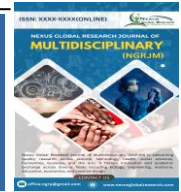




Nexus Global Research Journal of Multidisciplinary

Journal homepage: <https://nexusglobalresearch.com/journal/ngrijm/>



Research Article

AN EXAMINATION OF TAX PAYERS' INVOLVEMENT IN THE MANAGEMENT OF TAX REVENUE GENERATION UNDER THE COMPANIES INCOME TAX LAW IN NIGERIA

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ABSTRACT

Governments worldwide depend on taxation as a primary revenue source to finance public budgets. Nigeria implements diverse taxes including Petroleum Profit Tax, Companies Income Tax (CIT), Value Added Tax, Capital Gains Tax, and Personal Income Tax. Among these, CIT generates the highest government revenue after Petroleum Profit Tax. This study examines the extent of taxpayer involvement in managing CIT revenue generation under Nigerian law, with objectives to evaluate taxpayer engagement, identify strategies to enhance cooperation for improved revenue collection, diagnose implementation challenges, and propose recommendations to address existing gaps. The research analyzes statutory frameworks including the Companies Income Tax Act (Cap C21, LFN 2004), Finance Act 2020, Tax Administration (Self- Assessment) Regulation (2011), and the Federal Income Revenue Service Establishment Act (2007) among others. Findings indicate that while CIT effectively generates revenue, optimizing its potential requires addressing key challenges. Recommendations include involving taxpayers in policy formulation and review beyond implementation; implementing tax incentives; strengthening enforcement mechanisms; conducting regular audits of companies and administrators; minimizing multi-taxation burdens and tax evasion; and directing revenue toward infrastructural development to build taxpayer trust.

Keywords: Companies Income Tax Act (CITA), Revenue Generation, Taxpayer, Nigeria Tax Compliance, Corporate Tax Administration

INTRODUCTION

Companies Income Tax Act (hereinafter called the Act) is the principal legislation that governs the assessment, collection and accounting for Companies Income Tax in Nigeria.

It is the Act and other subsequent similar legislations that regulate the taxation of companies in Nigeria. They tax the profits of incorporated entities resident and non-resident that carry on businesses in Nigeria. The taxation companies is commonly referred to as corporate tax.

The Companies Income Tax is one of the taxes administered and collected by the Federal

Inland Revenue Service (FIRS). It is levied at 30% for big companies and 20% for small companies and companies whose turnover are less than N25 million that pay tax at the rate of 0%. The Companies Income Tax Act is the subject matter of this study with particular emphasis on the involvement of the taxpayers in revenue generation in Nigeria. Recent empirical analysis by Kontagora and Uthman (2021) corroborates the centrality of CIT revenue, revealing that Nigeria's tiered corporate tax structure (30%/20%/0%) directly influences fiscal outcomes. Historical trends in tax evolution (Kontagora, 2017) further contextualize CIT's dominance in Nigeria's post-1990 revenue landscape.

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DOI: 10.5281/zenodo.16839190

Received 29 July 2025; Accepted 29 July 2025; Available online 31 July 2025.

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2. Some Relevant Tax Legislations in Nigeria

Relevant tax legislations on this subject in Nigeria include:

a. Federal Inland Revenue Service (Establishment) Act

This Act provides for the establishment of the Federal Inland Revenue Service which is charged with powers of assessment, collection and accounting for revenues accruable to the government of the Federation and related matters.

b. Companies Income Tax Act.

The Company Income Tax Act (CITA) is the principal law that regulates the taxation of companies in Nigeria. It is being administrated by the federal government and states on behalf of the federal government.

It is a tax imposed on profits of companies from source. The rate of tax is 30% of total profit of a big companies and 20% for small companies. Some profits are exempted from tax provided they are not derived from trade or business activities carried out by cooperative society.

c. Personal Income Tax Act:

This Act provides for the imposition of tax on individuals, communities, families, executors and trustees, and for the assessment and collection and administration of the tax.

d. Petroleum Profit Tax Act.

