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Informal Sector Electronic Taxation on Internally Generated Revenue Insights from Abia State

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Abstract

This study explored the correlation between Informal Sector Electronic Taxation and Internally Generated Revenue insights from Abia State. To ascertain this relationship, the study utilized online direct tax assessment (ODTA) and online road taxes (ORT) as proxies for electronic tax. Employing an ex post facto design, data were sourced from the National Bureau of Statistics (NBS). Utilizing the Wilcoxon statistical test tool, the study's results revealed a positive and significant association between ODTA, ORT, and internally generated revenue in Abia State, Nigeria, at 1% and 5% significant levels, respectively. Consequently, it was deduced that informal sector electronic taxation on internally generated revenue (IGR) promotes accountability by eliminating loopholes such as ticket forgeries and racketeering, curbing revenue diversion, reducing the expenses related to printed tickets, and facilitating revenue calculations for the state internal revenue board in Abia State. Based on these findings, the study suggested that the government should implement measures to ensure that road tax rates are perceived as reasonable by taxpayers, thereby alleviating the burden and fostering compliance. By delivering on promises of discounts and offering incentives like accessing social services via the ABSIN platform, the government can uphold tax compliance and discourage tax evasion in the long term.

Keywords: Electronic Taxation, Informal sector, Online Direct Tax Assessment, Online Road Taxes, Internally Generated Revenue (IGR), Efficiency

1.1 Introduction

Technology has spawned numerous businesses and innovations, and the tax administration cannot afford to overlook the opportunity presented by technological advancements to expand their tax base. Simultaneously, digitalization is revolutionizing economic and social processes within our country (Etim, Jeremiah &Dan, 2020). Nigeria has traditionally relied heavily on revenues from oil, recovered assets, grants, aids, and repatriated funds. There is a widespread acknowledgment of the necessity to validate the sources of government projects and establish a more sustainable revenue foundation for accountability and inclusive growth. With the daily decline in the value or posted price of crude oil due to technological advancements, pandemics, and economic crises (Ajuonu, 2022), states are urgently required to seek avenues to diversify their revenue streams beyond the statutory allocations received from the federal government, which are diminishing. Oladele et al. (2020) contend that tax revenue has consistently been a primary income source for governments over the years. It is imperative for states to think innovatively and explore alternative revenue streams that can be reinvested in capital projects to invigorate and restore their economy, thereby enhancing the business environment. There is a pressing call for states to identify means of revenue generation and eliminate loopholes in the existing revenue collection processes that are not being properly accounted for.

Electronic Taxation can be perceived as a method through which governments can combat tax evasion and monitor tax inflows more effectively due to its automation. It is believed that a prosperous society is a healthy society. A society can be deemed healthy when all essential amenities necessary for sustaining life, such as good infrastructure, consistent electricity, healthcare facilities, and proper drainage systems, are in place. Taxation is viewed as a form of contribution, and if contributions are not utilized for their intended purposes, taxpayers may become lax in paying their dues or resort to tax evasion. According to Hilton (2008), technological innovation has been pivotal in tax and revenue collection, playing a significant role in tax administration, leading to the emergence of electronic tax systems (Oboh, 2015). The automated tax system is a self-service platform that furnishes tax authorities with a database containing taxpayer details and transaction records, facilitating tax filing, returns, and payments. Most countries rely on tax revenue to finance government expenditures outlined in annual budgets (Alaaray, Mohamed, &Bustamam, 2018).

The informal sector is characterized by economic activities conducted outside government regulations, registration, and laws. This sector has enabled a significant portion of the population to escape extreme poverty through its economic endeavors, contributing to the rapid urbanization of semi-urban areas. Transactions within this sector primarily involve cash transactions with minimal record-keeping practices concerning daily profits and losses, making it challenging for the government to tax the personal income and profits of these business operators, despite their contributions to the nation's gross domestic product. In Nigeria, the National Bureau of Statistics (NBS) reported that the informal sector accounted for 41.43% of the nation's GDP in 2015, serving as a livelihood source for families and households. The sector comprises artisans, petty traders, supermarket operators, roadside mechanics, marketers, transporters, welders, hairdressers, fashion designers, etc., who heavily rely on public services provided by the government.

