tax evasion is illegal and is difficult to practice than tax avoidance which is permitted by law.

H_{02} : Tax rate has no relevance in the incidence of tax haven, tax avoidance, and tax evasion.

Table 6 depicts the results of the chi-square used to test null hypothesis 3. The result shows the chi-square value to be 62.776 with an asymptotic significance of 0.000. Hence, since χ^2_{calc} of **62.776** $> \chi^2_{tab} = 28.300$ at 5% level of significance and degree of freedom of 12, the null hypothesis is hereby rejected for the acceptance of alternative hypothesis. It was therefore concluded that tax rate is an important deciding factor in the incidence of tax haven, tax avoidance, and tax evasion. Specifically, if the tax rate is perceived to be too high, tax payers will resort to the use of tax haven production, tax avoidance and tax evasion in order to make both ends meet. Where these practices are rampant, it reduces the revenue generation and slows down the economic progress of a country.

Thus, the results in this study is in agreement with the ability to pay principle and is in tandem with the study of Adebisi and Gbegi (2013) which pointed that tax avoidance and tax evasion downplays the growth and progress of a nation where the practices are rampant.

Conclusion

The study established that all of these three elements (tax haven, tax avoidance, and tax evasion) indeed hinder tax revenue generation in Nigeria with incidence of tax haven contributing the largest impact. It also emphasised the fact that tax rate goes a long way in determining the rate at which prevalence of incidence of tax haven, tax avoidance, and tax evasion will be in any tax system. Thus, the higher the tax rate, the higher will be the propensities of tax haven, tax avoidance and tax evasion.

It was also gathered that if government utilise tax revenues in the provision of public goods and provision of incentives and enlightenment campaigns about the usefulness of taxation, it will go a long way in reducing occurrence of tax haven, tax avoidance and tax evasion in Nigeria.

Recommendations

In line with the aforementioned conclusions, the Kwara State government specifically and the Nigerian government in general should therefore embark on public sensitisation programme to create awareness on the usefulness of taxation. This will encourage and elicit tax payer's commitment to pay tax as at when due. The government should also emphasize and promote adequate utilisation of tax revenues on public goods and services to discourage tax avoidance, tax evasion and repatriation of income generated in tax havens to Nigeria. The current tax rate should also be reviewed with a view to reduce the incidence of tax evasion and tax avoidance in the country.

If these recommendations are pursued religiously, revenue generation will be enhanced in Nigeria and it will certainly assist in reviving the decline in economic indicators being currently experienced in the country due to decline in oil revenue.

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Table 1: Respondents' Profile from Kwara State

Details	Characteristics	N	%
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Gender	Male	36	60
	Female	24	40
	Total	60	100
Age	20 - 40 Years	14	23.33
	41-50 Years	38	63.33
	51years and above	8	13.34
	Total	60	100
Education	SSCE	-	-
	OND/NCE	5	8.33
	B.Sc./HND	48	80
	M.Sc./Ph.D	7	11.67
	Total	60	100
Professional Qualification	ICAN	45	75
	ANAN	10	16.67
	Others	5	8.33
	Total	60	100
Years Spent in the Organisation	1 – 5 years	14	23.33
	6 – 11 years	11	18.33
	12 – 17 years	15	25
	18 years and above	20	33.34
	Total	60	100
Management Level	Top management	10	10
	Middle management		
	Lower-level	36	36
	management	14	14

Source: Field study, (2016).

2.4 Test of Hypotheses

H₀₁: Tax haven, tax avoidance, and tax evasion do not significantly differ in terms of their effects on income tax generation.

Table 2: ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	55.563	3	18.521	327.359	.000 ^a
	Residual	2.037	36	.057		
	Total	57.600	39			

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.982 ^a	.965	.962	.23786

a. Predictors: (Constant), TE, TA, TH

Source: Author's Computation, (2016)

Table 4: Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1	(Constant)	-.174	.174		-1.004	.322
	TH	.557	.113	.543	4.918	.000
	TA	.325	.104	.278	3.129	.003
	TE	.161	.065	.187	2.483	.018

Table 5: Chi square contingency on Relevance of Tax Rate to occurrence of Tax Haven, Tax Avoidance, and Tax Evasion

QUESTION		RESPONSE					Total
		SD	D	UD	A	SA	
Question one	Count	3.0	11.0	6.0	21.0	19.0	60.0
	Expected Count	5.5	5.8	12.2	16.0	20.5	60.0
Question two	Count	4.0	5.0	6.0	15.0	30.0	60.0
	Expected Count	5.5	5.8	12.2	16.0	20.5	60.0
Question Three	Count	10.0	3.0	7.0	22.0	18.0	60.0
	Expected Count	5.5	5.8	12.2	16.0	20.5	60.0
Question four	Count	5.0	4.0	30.0	6.0	15.0	60.0
	Expected Count	5.5	5.8	12.2	16.0	20.5	60.0
Total	Count	22.0	23.0	49.0	64.0	82.0	240.0
	Expected Count	22.0	23.0	49.0	64.0	82.0	240.0

Source: Field Study, (2015).

Table 6: Chi-Square Tests Results

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	62.776 ^a	12	.000
Likelihood Ratio	57.294	12	.000
Linear-by-Linear Association	3.816	1	.051
No of Valid Cases	240		

Source: Field Study, (2016).