An Act to impose a tax upon profits from the winning of Petroleum in Nigeria, to providing for the assessment and collection thereof and for the purpose connected therewith.

e. Deep Off Shore and Inland Basin Production Sharing Contracts Act.

This Act, the Deep Offshore and Inland Basin Production Sharing Contract (Amendment) Act 2019, introduced provisions for price-reflective royalties; 8 year periodic review of the Production Sharing Contracts ("PSCs) and penalties for non-compliance with the provisions of the Act. Kontagora and Okechukwu's (2019) diagnostic appraisal confirms that the 2019 amendments failed to address profit-shifting loopholes in Production Sharing Contracts.

f. Value Added Tax.

This is a consumption tax paid when goods are purchased and goods and services (produced within or imported into the country) are taxable except those specifically exempted by the Act.

g. Capital Gains Tax Act.

The Capital Gains Tax (CGT) Act, imposes a tax of 10% on the total amount of chargeable gains (after making such deductions as may be allowed in the computation of gains accruing to any person on the disposal of chargeable assets in a year of assessment.

h. Stamp Duties Tax Act.

This Act provides for the levying of stamp duties on certain subjects. Stamp Duties Act provides that an instrument executed in Nigeria or if executed elsewhere, relating to property in Nigeria, or any subject matter or thing to be done in Nigeria must be stamped in order to be admissible in evidence in civil proceedings in Nigeria. In respect of instruments executed outside Nigeria, the timeline for stamping is 30 days after the instrument is first received in Nigeria.

i. National Information Technology Development Agency Act.

This Act, the National Information Technology Development Act provides a mandate for the creation of framework for the planning, research, development, standardization, application, coordination, monitoring, evaluation and regulation of Information Technology practices, activities and systems in Nigeria.

j. Nigerian LNG Act.

The Liquefied Natural Gas Act exempted companies from paying taxes and levies as an incentive to the company's shareholders for 10 years or when the cumulative average sales price of the liquefied natural gas reaches \$3 pre/MMBTU as calculated in the First Schedule to the Act, whichever comes first.

k. Industrial Development Act.

This Act repealed and re-enacted, with major changes, the Industrial Development (Income Tax Relief) Act and to make provisions for tax relief for certain industries that may be issued with pioneer certificates by the Minister and other matters ancillary thereto.

l. Industrial Inspectorate Act.

This Act established the Industrial Inspectorate Division in the Federal Ministry of Industries for the purpose of investigating and following the undertaking of industries including investments and other related matters.

m. Investment and Securities Act.

This Act, among other things, provides for-(a) the establishment of Securities and Exchange Commission; (b) the repeal of the Investments and Securities Act 1999; (c) the enlarged powers and functions of the Commission over the capital market.

n. Insurance Act.

The efficacy of these statutes must be evaluated against Nigeria's National Tax Policy framework, which Kontagora (2020) identifies as critically fragmented for revenue optimization. Legislative gaps between 1990–2007(Kontagora, 2011) persist in contemporary enforcement challenges. This Act was enacted to make provisions for the application of different types of insurances in Nigeria, the penalties for not having insurance, and the regulations governing the process of obtaining insurance protection.

3. COMPANIES INCOME ACT C.21, LFN 2007

This is the principal Act on the taxation of Companies in Nigeria. It is meant to impose, assess, collect and account for taxes on the profits and gains of all limited liability companies in Nigeria except those meant for Petroleum Operations and those under the Industrial Development Act. The rate of Companies' Income Tax is 30% of taxable income for big companies and 20% for small companies.

Charge to Companies Tax

Companies Income Tax shall for each year of assessment be payable upon the profits of any company accruing in, derived from, brought into, or received in Nigeria in respect of:

1. Any trade or business
2. Rent or any premium
3. Dividends, Interest, Royalties, Discounts, Charges or Annuities,
4. Any other source of annual profits or gains not falling within the preceding categories,

5. Any amount deemed to be income under the provisions of the Act,
6. Fees, dues and allowances for services rendered,
7. Any amount of profits or gains arising from acquisition and disposal of short term money instruments like Federal Government securities, treasury bills, treasury or savings certificates, debenture certificates or bonds.