Internally generated revenue stands as the sole solution for infrastructural development and public service funding, especially as oil revenues dwindle. States must employ effective and innovative revenue management strategies to bolster their IGR sufficiently to finance both capital and recurrent expenditures (Ajuonu, 2022). Implementing robust digital administration practices will curb tax evasion, and the revenue allocated for essential infrastructure development will prove beneficial to taxpayers while concurrently boosting economic growth and activities within the state. When there is a conducive environment for businesses to thrive, taxpayers will willingly fulfill their tax obligations without coercion. Revenue generation remains a paramount concern for many nations, including Nigeria (Okauru, 2011).

In Abia State, rampant misconduct, misappropriation, and mismanagement of revenue from paper tickets, forgery of tickets, poor accountability regarding remitted funds by revenue drivers and collectors, double taxation by taxpayers, complaints of racketeering, touting, and various malpractices by revenue collectors have eroded taxpayers' trust in the tax payment system (Ajuonu, 2023). Consequently, the government has initiated efforts to reform the tax administration in Abia State. The informal economy in the state has long been a vital component of the state's economic landscape, playing a diverse role in driving employment, income generation, and economic resilience. Dubbed as the "Japan of Africa"and a commercial hub, the state's informal sector's significance has become more pronounced amid significant economic shifts in Nigeria, including subsidy removal and a floating forex regime. However, the informal economy faces numerous challenges such as limited access to credit, inadequate financial resources, absence of social protection, lack of healthcare services, and harassment by regulatory agencies. The introduction of a system to register every trader and commercial vehicle operator in the market, along with all business assets, including motor parks, buses, taxis, and motorcycles, linking owners and drivers to the system, aims to enhance security measures. Traders and shops in markets will be enumerated, and upon registration, the system will generate an ID resembling an account number for tax payments. Every taxpayer must possess an Abia State Social Security Number (ABSSN) Card, with all payments made in the state, whether for healthcare or vehicle inspections, recorded on the card. Additionally, every commercial vehicle will be affixed with a digital sticker for easy verification of ownership and other essential details when necessary (Glory Abiakam, 2023).

To combat fraud and forgery prevalent in paper ticketing, the government has banned illegal enforcers and touting, opting for a more transparent revenue collection method (Ajuonu, 2023). Against this backdrop, this study aims to investigate the impact of electronic taxation on the informal sector's IGR in Abia State. The primary goal is to assess the effect of Electronic Taxation on the informal sector's contribution to the state's Internally Generated Revenue. For the scope of our study, the informal sector that this study will capture are the market traders and the transporters in Abia State.

Review of the Related Literature

2.1 Conceptual Framework

2.1.1 Digital Tickets or E-Tickets

It is a an electronic ticket that is valid as a paper ticket or its equivalent. it is an electronic ticket which gives the holder right like the paper ticket. It could mean ticket one buys online.

Electronic Taxation is a system in which tax is paid through a debit card or payment through banks and once the payment is made, a pin is given as a receipt that the taxpayer is to be presented whenever the need arises . It requires taxpayers to pay their duties online from their individual or business bank account (FIRS, 2015).

The author, sees electronic taxation as the process of taking advantage of digitalisation on the collection of compulsory payment or charges levied on the citizens, corporate organisations and business entities in other to assist government on developmental projects and to finance government expenditures

2.1.2 E-tax.

Electronic tax or e-tax reporting refers to the process of filing the report and it's comfortable supporting documents to an authority using a computer or publicly switches to the phone or cell phone lines via the internet (William Wagner).

Electronic taxation (e-taxation) is the deployment of computer system and networks in the process of levying and payment of taxes. It involves the application of computer techniques in the process of tax assessment collection and administration.it is is generally referred to as a payment and a feeling it is an extension of the growing concept of e-governance and e-commerce . Newman R and Eghosa E (2019). It refers to organisational process with data transfer between the IT system of professionals and those of tax authority. Position must support tax authority processes workflow systems and electronic record management on the other hand acknowledge management and automated risk analysis to assess the credibility of tax returns,the tax inspectors required support not only to check the accounting data of taxpayers but also to fight against illegal employment, tax evasion and social security fraud at the construction site Makolm and Orthofer (2007).

Electronic taxation is the mechanism by which taxes are calculated, collected and administered in an electronic media. According to the United Nations (2007), e taxation is a mechanism where tax records or tax returns are filed electronically, usually without the need to file any paper returns; it involves the use of Internet technology, the World Wide Web and software for a wide variety of tax administration and enforcement purposes. The electronic tax payment system has proved to be a master tool in combating the challenges of any tax system as it provides accountability, ease of use and reduce tax evasion.

