Tax Registration and Tax Revenue Generation in Nigeria: Account of Allingham and Sandmo Theory

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Abstract

This research examines the effect of tax registration of micro, small medium enterprises, corporates and individuals on tax revenue generation in Nigeria. The study adopted a descriptive and historical research design; secondary data for nineteen years (2003 - 2022) were collected from various issues of the Central Bank of Nigeria (CBN) statistical bulletin and annual reports. Tax revenue generation as a dependent variable was measured with actual annual total tax revenue. The data was analyzed using multiple regression analysis to establish the relationship between the dependent and independent variables. Durbin Watson test carried out and multicollinearity test using the VIF factor. All the variables have positive influence on actual annual total tax revenue in Nigeria (AATR). The beta values provide a measure of contribution of each variable. Higher beta value indicate greater influence of independent variable on the dependent variable. According to that, number of Corporate Registered Tax Payers (CRTP) (β=.391))has higher influence on actual annual total tax revenue in Nigeria (AATR) which is followed by number of Enterprise Registered Tax Payers (ERTP) (β=.323), and number of Individual Registered Tax Payers (IRTP). (β=.187) From the study, we examined that, tax registration proxied by number of registered corporate, enterprise and individual taxpayers are significant to tax revenue generation in Nigeria. The results are useful for both tax authorities and taxpayers in order to resolve the problems associated with tax compliance and also to boost tax revenue generation in Nigeria.

Keywords*: Number of registered tax payers, corporate taxpayers, enterprise tax payers, individual tax payers, tax revenue generation and tax registration.*

JEL Codes*: H0, H22, H26, C50, C52.*

1.0 Introduction

Taxation is a source of government revenue by which individuals and corporate bodies are mandatorily required to pay certain proportion of their earnings to the government for the course of development. Tax revenue mobilization is a significant priority for policymakers in many countries. While some countries have witnessed considerable increases in their tax-to-GDP ratios throughout time, others have seen little or no change. Increased domestic resource mobilization is critical for many countries. Enhancing tax revenue collection is crucial for governments to give fiscal flexibility to fund public investments and deliver public services, particularly in developing nations.

The recent crash in the international oil market (loss in oil revenue) and the subsequent economic slump in Nigeria highlight the necessity of competent tax management for better non-oil revenue. The recent drop in oil revenues has turned the Nigerian government's attention to finding alternative sources of cash to fund its numerous projects. According to public finance professionals, economists, and other stakeholders, taxation is a viable tool for this aim. Deng (2015), for example, stated that taxation, as a macrocosmic policy tool, impacts the level and rate of economic growth in countries around the world. This meant that a country's tax system (i.e., how taxes are assessed and collected) might significantly impact other macroeconomic indicators, for both developed and developing countries, specifically.

The low productivity of the Nigerian tax system has been a source of worry for successive governments. This has generally been attributed to flaws in the tax administration and collecting system, confusing legislation, and apathy, particularly among those outside the tax net (Ogbuabor *et al.*, 2014). A system based on the ability to pay is supposed to be progressive in a situation where the tax administration is ineffectual, but it is usually regressive, especially when there is a lack of tax compliance. If a tax system is efficient and effective, revenue generated as a percentage of national income should be close to or greater than 100% of the tax's standard rate (Ngerebo & Masa, 2012).

1.1 Statement of the problem

Taxation is a vital component in the growth of middle- and low-income countries. A country's ability to increase its tax base, both economically and administratively, is crucial to its income generation. Taxes are the primary source of income for the government. Tax collection is the most reliable method of fostering national development. In order to collect the correct amount of total national tax income, taxpayer compliance must occur. Because of this, any kind of tax noncompliance activity could result in large losses for the government. Tax compliance issues have received a lot of attention from scholars over the past few decades due to the pressing requirement to make sure that the tax revenue is sufficient to cover the budgeted national spending. Because of the shortcomings of tax administrators, there is a gap between what is collected and what is intended to be obtained by law, indicating the need for tax administration reform (Kebede & Tegegn, 2016). Failure to comply with tax provisions may indicate that a taxpayer is engaged in noncompliance (Kirchler, 2007). According to Franzoni (2000), tax disobedience is the most widespread and serious of all tax administration issues. Tax evasion is a global problem that affects both poor and rich countries (McGee, 2006).