4. INVOLVEMENT OF TAX PAYERS IN REVENUE GENERATION

There are aspects of the Companies' Income Tax Act that deal with taxpayer's involvement in the implementation of the provisions of the Act. Here, taxpayers perform functions purely as directed by the relevant Tax Authority, as follows:

4.1 Payment of Minimum Tax:

The Act provides for the payment of minimum tax by any company in any year of assessment when its total profit results in a loss or where its total profits results in no tax payable at all or it is less than a minimum tax. This minimum tax should be paid in the following situations:

1. If the turnover is ₦500,000 or below and the business has been in business for at least four calendar years.
 - a. 0.5 percent of gross profit; or
 - b. 0.5 percent of net assets; or
 - c. 0.25 percent of paid up capital; or
 - d. 0.25 percent of the turnover of the company for the year, whichever is higher.
 - e. If the turnover is higher than ₦500,000, the rate shall be 50% of the rate used in the above.
- An amendment inserted a new paragraph, thus:

2. The minimum tax to be levied and paid shall be 0.5% of gross turnover of the company less franked investment income, provided that the applicable minimum tax is reduced to 0.25% for tax returns prepared and filed for any year of assessment falling due on any date between 1 January 2020 and December 2021, both days inclusive.

The Act further provides for exemptions as follows:

3. Companies in Agricultural business or trade;
4. Companies with at least 25 percent of imported equity capital;
5. Any company for the first four years of its commencement of business.

Companies are however not exempted from paying other taxes and levies from total profits specified under section 40, of this Act, payment of 3 kobo for every naira, a special levy of 15 percent on excess profit etc. However, the capital allowance of any year of assessment where minimum tax is payable, shall be computed in addition to unabsorbed allowances brought forward from previous years, and be deducted from the assessable profit of the year. If it cannot be completely deducted, it shall be carried forward to the next assessment year.

There is no doubt that this section provides for rural transformation. It is encouraging firms which ordinarily would not want to establish in rural areas to do so. By developing the rural areas, themselves through provision of water, electricity and tarred roads, these allowances are made available to them as a form of inducement by the government. These allowances become deductible from total profits before the imposition of companies'

income tax for the year. Capital allowance mechanisms examined by Kontagora (2019) intersect with rural development incentives, though compliance gaps undermine their revenue potential. This would subsequently reduce the tax payable for the year. Usually, businesses do not want to locate in the rural areas because of a lot of factors ranging from non-availability of infrastructural facilities, recreational facilities, and demand to available skilled work force. This is the only way the companies' Income Tax regulation is encouraging such location.

4.2 Liability to file Returns

Every company, for every year of assessment, upon a notice from the Board, shall file returns within a reasonable time specified in the notice, in a prescribed form, the income for the year of assessment, together with audited accounts, self-assessment form, tax computations and capital allowance. Filing of accounts is mandatory whether or not the company is liable to pay tax. Also, every company with a turnover of one million and above shall file self-assessment return within six months of its accounting period while those with turnover less than one million shall file self-assessment return from 1998 year of assessment.

4.3 Self-assessment of tax payable:

The self-assessment tax regime is a system of tax administration whereby the taxpayer is granted the right, by law to compute his own tax liability, pay the tax due (at the designated bank) and produce evidence of tax paid at the time of filing his tax return at the tax office, on due date. On the other hand, the tax authority has the responsibilities to check on the taxpayer

to ensure compliance with tax administration process and to ensure that the tax payer paid the correct tax. In other word, self-assessment tax regime is characterized by partnership and shared rules and responsibilities between the taxpayer and the tax authority.

1. To make payment easier
2. To test the honesty and integrity of taxpayers;
3. To build trust in the taxpayer;
4. To make tax administration friendly and more efficient, through;
 - a. Easing the process of tax payment;
 - b. Reducing the pressure on taxpayers by tax authorities;
 - c. Focusing more on supporting taxpayers to comply voluntarily;
 - d. Ensuring steady inflow of return to the government without waiting till when revenue Authorities reach every taxpayer.