2.1.3 The Operation of Online Road Tax Ticket

The online ticket is operated by feeding the mini computer, phones with the name of the operator ,the plate number and the mobile number of the buyer. A text message is sent to the operators, when the task force ask for it, the text messages will confirm it and plate number of the payers and the number or code given. And it will help drivers and operators to run their business at ease.

The state partners with staff of banks involved in revenue collection, take them through the new process and also work with interswitch group to ensure payment across all channels remain seamless and easy. this is applicable for other taxes and levies (Abia State internal Revenue Service, 4th Sept 17.43 Facebook for android).

ABBSIN: Abia State social identity number; it is an electronic number that uniquely identify a tax-paying entity, (individual) corporate to the other state government and a state internal revenue service. The TIN is generated once for life and needed to access most of the online services of Abia State internal Revenue Service and this is how the direct assessment is been carried out.

2.1.4 Internally Generated Revenue.

It is the revenue that Local and State government generate within the area of jurisdiction. the capacity of local government to generate revenue internally is one of crucial consideration for creation of a local council. The State Internally Generated Revenue is computed by the National Bureau of Statistics and Joint Tax Board from official records and it is submission by the 36 States Board of Internal Revenue. This submission are then validated and authenticated by the joint tax board chaired by the Federal

2.1.5 The Informal Sector

The informal sector comprises any economic activity or sources of income that is not fully regulated by the government and other public authorities.

It is otherwise grey economy or shadow economy. It is the part of economy that is neither taxed nor monitored by any form of government . Although , the informal sector makes up a significant portion of the economics in developing countries. It is sometimes stigmatized as troublesome and unmanageable . However, it provides critical economic opportunities for the poor (the informal economy fact finding 2011)

The informal sector refers to a wide range of activities, both legal and illegal, that exist outside the formal economy. It includes various types of work and businesses that operate independently and are often characterized by low wages, limited job security, and lack of legal protection. The informal sector is more prevalent in developing countries, but it has also been growing in developed and in-transition economies due to changes in the global economy. Different perspectives on the informal sector include the dualistic view, which sees it as a refuge for the poor during times of crisis, the structuralist view, which considers it as subordinate to capitalism but essential for its reproduction, and the legalist view, which sees it as a response to excessive regulation and lack of clear property rights. Some of these activities involve lack of appropriate business permit tax evasion, non-compliance with labour regulations, governing contracts and work conditions and the non-existence of legal guarantees between suppliers and clients (Bromley 1978).

How is the informal sector taxed?

Clearly, individuals engaged in informal work and informal businesses operate under a different tax regime compared to their formal counterparts. In many cases, their income levels fall below the thresholds set by their respective countries for personal income tax obligations. Additionally, informal businesses do not contribute Value Added Tax (VAT) to the government due to their lack of registration. Nevertheless, they do incur VAT costs on the goods and services they acquire, without the possibility of reimbursement which is typically reserved for VAT-registered entities.

Despite the lack of formal tax obligations, informal workers and businesses are subject to various forms of taxation. These levies come in the form of fees, charges, and licensing expenses imposed at local, national, or even dual levels. Unfortunately, these taxes and fees are often imposed without consideration for each other, leading to instances of double or multiple taxation. Furthermore, these levies are typically based on rough estimates and are commonly flat-rated, resulting in a regressive taxation system.

A prevalent form of local taxation on the informal sector, affecting predominantly low-income individuals, is the imposition of market taxes and fees on market vendors. These fees are typically collected by "Agbero"Touts, who may not always remit the funds to the government. Many instances of informal sector taxation involve 'presumptive' taxes, which are rough estimations of tax liabilities based on simple business performance indicators like turnover or visible characteristics such as the seating capacity of a bus. These taxes are often paid as lump sums, leading to potential cases of double taxation.

The introduction of an electronic tax system for the informal sector holds promise in alleviating these challenges. By ensuring proper tax remittance, this system can facilitate the integration of informal sector contributions into developmental projects. This integration can incentivize the government to create a conducive environment for informal businesses to thrive and contribute meaningfully to the economy.