As a result of the presence of a substantial informal economy, which is the hard-to-tax sector, tax revenue losses in developing nations are disproportionately bigger than in industrialized countries (Terkper, 2003). Citizens assist the government in fulfilling its tasks by providing financial assistance in the form of tax payments. The taxpayers should be concerned about what is going on in the government since they are the ones who fund it. As a result, governance issues may have either a beneficial or negative impact on taxpayer compliance behavior

1.2 Research Questions

The following research questions will be answered in this study**:**

i. What is the causal effect of Number of Corporate Registered Tax Payers on Tax Revenue Generation in Nigeria?
ii. How does Number of Enterprise Registered Tax Payers affect Tax Revenue Generation in Nigeria?
iii. What is the effect of Number of Individual Registered Tax Payers on Tax Revenue Generation in Nigeria?

1.3 Objectives of the Study

The broad objective of the study is to investigate the effect of actual annual No of Registered Tax Payers (Tax Registration) on Tax Revenue Generation in Nigeria, while the specific objectives are to:

i. investigate the effect of Number of Corporate Registered Tax Payers on Tax Revenue Generation in Nigeria;
ii. examine the relationship between Number of Enterprise Registered Tax Payers and Tax Revenue Generation in Nigeria;
iii. evaluate the effect of Number of Individual Registered Tax Payers on Tax Revenue Generation in Nigeria; and

1.4 Research Hypotheses

This study is designed to test the following null hypotheses:

H_{01} - Number of Corporate Registered Tax Payers has no significant effect on Tax Revenue Generation in Nigeria;

H_{02} - Number of Enterprise Registered Tax Payers has no significant relationship with Tax Revenue Generation in Nigeria;

H_{03} - Number of Individual Registered Tax Payers has no significant effect on Tax Revenue Generation in Nigeria;

2.0 Literature Review

2.1 Conceptual Review

Olaoye and Awe (2018) is of the view that, tax is a compulsory contributions made by animate and inanimate beings to government being a higher authority either directly or indirectly to fund its various activities and any refusal is meted with appropriate punishment. The definition of tax is a people's contribution to the State treasury based on the law (which can be enforced) by not receiving reciprocal services (counter performance), which can be directly shown and which is used to pay general expenses (Hidayat & Afiyanti, 2019). There are five important elements in taxation, namely, first, there is a contribution from the community to the state, secondly, tax collection must be based on tax laws and regulations, thirdly, in its implementation, the tax regulator can impose tax collection on the community, the fourth,

community does not get a direct counter achievement, and fifth, the results of tax revenues will be used to finance state expenditures with the aim of improving people 's welfare (Harjo, 2019).
Revenue generation, redistribution of money, restriction of social evils through repricing of particular goods and services such as tobacco and alcohol, and representation, which is the area of democratic state-building and the very need for revenues, all began with taxation in the twentieth century (Owens, 2015). The link between taxation and government services, in general, is created through the evolution of taxation over time. There will be no upheaval as long as government services to taxpayers are commensurate with the level of taxes (Ross, 2004). The state is focusing on upgrading its tax system to generate more tax income in a robust economy reliant on taxation (Gupta, 2007).
Taxes may be imposed for several reasons, these include: (i) to generate revenue (most important) to finance government activities (ii) to control or regulate the economy, as economic stabilizer (iii) to redistribution income (iv) to discourage the consumption of certain goods and perfect domestic industries (v) to stimulate domestic production, creating employment for the teeming populace, (vi) to correct balance of payment deficits (Etim & Nweze, 2015).Tax registration, as provided under Section 8 of the Act, Companies are required to register with the Federal Inland Revenue Service within six months of the commencement of business. Failure to register shall attract a penalty of N10,000 payable for the first month in which the failure occurs and a further N5,000 for each subsequent month in which the failure continues.