The advantages of Self-assessment are as follows:

1. It helps taxpayers to manage their tax affairs and be fully accountable without being forced.
2. A tax return under self-assessment regime is deemed to be an assessment in its own right by law and therefore will be accepted subject to verification and completeness;
3. The system aims at promoting voluntary compliance by making it easy for taxpayer to pay tax;

4. Taxpayers under this regime are exempted from provisional tax payment

One would say however that self-assessment regime has not been too successful because of high level of illiteracy, and poor keeping of accounts. Kontagora's (2017) evaluation of

enforcement procedures identifies illiteracy and record-keeping as primary barriers to self-assessment efficacy.

The Act provides that companies filing returns under section 59 on self-assessment shall compute the tax payable by the company for the year of assessment and forward the tax returns with evidence of payment of tax into the designated Bank. Income tax assessment shall be done as long as transactions exist giving rise to such assessment and shall be made in the currency of the transaction.

The Act provides that companies filing returns under self-assessment shall compute the tax payable by the company for the year of assessment and forward the tax returns with evidence of payment of tax into the designated Bank. Income tax assessment shall be done as long as transactions exist giving rise to such assessment and shall be made in the currency of the transaction. An amendment with the first sentence which started as "Every company filing a return under section 52, 55 or 58 shall:

1. In the return, compute the tax payable by the company for the year of assessment; and
2. Forward with the tax return, evidence of payment of the tax due.

Where, by a deliberate and dishonest act, the returns filed fail to declare the true and correct amount of tax payable by the company, the company is immediately liable to pay any outstanding tax so identified and assessed.

3. The outstanding tax shall be subject to penalty and interest, in accordance with the provisions of this Act or any other relevant law, and the penalty and interest shall take effect from the date the incorrect return was filed.

5.4 RETURNS AND PROVISIONAL ACCOUNTS

Every company, including those granted exemption from incorporation and with or without notice from the service, must file self-assessment returns in a prescribed form to the service every year. This is mandatory whether or not the company is liable to pay tax. The returns shall be accompanied by the audited account, tax, capital allowance for the year and a statement in writing stating the profits from all sources for the year. A duly completed self-assessment form attested to by a Director of the Company or Secretary, shall contain a declaration of the truthfulness of the information provided. There shall also be an evidence of payment of tax due into a designated Bank. The time of filing returns shall be:

1. For a company in business for more than 18 months, not more than 6 months after the end of the accounting year. For instance, if accounting year ends on December 31, 2020, the return shall be filed not later than June 30, 2021.
2. For a newly incorporated Company, within 18 months from the date of incorporation or not later than 6 months after the end of its first accounting period, whichever is earlier. This return shall be signed by a director who must be the chairman or the managing director of the company and the secretary.

If any company fails to comply with this directive, it shall be liable to pay penalty for late filing thus:

1. ₦25,000 in the first month in which the failure occurs; and
2. ₦5000 for each subsequent month in which the failure occurs.

Where an offence of this section is committed by a company with the consent or connivance of a Director, Manager or Secretary or agent of the company, an offence is deemed to have been committed and shall on conviction be liable to a fine not exceeding ₦100,000 or imprisonment for a term not exceeding 2 years or to both.

For the effective implementation of the provisions of this section, companies are enjoined to appoint a designate or representative to answer every query relating to tax matters of the company, and such person shall be knowledgeable in the field taxation.