2.2 Theoretical Review on Digital Tax Administration.

This work is anchored on social exchange theory founded by Homans and other theorists continued to write about it, particularly Peter M. Blau and Richard M. Emerson, and technology acceptance model established by Fred Davis in 1986.

Social exchange theory is a sociological and psychological theory that studies the social behavior in the interaction of two parties that implement a cost-benefit analysis to determine risks and benefits. That is the benefits the taxpayers should reap from the amenities and enabling business environment will exceed the cost or the taxes paid.

Social exchange theory is a sociological and psychological theory that studies the social behavior in the interaction of two parties that implement a cost-benefit analysis to determine risks and benefits. The theory also involves economic relationships—the cost-benefit analysis occurs when each party has goods that the other parties value .Roeckelein (2018)

Social exchange theory says that if the costs of the relationship are higher than the rewards, such as if a lot of effort or money were put into a relationship and not reciprocated, then the relationship may be terminated or abandoned. Emerson and Cook (1976)

Here the informal sector that comprises of hair dressers, tailors, artisans , drivers and so on pays this (taxes) money so that the government can provide access to basic amenities for them to enable their businesses to thrive. But they can revolt when the services by which reasons taxes were paid were not provided for.

Technology Acceptance Model

The technology acceptance model (TAM) explains the acceptance of information systems by individuals. TAM postulates that the acceptance of technology is predicted by the users' behavioural intention, which is, in turn, determined by the perception of technology usefulness in performing the task and perceived ease of its use.

The acceptance and the use of information technologies can bring immediate and long-term benefits at organisational and individual levels, such as improved performance, financial and time efficiency and convenience (Foley Curley, 1984; Sharda, Barr & McDonnell, 1988. The model's significance to this research is based on its perceived utility, which served as the foundation for Abia State government acceptance and deployment of an electronic tax system in the state to increase compliance and tax revenue production , alongside ensuring peaceful coexistence between the taxpayers and revenue collectors.

2.3 Empirical Review

Studies conducted in Tanzania by Yonazi (2020) Rumanyika, &Mashenene (2014) reported constraints related to low level of ICT development in the country. Nevertheless, making compliance with regulation for e-filing affordable cannot be neglected in the process of rolling out the systems to taxpayers.

Oyegun and Efangwu (2023) argued that revenue generation is critical to any economy. They paper investigated the impact of taxation and its contributions to economic growth using Nigeria as a case study. Based on a robust study, four hypotheses were examined. The secondary data extracted from the Central Bank of Nigeria Bulletin (CBN) and Federal Inland Revenue covering a period of 29 years from 1994 to 2022. An error correction model (ECM) and Granger causality approach (GCA) were used. According to the analysis, Customs and Excise Duty has a negative and minor short-term influence on Nigeria's GDP. Petroleum Profit Tax (PPT) has a negative short-term impact on Nigeria's GDP. However, both Value Added Tax (VAT) and Company Income Tax have a favourable and large short-term influence on Nigeria's GDP. The report advised that the government intensify efforts to boost tax revenue collection due to tax revenue's low contribution to GDP throughout the study period. This may be accomplished by closing all tax loopholes and bringing more potential taxpayers into the tax system (particularly the informal sector). If the favourable association between taxes and economic growth is to be maintained, every individual or corporate organisation that engages in any type of tax evasion should face severe penalties.

Ho, Tran and Nguyen (2023) paper used data from 29 developing nations with rapid economic development between 2000 and 2020, this study explores the influence of tax revenue on economic growth in the context of rising trade openness. This study also employs the Fixed Effect Model (FEM) and Generalised Least Squares (GLS) estimation techniques for panel data to examine the given hypotheses. The study's findings indicate that tax income has a favourable impact on overall economic growth. Furthermore, the study discovered that trade openness enhances the favourable association between tax

Ajuonu (2022) . Analysed the impact of online taxes as accountability tool on Internally Generated Revenue of Abia State. The study *determined the relationship between online tax adoption and internally generated revenue, the study proxy online tax adoption using online direct tax assessment (ODTA) and online road taxes (ORT). The study adopted an ex post facto design and data were collected from the National Bureau of Statistics (NBS). Using Wilcoxon statistical test tool, the findings of the study indicate a positive and significant relationship between online direct tax assessment (ODTA), online road taxes (ORT) and internally generated revenue in Abia State Nigeria*

Nnubia et al (2020). Analysed the impact of the tax assessment on income generation in Nigeria. The assessment applied optional information gotten from federal inland revenue service charge report and CBN statistical delivery and quarterly economic report. This data were time arrangement data convered the time frame from first quarter 2012 to second quarter of 2018. The information gathered were broken down into ordinary least square method. The results show a hopeful gigantic effect of pre (before the starter of e -charge evaluation)organisation personal expense and value-added tax on income generation in Nigeria and an opposite irrelevant effect of post association yearly obligation pay were included appraisal pay income, age in Nigeria. after the presence of e-charge assessment at 5% degree of basic.