2.2 Theoretical Review

The Allingham and Sandmo Theory (AS Theory)

This theory was developed by Allingham and Sandmo. According to (Sandmo, 1972) The AS theory expresses that the government tries to prevent tax evasion through undertaking a series of actions such as putting extra penalties, undertaking tax audits etc. A taxpayer will decide to evade his or her tax obligations when he or she feels that the cost of evading tax is too low. Taxpayers would also evade tax when he or she feels that the cost of compliance is high. In 1968 Nobel laureate Becker theorized the economics of crime on the basis of which Allingham and Sandmo (1972) produced an economic model of tax compliance. The model was seminal for it was followed by a large number of contributions to the literature which extended the original model in a number of directions.

In the model, the taxpayer is assumed to have an income I and must choose the amount to declare to the tax agency (Alm *et al.*, 1992). Declared income D is taxed at the rate t; undeclared income is not taxed, but the taxpayer will face a probability of detection p at which point a fine f will be imposed for cheating. The taxpayer has the choice between two strategies: (1) He may declare his true income or (2) he may declare less than his true income. If he chooses the latter strategy his payoff will depend on whether or not he is investigated by the tax authorities. If he is not, he is clearly better off than under strategy one. If he is investigated, he is worse off as the audit may lead to penalties. Thus the taxpayer chooses D to maximize the expected utility of the evasion gamble.

Theoretically, this study was anchored on the Laffer theory of Taxation and Ability to pay to theory. Laffer theory of taxation propounded by Laffer in 1979 and popularly called the "Laffer curve" is -a hypothetical drawing of the correlation between tax revenue created by the government and all possible rates of taxation. It considers that at extreme tax rates, no revenue would be created (Laffer, 1979). This is due to the fact that, at extreme tax rates, taxpayers have no reason to earn an income again. Likewise, a very low tax rate will bring absurd tax revenue and the main reason for tax revenue would be far-fetched. It, therefore, informs that without a reasonable tax rate, the importance of any tax policy or reform to improve the revenue base of the government might be a mirage as taxpayers might find it burdensome to pay higher tax rate, especially small businesses (Laffer, 1979). Ability to pay theory, developed by Slade Kendrick in 1939, is the most common developed principle of equity or justice in taxation. Individuals should pay taxes to the government in line with their ability to pay (Kendrick, 1939). It seems fair and reasonable that taxes should be imposed on an individual, based on his/her taxable ability. The establishment of TIN to promote the registration of taxpayers and tax administration without a functioning principle of equity and justice in taxation will minimize the efficiency of the reform. This is because citizens earning meager income will find the tax burden uneasy. Therefore, tax avoidance and evasion will be inevitable.

Taxpayers take the decision to pay taxes in anticipation of responsible state management and improved impact in national policymaking. To support this theory, Rakner and Gloppen (2003) assert that, if administrations are observed as responsible, more individuals will pay their taxes 'voluntarily' and this lowers the need for coercion and generally reduces the costs of tax collection. This forms the theoretical underpinning of this study. Economic deterrence theory, which states that taxpayers' behavior is influenced by a range of factors such as tax rate, penalties etc. According to (Becker, 1968) which implies that when the strength of the tax audits and the penalties are high then, very few people will try to avoid taxes. On the other hand, when the strength of the tax audits are less and the penalties are low then, expected to evade the taxes is very high. Further, this theory is highly adopted by tax administrators when developing suitable strategies.

2.3 Empirical Review

Olaoye and Awe (2018) looked closely at the impact of taxpayer identification number on revenue generation in Ekiti State. Their study revealed that full adoption of taxpayer identification number exerts a significant impact on internally generated revenue of the state. Data collected were analyzed using correlation and regression analysis, the study makes use of a single equation model in which revenue generation was proxied using internally generated revenue (IGR) in Ekiti State. It was concluded in the study that full adoption of taxpayer identification number in Ekiti State has the ability to spur revenue generation within the state.

Olurankinse and Oladeji (2018) investigated self-assessment, e-taxation payment systems and revenue generation in Nigeria. The respondents were drawn from 30 tax executives from 30 quoted companies in Rivers State of Nigeria. A cross-sectional survey of the quasi-experimental research design was adopted. Both Pearson's product moment correlation coefficient statistical tool and the regression analysis were used to test the hypotheses by the application of SPSS version 20.0. Results indicate a positive and significant relationship between self-assessment and e-taxation payment systems and Revenue generation. They concluded that e-taxation is an online tax payment and administration system that is used for the generation of tax from all competent taxpayers based on statutory guidelines for the purpose of assessing tax returns in the economy.