An amendment introduced a new section which reads:

1. Every company, including a company granted exemption from incorporation, shall, whether or not the company is liable to pay tax under the Act, maintain books or record of accounts, containing sufficient information or data of all transactions;
2. The books and records required to be maintained under section (1) shall be in English Language and shall, for the purpose of tax account, be consistent with the format that may be prescribed by the service;
3. Where a record of a company is maintained in a language, other than English language, the company shall on demand by the service, produce, at its own expense, a translation in English language which shall be certified by a sworn translator;

4. Any company that on request by the service, fails to provide any record or books prescribed under sub section (1)-(3) of the Act shall be liable to pay as penalty.

a. ₦100,000 in the first month in which the failure occurs; and

b. ₦50,000 for each subsequent month in which the failure continues

c. Where in the opinion of the service, a company fails or refuses to maintain books or records of accounts that are consistent with the provisions of subsections (1) (2) and (3) or adequate for the purposes of tax, the service may, by notice in writing, require it to maintain such records, and books of accounts as the service considers adequate, in such form and language as may be specified in the notice.

5. Any direction of the service made under this subsection shall be subject to objection and appeal in like manner as an assessment.

6. Any book or record required to be kept under this section shall be kept for a period of at least six years after the year of assessment in which the income relates.

5.5 Filing of returns for companies' in the capital market

The Act provides for the filing of returns by companies operating in the Nigerian Stock Exchange as a capital market operator. Such companies are to file returns not later than 7 days after the end of each calendar month to the Board or any other relevant tax authority in the prescribed form of its transaction of the previous month. Any such company which its transaction involves an offer in the primary market shall state in the return:

1. The type of offer;
2. The services rendered;
3. The amount of tax deducted at source;
4. The amount of value added tax payable;

For companies operating in the secondary market, they should state in their returns:

1. The number and value of transactions carried out during the relevant calendar month;
2. The commission received or paid;
3. The amount of tax deductible at source;
4. The amount of value added tax payable.

The Board is enjoined in this section to require from any company, through notice in writing, to deliver further returns in respect of any matter within a reasonable time.

5.6 Extension of Period of Making Returns

The Act empowers companies to apply for extension of time within which to submit their returns. They are to do that in writing, before the expiration of the time to submit returns, giving good reasons for its inability to submit returns at the stipulated time. If the Board is satisfied with the reason, it may in writing grant such request. Any company making such request shall make such application before the due date, show good cause for its inability to comply. This is one of the provisions that gives the taxpayer an opportunity to apply for some favors from the Tax Authority by way of providing reasons for an extension of time to submit returns. The Tax Authority would consider this request and it is within their prerogative to either accept or reject such request.

5.7 Call for returns, books, documents and information

The Federal Inland Revenue Services in an attempt to obtain full information on the profits of the company, may, by notice require a person to deliver any return specified or require the person to appear before an officer of the service for the examination of any matter relating to profit; produce for examination, books or documents or any other specified information; or give oral or in writing any other information including a name and address specified. The specified time in the notice should not be less than 7 days from the date of service of such notice except when an officer of the service not below Chief Inspector of Taxes acts in any of the cases without giving the required notices.

Any person that contravenes the provision of this section has committed an offence and is liable on conviction to a fine equivalent to the liability in addition to paying the tax due. This provision does not prevent the service from verifying the tax audit or investigation into any of the matter relating to returns, books, documents including those stored in the computer, digital and other media.

Any person who wishes to apply for extension of time to supply the information shall do so before the expiration of the stipulated time to supply the returns, show good reasons for his inability to do so. If the service is satisfied, it may in writing grant the extension of the time. When applying for this extension, in the case of the company, where the Chief Executive Officer dies within the period of filing, or incidence of fire or natural disaster within the period of filing; the company must provide verifiable evidence of the fire or natural disaster or of the death of the Chief Executive Officer.

Where an extension is not granted, any late filing shall be penalized.

5.8 Information to be delivered by the Bankers

People engaged in Banking and those in administration of Federal Savings Bank are by this section directed to prepare a return at the end of every month, specifying the names and addresses of new customers of the Bank and not later than the 7th day of the next month, deliver the return to the tax authority in the area the bank operates or to the Federal Board of Inland Revenue Service in case of a company. The Board by notice, may require any individual either in the Banking sector or administration of the Federal Savings Bank to provide information within a specified time including the names and addresses of any person specified in the notice. The information to be disclosed is only the one required by the notice and signed by the chairman of the Board.