Oladele, Aribaba, and Adekunle (2020) used a quantitative study approach to investigate e-tax administration and tax compliance among corporate taxpayers in Nigeria, using on existing data from the Federal Inland Revenue Service. Data included tax revenue submitted seven years before and after the FIRS implemented e-tax administration in 2013. The data were analysed using descriptive statistics and a paired t-test to see whether there is a difference and/or a link between pre- and post-e-tax revenues. The study demonstrated a substantial relationship between the electronic tax system and tax compliance (tax revenue), as evidenced by the paired test (p-value of 0.012<0.05). In addition, there was a considerable difference in mean tax revenue between the pre-electronic tax period and the post-electronic tax period (4466828.5714>3051200.0000), as well as an average yearly fluctuation in overall tax revenue of N1.4 trillion. With these, the study confirmed a substantial link between electronic taxation and tax compliance

Eke and Alohan (2022) investigated the effects of e-taxation on tax administration in Nigeria. The study used primary data. The study's population included taxpayers, tax professionals, chartered accountants, and tax administrators from the Federal Inland Revenue Service's Benin and Auchi divisions. The study's sample size was 399, determined via stratified random sampling. Data were acquired using a standardised questionnaire. The variables were analysed using descriptive statistics, correlation analysis, and panel regression in SPSS 23. The results of the analyses showed that (1) e-taxation exhibits a negative impact (-0.032) on Ease of Paying Taxes and is not statistically significant (p=0.221) at the 5% level, meaning that e-taxation has not significantly made it easier to pay taxes in Nigeria; (2) e-taxation exhibits a negative impact (-0.129) on Processing time of Tax Returns and Assessment, and it is statistically significant (p= 0.013) at the 5% level, meaning that e-taxation has helped to achieve a 12.9% reduction.

Adefolake and Omodero (2022) paper examined the impact of tax income on Nigeria's economic development using time series data spanning the years 2000 through 2021. The study's particular purpose is to assess the impact of hydrocarbon taxes, corporate income taxes, and value-added taxes on Nigeria'seconomic development. The study makes use of secondary data sources, including the CBN statistics bulletin and the published Federal Inland Revenue Statement. The ex-post facto research design is applied in this study. The gathered data is analysed and evaluated for unit roots using the Augmented Dickey

Nkechi and Onuora (2018) Investigated the effect of internally generated revenue on infrastructural development of the South Eastern States in Nigeria. Secondary data were used for the study and they were obtained from budget estimate of each five states of the Eastern States of Imo ,Abia , Ebonyi , Enugu and Anambra state from the period of 2013 -2017. The study adopted descriptive statistics correlation and linear multiple regression for data analysis and interpretation. Findings from the study revealed that that is a significant positive relationship between IGR and infrastructural development in the south east States.

Peter and Ferdinand (2017)analyse the relationship between IGR and capital expenditure utilisation in Cross River State Nigeria from 2007 to 2015. Secondary data sought from Cross River State budget office of internal revenue service, ministry of finance were used for the study. Descriptive statistics were used to analyse the relationship between IGR and capital expenditure utilisation in Cross River State. Findings from the study indicate that increase in government expenditure without corresponding Revenue will widen the budget deficit, stating that Cross River State government should increase the size of its IGR in order to accommodate the capital expenditure of the State.

Nasir (2015) analyses executing electronic duty fillings and installment in Malaysia: The fundamental target was to call attention to the advantages of taking up a decent e -charge framework rather than a manual framework. The investigation utilised auxiliary information from Malaysia inland revenue report from 2004 to 2011 utilising pattern examination to feature the expansion in expense firms made since the inception of e-charge framework in 2004. For the initial 2 years , the quantity of citizen utilising the e-filing framework stayed far beneath desire at about 5% and expense specialist were all while handling difficulties presented by the new framework from disillusioning 4% to an encouraging 34% and 37% in 2012. Over a similar assessment forms expanded from 14.5% of 52GDP to 15.3% is likewise indicated, how consistence was expanded and less hour utilised in gathering charges whenever actualized well and utilised by most citizens advantages and expenses specialist this ensure a superior way of life for all.