Asaolu and Dopemu (2015) assessed the impact of tax reforms on revenue generation in Lagos State of Nigeria using Time Series quarterly data between the period of 1999 and 2012, obtained from the records of Taxpayers' Statistics and the Revenue Status Report of Lagos State Internal Revenue Service (LIRS). Data collected were analyzed using ordinary least square regression techniques (OLS). The study showed that Lagos State captured more people into the tax net as there was a continuous increase in taxpayers' cumulative growth (more than 20% each year); and found that the primary source of revenue generation in Lagos State was the internally generated revenue (IGR) in which tax revenue constituted about 80%. It was also revealed that there was a longrun relationship between the tax reforms and revenue generated in Lagos State; thus, the tax reforms had positive and significant effect on the revenue structure of the State. The study concluded that tax reforms had significantly contributed to revenue generation in Lagos State.

Oluyombo and Olayinka (2018), examined the effects of tax compliance on the growth of government revenue in Nigeria with emphasis on federally collected non-oil revenue. The basic objective of the study was to examine the how tax compliance influences the growth of government revenue in Nigeria. The findings revealed that tax compliance have significant effect on boosting tax revenue generation and that tax default can cause significant variation in government revenue. The need for the advancement of taxpayer's willingness to pay taxes, so as to starve off tax resistance, led to the emergence of voluntary compliance system.

Similarly, Uchechukwu and Ohaka (2017) empirically investigated tax compliance strategy and tax revenue yield in Rivers State, Nigeria covering (2007-2016). The major was to carry out an empirical study to unravel the latent efficacy of voluntary objective compliance and tax enforcement strategies on tax revenue yield of Rivers state government. The study found significant relationship between tax compliance strategy and tax revenue yield. The plan of action to achieve compliance with tax laws without cohesion and enforcement is vital in improving the revenue of tax authority. Strategically meeting taxpayers' needs through the provision of essential amenities, transparency and accountability etc. can induce voluntary compliance.

2.4 Gap in Empirical Studies

Several studies in the two to three decades have tried to analyzed the impact of taxation strategies, registration, registration on tax revenue registration (such as Akintoye *et al.*, 2019; Arif & Rawat, 2018; Hidayat & Afiyanti, 2019; Harjo, 2019; Etim & Nweze, 2015; Latofah & Harjo, 2020; Olaoye & Awe, 2018; Olurankinse & Oladeji, 2018; Oluyombo & Olayinka, 2018; Terefe & Teera, 2018; Uchechukwu & Ohaka, 2017) and arrive at the contradictory results making it difficult to establish with certainty the logic, nature and significance of the impact of tax reform and registration on revenue generation in Nigeria. The implication is that empirical investigations fail to provide conclusion result about the economic growth effect of taxation. The empirical evidence is mixed across economics, data and methodologies, with some finding a negative impact, while others find little or no significant growth effect of taxation. Also, the pattern of flow and the intervening relationship between taxation revenue and tax registration has remain an inconclusive discourse particularly for developing and emerging markets such as Nigeria, where most studies conducted make use of aggregated data of tax registration tax revenue or total government revenue as against disaggregated tax registration components which this study seek to examine.

3.0 Methodology

3.1 Research Design

The study adopted a descriptive and historical research design of cross-sectional time series

3.2 Source of Data

Data were collected from secondary sources for nineteen years (2003 - 2022) from various issues of the Central Bank of Nigeria (CBN) and Federal Inland Revenue Services statistical bulletins and annual reports. Tax revenue generation as a dependent variable was measured with actual annual total tax revenue. The data was analyzed using multiple regression analysis to establish the relationship between the dependent and independent variables. Durbin Watson test carried out and multicollinearity test using the VIF factor.