This information delivered by Bankers has been given a wrong interpretation by the customers of the Bank. They perceive an additional tax if correct information is disclosed as such a form of tax avoidance comes into play. Customers reduce the amount of deposits they lodge daily into the Bank to reduce their chances of being included in the list supplied to the tax authority. The Act further provides that any return, statement or form supplied on behalf of any person shall be regarded as being submitted by the same owner of the account and any person that signs the document is regarded as being aware of the content. In other words, the signatory to the documents is expected to understand the issues raised in the documents

and be able to defend them. Anybody that signs such statement, if not the owner, is a representative of the owner and it is expected that the owner is aware of all that is written and signed on his behalf.

5.9 Books of Accounts

If any company that is charged to pay tax fails to keep books of accounts which are adequate, the Board may by notice direct it to keep such adequate accounts in the manner specified in the notice. This direction may be subject to objection and appeal in like manner as assessment except that any decision of the Appeal Commissioners in this shall be final. The Appeal Commissioners have the right to confirm or modify such directive. The reason for this section is to ensure that all taxpayers prepare their accounts in a prescribed way by the tax authorities for the purpose of adequate disclosure of realized income for tax purposes.

5.10 Revision of Assessment in Case of Objection

The Act provides that the first step in the resolution of any issue concerning the assessment raised by the Board on any taxpayer, as long as the taxpayer applies in writing to the Board within 30 days from the day the assessment was raised, including such items as reasons for the objection, etc. If the taxpayer is dissatisfied with the decision of the tax office, he may appeal directly to the Executive Chairman of the FIRS, and if not satisfied may apply to the Tax Appeal Tribunal and to the Federal High Court. An amendment is inserted after the word "writing" with the

words “Delivered in person by courier service, email or any other electronic means, as directed by the service in any notice issued pursuant to this Act or any other relevant laws”. If this objection is not raised within this specified period, S. 76 of the Act provides that such assessment becomes final and conclusive. This was stated by the court in *Aboud v Regional Tax Board* when it was stated as per Brett JSC that “the purpose of this present action is to dispute the amount of the appellant’s chargeable income, and since he has not exercised his statutory right of appeal, the consequence of section 55 is that the assessment made by the board is final and conclusive for all the purposes of the income tax law as regards that amount”. In other words, there is a window open for the taxpayer to exercise his freedom of expression on the assessment raised and if he fails to utilize it, the assessment raised by the Board becomes final and conclusive. An assessment is final and conclusive when the Tax Authority can no longer entertain any further objection to the assessment raised. The only option left to the company is to seek redress in a court of competent jurisdiction. Procedural complexities in objections mirror broader enforcement issues critiqued by Kontagora (2017), including bureaucratic delays in appeal resolutions.

5.11 Repayment of Tax

A tax refund (repayment) is a reimbursement to a taxpayer of any excess amount paid to the federal government or a state government. There are a number of reasons a taxpayer may get a refund of more than a trivial amount of

money (or owe more than a trivial amount to the government)

1. Where taxpayer made an error in filling out Internal Revenue Service (IRS) Form W-4, which is used to estimate the correct amount to be withheld for taxes from the employee’s pay cheque.
2. Where taxpayer has forgotten to update the form to reflect a change of circumstance, such as the birth of a child and therefore, an additional Child Tax Credit Allowance can be given.
3. Where taxpayer was eligible for refundable tax credits, which reduces the amount owed. Most tax credits are refundable.
4. Where a freelancer or self-employed person who has to file quarterly estimated taxes may over-pay before going through the laborious task of documenting deductible expenses.

The Act approves that a claim for repayment of tax shall be made in writing within 6 years after the year of assessment it relates. The Board shall give a certificate of the tax to be repaid, under the order of a Court of competent jurisdiction and on the receipt of such, the Accountant General shall make the repayment. The tax refund shall be made within 90 days of the decision of the service... with an option of setting off against future tax by the taxpayer. This tax regulation has been criticized as being too rigid and at variance with the needs of the taxpayers. By this regulation, any request made after 6 years from the year of assessment would not be tolerated. This is unfair to the taxpayer. When a taxpayer is owing tax for 10 years and over, the Tax Authority does not request for the repayment of only 6 years but the entire amount

including penalty and interest at the prevailing market rate. If the taxpayer is requested to pay entire amount of tax, then anytime he requests for refund, it should be made to him as long as he has evidential proof.