Afuberoh and Okoye(2014) examined the influence of tax collection on income generation in Nigeria , regarding FCT and some named state in the nation. Utilizing a regression investigation, figured with the guide of SPSS form 17.0 . The agent applied on salary and essential Springs of information termination uncovered among others that destination has a noteworthy interest on income generation, its Impact on assessment has an important effect on gross domestic product.

3.0 Methodology

This study adopts ex-post facto design in examining the effect of informal sector electronic tax on internally generated revenue (IGR) in Abia state. This was adopted based on the fact that our data is secondary data that exists already which cannot be manipulated or controlled. Data for the study were collected from National Bureau of Statistics (NBS). Hence, the study was limited to Abia state Nigeria.

Wilcoxon statistical test tool was employed to examine the relationship which exists between online tax adoption and internally generated revenue in Abia State Nigeria.

Secondary data collected from national Bureau of Statistics of Nigeria and the figures are given in the table below:

Internally generated revenue at state level.

	PRE ONLINE TAX ADOPTION (2019)	**ROAD TAX (2019)**	MDA
1.	Direct Assessment (2019) ₦177,303,831.36	N130,613,394.51	
2.	Direct Assessment (2020) Q1 N85,519,703027	N96,089,570.00	
3.	Direct Assessment (2020) Q2 = N20,169.757.9	Road Tax 2020 Q2 N22,200,000.00	
4.	Grand Total 2020 N105,689,490.36	Grand Total 2020 N118,289,570.00	
5	**Post Digital Tax Administration**	**Post Digital Tax Administration 2021**	Post Digital Tax Administration 2021
5.	Direct Assessment 2021 Q1 = N81,640,899.59	Q1 = N130,298,465.84	Q1=681,306,632.68
6.	Direct Assessment 2021 Q2= N58,937,015.00	Road Tax Q2 = N102,928,885.00	MDA Q2=254,161,962
	Grand Total 2021 N140,577,914.59	Grand Total 2021 N233,227.350.84	Grand Total 2021 : 935468595.18

Source: National Bureau of Statistics internally generated revenue at state level H1, 2019, H1 2020, H2 2021
Q1= 1st Half of the year
Q2= 2nd Half of the year

3.1 Operationalization and Measurement of Variables

The dependent variable in this study is internally generated revenue (IGR) while the independent variable of informal sector electronic taxation was proxied using Electronic Direct Tax Assessment (EDTA) and Electronic Road Taxes (ERT).

4.0 Results and Discussion

Wilcoxon Statistical Test Tool was employed to test the linear relationship between the dependent and independent variables. It was operated using SPSS version 20 as shown in the table 4.1.1-4.1.2 below:

Table 4.1.1: Result on Effect informal sector e-Direct Tax Assessment (ODTA) on internally generated revenue in Abia State.

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The median of differences between IGR and ODTA equals 0.	Related-Samples Wilcoxon Signed Rank Test	.005	Reject the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

Source: SPSS Computational Result (2024).

Table 4.1.2: Result on Digital Road Taxes (ORT) on internally generated revenue in Abia State Nigeria

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The median of differences between IGR and ORT equals 0.	Related-Samples Wilcoxon Signed Rank Test	.017	Reject the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

Source: SPSS Computational Result (2024).

4.2: Discussion of Findings

The result of the analysis of the study using Wilcoxon test tool operated with SPSS version 20 is expressed as follows:

H_{01}: Informal sector Electronic **Direct Tax Assessment (DDTA) of informal sector does not have significant effect on** the internally generated revenue in Abia State. analysis as shown on Table 4.1.1, the result shows a median difference between digital direct tax assessment (DDTA) and business environment in Abia State. This implies that digital direct tax assessment has positive and significant impact on business environment. The Wilcoxon's test as shown on the table above shows a p-value of 0.005. This probability value is statistically significant at 1%

level. Hence, the null hypothesis was rejected as suggested by the decision rule shown in the Table and alternate hypothesis accepted which contends that the adoption of digital direct tax assessment (EDTA) have significant effect on the efficiency of internally generated revenue in Abia State.