3.3 Variables of the Study

Dependent Variable: Tax Revenue Generation proxied by actual annual total tax revenue in Nigeria (AATR)
Independent Variables: Tax Registration proxied by actual annual No of Registered Tax Payers (NRTN).
Tax Registration is decomposed into Corporate Registered Tax Payers (CRTP), Enterprise Registered Tax Payers (ERTP) and Individual Registered Tax Payers (IRTP)

Objective: to assess the influence of Tax Registration proxied by actual annual No of Registered Tax Payers (NRTN) on Tax Revenue Generation proxied by actual annual total tax revenue in Nigeria (AATR);
The model below is adapted from work of (Olaoye & Awe, 2018; Olurankinse & Oladeji, 2018; Oluyombo & Olayinka, 2018) i.e. Tax Revenue Generation=*f*(Tax Registration).
Tax Registration is decomposed into Corporate Registered Tax Payers (CRTP), Enterprise Registered Tax Payers (ERTP) and Individual Registered Tax Payers (IRTP)

$$AATR=f(CRTP,ERTP,IRTP) \quad \ldots\ldots (1)$$
$$AATR=\beta_0+\beta_1 CRTP+\beta_2 ERTP+\beta_3 IRTP + \varepsilon \quad \ldots\ldots (2)$$

Where; β_0, β_1, β_2 and β_3 are regression coefficients to be estimated; ε is Error term.

$$\text{Log } AATR = \log \beta_0 + \log \beta_1 CRTP + \varepsilon \quad \ldots\ldots (2a)$$
$$\text{Log } AATR = \log \beta_0 + \log \beta_2 ERTP + \varepsilon \quad \ldots\ldots (2b)$$
$$\text{Log } AATR = \log \beta_0 + \log \beta_3 IRTP + \varepsilon \quad \ldots\ldots (2c)$$

4.0 Data Analysis and Summary of Findings

4.1 Descriptive Statistics and Normality Tests Multivariate Time Series Data

The following descriptive statistics, mean, median, percentage, variance, standard deviation, standard error and coefficient of variation, will be used to summarize the data. Normality of the data will be tested by skewness, kurtosis, Shapiro-Wilk test, Kolmogorov-Smirnov test and Jarque-Bera (JB) test.

4.2 Diagnostic Tests

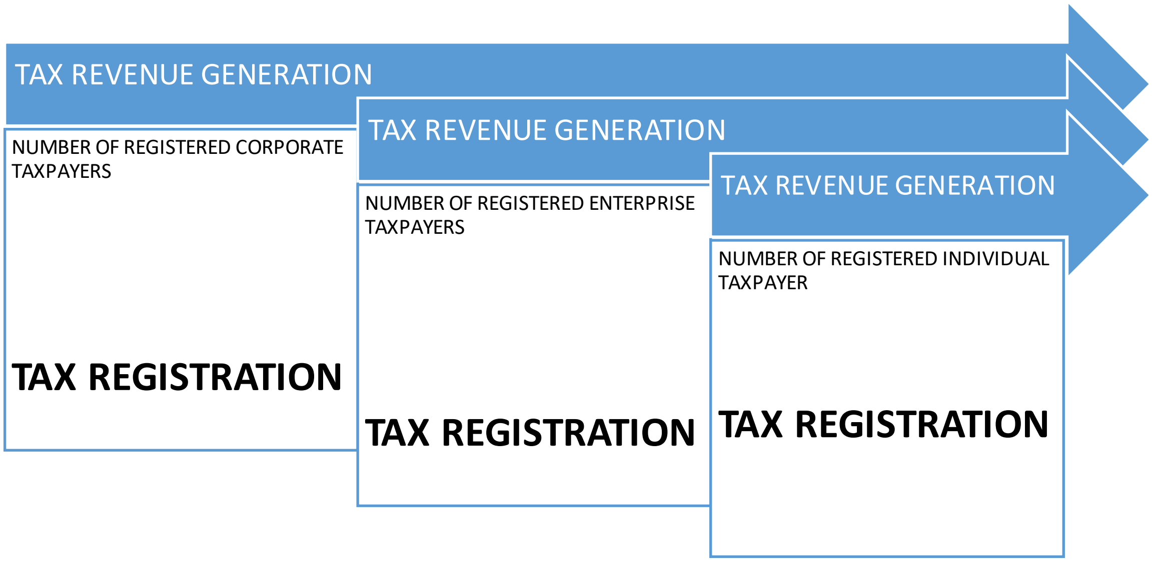
The study will use the following diagnostic test to resolve the following econometric time series problems: Nonstationarity (Unit root)-Dickey Fuller (DF), Augmented-Dickey-Fuller (ADF), Phillips-Perron (PP) and Kwiatkowski–Phillips–Schmidt–Shin (KPSS) tests; Heteroscedasticity-Breusch-Pagan test, White test and Ramsey-Reset test; Autocorrelation-Durbin-Watson test; Multicollinearity-Variance Inflation Factors (VIF).