5.12 Tax to be Payable notwithstanding Proceedings for Penalties

The Act under this section provides that if there is an on-going prosecution or the imposition of a penalty or term of imprisonment, the company shall still pay its tax when it becomes due for payment. When there is a case before the court, every party in that case should maintain status quo ante until the resolution of the case. There seems to be no conflict about that. The reference here is the case in dispute (the year of assessment in dispute) and not for other assessment periods. This means that if there is a case before the court on the tax to be paid, the taxpayer is under obligation to pay the tax and at the end of the litigation if there is no need to pay the tax, there is always a room for the refund of tax paid. The Tax Appeal Tribunal in, *Nigerian Breweries Plc v Abia State Board of Internal Revenue* on this issue held that:

- i. Where an appeal is filed against an assessed tax liability, payment of penalty and interest on the assessed tax will abate until such appeal is determined, in accordance with section 68(2) of the Personal Income Tax Act (“PITA”).

Facts of the case: In *Nigerian Breweries*, a tax audit exercise was initiated and conducted for the years 2014-2015 on the business operations of the Company. After the conclusion of the exercise, ASBIR issued an assessment for

alleged outstanding tax liabilities; which included accrued penalties and interests for the stated period to the Company. The Company challenged the assessment on the following grounds:

- i. That the assessment did not consider statutory reliefs available to the company, such as interest on mortgages loans, pensions, and life insurance; and
- ii. That consolidated tax reliefs were not properly computed in the assessment

In its response, ASBIR called for further information and documents which the company provided. After this, a revised assessment on the business operations of the company for the period was issued. In arriving at the figure in the revised assessment, ASBIR subjected the gratuities that were paid by the company to its retired employees to tax. The revised assessment was further challenged by the company on the basis that gratuities are not taxable under the PITA. In spite of this objection, ASBIR refused to amend the revised assessment and issued a notice of the refusal to the Company. Aggrieved by this action, the company lodged an appeal at the Tax Appeal Tribunal seeking for orders to discharge the revised assessment and declare that gratuities are exempted from tax under the PITA. ASBIR replied by challenging the competence of the appeal and asked for a striking out order on the basis that Abia State Internal Revenue Service (ASIRS) is the juristic person with the capacity to sue and be sued under the laws of Abia State, and not ASBIR.

The Tax Appeal Tribunal held that the payment of penalty and interest accruing on an assessed tax liability should be in abeyance until the determination of the appeal within the meaning of section 68(2) of the PITA. This means that even if the Tax for the year of assessment would be paid, that of the interest and penalty should be suspended pending the determination of the case. It is the outcome of the case that would determine if the tax would be paid. This aligns with Kontagora's (2010) analysis of enforcement flaws, where suspended penalties during litigation create revenue uncertainty for states.

Conclusion

This study shows that while tax authorities enact the law and other policies and reviews, there are areas of involvement of taxpayers in revenue generation under the Company Income Tax in Nigeria, mostly at the implementation

level of the tax. These can be seen from the various activities already discussed in the following areas, thus, filing of returns, issue of refund, request for revision/revisit of assessment by the tax authorities in case of objection, keeping of books of accounts and other relevant company information, and self-assessment on tax payable.

We therefore recommend the involvement of the tax payers in form of companies, civil society organizations, communities, professional associations in tax enactments and reforming in order to strengthen the taxpayer's ability to pay and cooperation with the tax authorities and in order to hold the government to account for the taxes collected.

We are also of the opinion that generally, the involvement of taxpayers in tax policy and administration will encourage tax compliance, and increase in companies Income Tax Revenue generation in Nigeria.

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