This is in tandem and in agreement with the findings of Peter and Ferdinand (2017). That analysed the relationship between IGR and capital expenditure utilisation in Cross Rivers State Nigeria from 2007 to 2015. Found that increase in government expenditure without corresponding Revenue will widen the budget deficit stating that Cross River State government should increase the size of its IGR in order to accommodate the capital expenditure of the State.

H_{02}: Informal sector Electronic Road **Taxes of the informal sector does not have significant effect on internally generated revenue in Abia State. As can be** viewed by the analysis as shown on Table 4.1.2, the result shows a median difference between digital road taxes (DRT) and internally generated revenue implies that digital road taxes have positive and significant impact on internally generated revenue. The Wilcoxon's test as shown on the table above shows a p-value of 0.017. This probability value is statistically significant at 5% level. Hence, the null hypothesis was rejected as suggested by the decision rule shown in the Table and alternate hypothesis accepted which contends that the digital road taxes (DRT) have significant effect on the internally generated revenue in Abia State.

This is in consonance and aligns with the findings of Nkechi &Onuora (2018) Effect of IGR on infrastructural development of Eastern States, findings revealed that there's a significant positive relationship between IGR and the infrastructural development in South East Nigeria. Likewise, Lai (2008) found that tax collection has effect on Income alongside the former (print tickets) have impact on tax evasion, GDP and tax avoidance.

Contribution to knowledge

Previous studies on electronic taxation did not test it on Informal sector likewise internally generated revenue in Abia State. Here , electronic direct assessment, electronic road taxes were proxied in Abia State. Rather, the test on other variables like Custom duties, Value added tax, IGR on infrastructural development and economic development on other states in Nigeria. But this study, arises to fill the gap in literature and contribution to knowledge by adding to the body of the literature by using data collected from National Bureau of Statistics to test electronic tax of informal sector on internally generated revenue in Abia State . And this will be relevance to tax administrators, state governments that are having challenges on efficiency of tax administration. This will help strengthen the loopholes in revenue collection, cut down cost of print tickets , ensure accountability and at the same time made the government to be responsive to the citizens by creating infrastructural development and social amenities which will also make the taxpayers compliance to increase even as the harmonised e-tickets give the citizens right to access medical care with their tax identification numbers at the same time, it gives them the easier access to obtain loans for their businesses.

5.1 Conclusion

The study, having developed a model centered on electronic taxation (EDTA &DRT), discovered the correlation between electronic taxation in the informal sector and internally generated revenue in Abia State, Nigeria. Consequently, the study concludes the following recommendations based on its findings:
The research revealed a positive and significant link between electronic direct tax assessment and internally generated revenue, which not only enhances revenue generation compared to manual tax collection but also ensures that most taxes collected are remitted to the government. This shift towards electronic taxation can improve efficiency and transparency in tax administration, curb tax evasion, increase tax compliance, enhance the efficiency of internally generated revenue, and ultimately contribute to the development of infrastructure in the state. Moreover, it can positively impact the lives of those in the informal sector by providing incentives for prompt tax payment.
The government should take measures to ensure that road tax rates are perceived as manageable by taxpayers, minimizing the burden and encouraging compliance. By fulfilling promises of discounts and offering incentives such as accessing social services through the ABSIN platform, the government can maintain tax compliance and deter tax evasion in the long run. Additionally, taxpayers are more likely to fulfill their obligations when the tax burden is reasonable. Failure to provide adequate infrastructure and a conducive environment may lead to laxity in tax payments. It is recommended that individuals previously involved in informal revenue collection be integrated into digital ticket marketing or be empowered with skills to secure gainful employment. This proactive approach aims to prevent them from becoming a nuisance or posing a threat to the economic progress of the state.