4.3 Method of Data Analysis

The following regression, cointegration and causality tests will be conducted on the time series data: Regression: ARDL Bound test, Johansen approach and Error-Correction Mechanism (ECM) models. Causality: Toda-Yamamoto Causality, Engle-Granger causality, Sims-Granger causality and modified WALD test. Time series regression (estimating standard error of regression (S), R-squared, adjusted R-squared and predicted R-squared) using heteroscedasticity models for prediction applying Generalised Auto-Regressive Conditional Heteroscedasticity (GARCH) model.

4.4 Conceptual Framework

The conceptual framework examines the many concepts of governance quality as an independent variable and tax revenue mobilization as a dependent variable in great depth. This framework also explains the notion, which improves the comparability of the variables in this study. A conceptual framework represents the researcher's synthesis of the literature on explaining a phenomenon. Given his prior knowledge of other researchers' points of view and observations on the area of research, it lays out the actions that must be taken during the investigation. In other words, the conceptual framework is the researcher's understanding of how the variables in his study connect (Regoniel, 2015).



4.5 Regression Analysis

Multiple Linear Regression analysis is conducted to explain how independent variables such as taxpayer perception, satisfaction, and awareness affect the dependent variable that is taxpayer compliance behavior. Here in this analysis multiple independent variables are used to explain the variation in a dependent variable hence it is called multiple regression analysis. Step-wise method is used for forming the regression model in which each independent variable is entered in a sequence and the significance value is obtained. Variables with insignificant values are removed from the model. Thus this analysis enable researcher to ensure smallest possible set of predictor variables for the model.

Model	R	R square	Adjusted R Square	Standard Error of the Estimate	Durbin-Watson
2a	.795a	.633	.632	.462	
2b	.828b	.686	.684	.429	1.570
2c	.836c	.699	.696	.420	

Predictors: (Constant), Corporate Registered Tax Payers (CRTP) a
Predictors: (Constant), Enterprise Registered Tax Payers (ERTP) b
Predictors: (Constant), Individual Registered Tax Payers (IRTP) c
Dependent Variable: actual annual total tax revenue in Nigeria (AATR)

Table 4 Summary of Regression Analysis- actual annual total tax revenue in Nigeria (AATR)

When we compare the R2 values given in the table, it is clear that 63.3 per cent variation in actual annual total tax revenue in Nigeria (AATR) is explained by number of Corporate Registered Tax Payers (CRTP) alone. 68.6 per cent variation is explained by number of Enterprise Registered Tax Payers (ERTP). Moreover 69.9 per cent variation is explained by number of Individual Registered Tax Payers (IRTP). The Durbin-Watson statistic test is used for autocorrelation in which the value ranges from 0 to 4.Value close to zero represent extreme positive autocorrelation and on the other hand value close to four indicate negative autocorrelation and value close to 2 represent no autocorrelation.

It is evident from the table that all the independent variables viz., Corporate Registered Tax Payers (CRTP) (t=6505,p=.000), Enterprise Registered Tax Payers (ERTP) (t=5.158,p=.000), and Individual Registered Tax Payers (IRTP) (t=3.639,p=.000) are significant at 5 per cent level. All the variables have positive influence on actual annual total tax revenue in Nigeria (AATR). The beta values provide a measure of contribution of each variable. Higher beta value indicate greater influence of independent variable on the dependent variable. According to that, number of Corporate Registered Tax Payers (CRTP) (β=.391))has higher influence on actual annual total tax revenue in Nigeria (AATR) which is followed by number of Enterprise Registered Tax Payers (ERTP) (β=.323), and number of Individual Registered Tax Payers (IRTP). (β=.187). Multi-collinearity is examined through Tolerance and Variance Inflation Factor (VIF). Multi-collinearity is observed if tolerance is less than .20 and if VIF value, reciprocal of tolerance, is greater than 5 in a regression model (Garson 2010). In this analysis Tolerance observed between .263-.390 and VIF ranges between 2.565-3.799, hence it can be concluded that no multicollinearity exist in this regression model.

The work tested the causality of the variables studied on the dependent variable AATR using granger causality test. The output data were shown in Table 6.

Table 4.5: Pairwise Granger Causality test on variables

Null Hypothesis:	Obs	F-Statistic	Prob	Remarks
CRTP does not Granger Cause AATR	20	4.80521	0.0244	Causality
AATR does not Granger Cause CRTP		0.61939	0.5515	No Causality
ERTP does not Granger Cause AATR	20	5.24605	0.0187	Causality
AATR does not Granger Cause ERTP		0.59482	0.5642	No Causality
IRTP does not Granger Cause AATR	20	2.18836	0.1466	No Causality
AATR does not Granger Cause IRTP		0.54608	0.5903	No Causality

Source: Granger Causality test output data using e-views 9.

Table 6 shows that there exist a unilateral causality between number of Corporate Registered Tax Payers (CRTP) and actual annual total tax revenue in Nigeria (AATR); number of Enterprise Registered Tax Payers (ERTP) and actual annual total tax revenue in Nigeria (AATR); granger causality moving from CRTP and ERTP to actual annual total tax revenue in Nigeria (AATR). number of Individual Registered Tax Payers (IRTP) however, did not granger cause actual annual total tax revenue in Nigeria (AATR).

5.0 Conclusion and Registration

This research examines the effect of tax registration on tax revenue generation in Nigeria. The study adopted a descriptive and historical research design; secondary data for nineteen years (2003 - 2022) were collected from various issues of the Central Bank of Nigeria (CBN) statistical bulletin and annual reports. Tax revenue generation as an dependent variable was measured with total tax revenue. The data was analyzed using multiple regression analysis to establish the relationship between the dependent and independent variables. Durbin Watson test carried out and multicollinearity test using the VIF factor. All the variables have positive influence on actual annual total tax revenue in Nigeria (AATR). The beta values provide a measure of contribution of each variable. Higher beta value indicate greater influence of independent variable on the dependent variable. According to that, number of Corporate Registered Tax Payers (CRTP) (β=.391))has higher influence on actual annual total tax revenue in Nigeria (AATR) which is followed by number of Enterprise Registered Tax Payers (ERTP) (β=.323), and number of Individual Registered Tax Payers (IRTP). (β=.187) From the study, we examined that, tax registration proxied by number of registered corporate, enterprise and individual taxpayers are significant to tax revenue generation in Nigeria. The results are useful for both tax authorities and taxpayers in order to resolve the problems associated with tax compliance and also to boost tax revenue generation in Nigeria.

On the basis of the conclusions one major implication for tax administration emerges to bring Micro, Small and Medium Enterprises into the formal tax net. This will boost tax revenue, improve tax administration efficiencies and reduce collection costs thus increasing tax registration among corporate, enterprises and individual taxpayers.

The findings from this review imply that tax registration is a wide and complex phenomenon. To be effective in inducing and enforcing tax compliance, public policy makers need to use a combination of persuasive methods (changing attitudes and norms) as well as the conventional coercive methods (subjective control). The point is that, there is a need to direct attention on changing attitude of corporate, enterprise and individual taxpayers. In this way promotion of taxpayer registration could be extended to enlisting influential members of the community, households, friends and colleagues to disseminate tax registration messages. Thus tax authorities are advised to engage in a balanced approach to tax enforcement that will encourage voluntary tax registration as well as use of the conventional coercive apparatus of the state to compel tax compliance.

Conclusively, government may develop an education program that has three themes with a view of building a culture of tax registration. The first theme can be to create the perception that tax revenues are being utilized properly (attitude). The second theme can be a program in mass media showing examples of businessmen paying taxes and how these taxes have been used to enhance development for the country and create employment.

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