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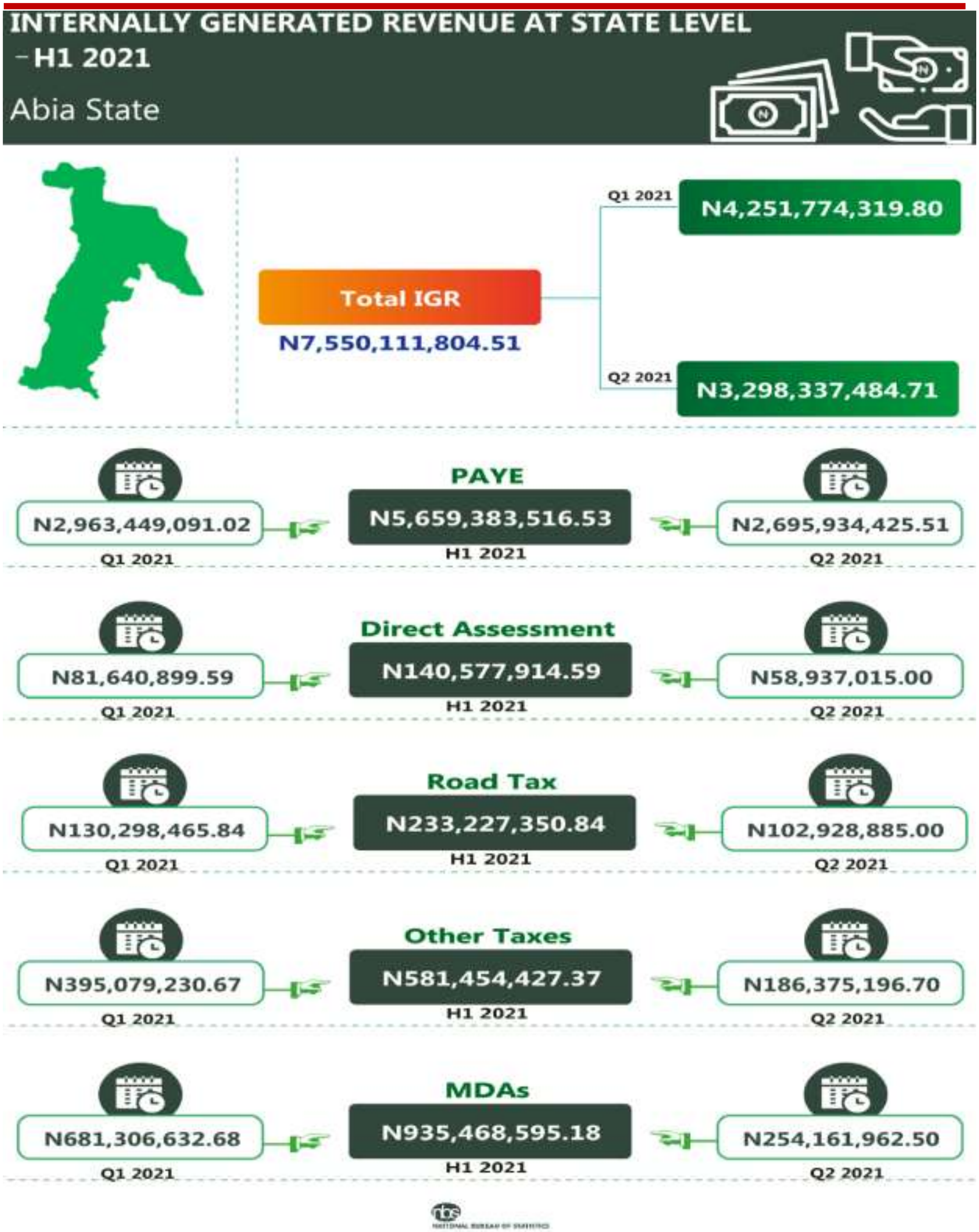
INTERNALLY GENERATED REVENUE AT STATE LEVEL
- H1 2021
Abia State
Total IGR
N7,550,111,804.51
Q1 2021
N4,251,774,319.80
Q2 2021
N3,298,337,484.71
PAYE
N2,963,449,091.02
Q1 2021
N5,659,383,516.53
H1 2021
N2,695,934,425.51
Q2 2021
Direct Assessment
N81,640,899.59
Q1 2021
N140,577,914.59
H1 2021
N58,937,015.00
Q2 2021
Road Tax
N130,298,465.84
Q1 2021
N233,227,350.84
H1 2021
N102,928,885.00
Q2 2021
Other Taxes
N395,079,230.67
Q1 2021
N581,454,427.37
H1 2021
N186,375,196.70
Q2 2021
MDAs
N681,306,632.68
Q1 2021
N935,468,595.18
H1 2021
N254,161,962.50
Q2 2021