Open Journal of Business and Management, 2021, 9, 2223-2239
https://www.scirp.org/journal/ojbm
ISSN Online: 2329-3292
ISSN Print: 2329-3284

The Nigerian Tax Policy on E-Commerce on Social Media: A Study of E-Informal Sector

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How to cite this paper: Panle, R. A., & Okpara, A. J. (2021). The Nigerian Tax Policy on E-Commerce on Social Media: A Study of E-Informal Sector. *Open Journal of Business and Management, 9,* 2223-2239.
https://doi.org/10.4236/ojbm.2021.95119

Received: July 16, 2021
Accepted: September 3, 2021
Published: September 6, 2021

Abstract

Currently e-commerce has developed to be a vital part of business activities and our daily lives. The effects of globalization and swift developments are experienced in information and technology level of e-commerce. Tax administrators in Nigeria are being confronted with myriads of challenges and difficulties adapting to the new information technology, "digitalization". They aimed at examining the effect of adoption of e-taxation on revenue generation in Nigeria on social media companies operating in Nigeria's Internet domain. The study adopted a causal research design. This is a design which explores the effect of one variable on another. The study revealed that an element of change in the standard regulations among the tax authority (FIRS) for about 5.221, will give way for benefits of revenue generation within social media companies operating in Nigeria's Internet domain, which explains that FIRS faces challenges on modalities of taxing online companies and they can do more by implementing policies in consonant with social media companies in Nigeria. The study concludes that the country's major challenge of e-commerce as it relates to its tax system has been that the laws governing direct taxes are at the moment inadequate and out of date; they are premised on the concept of permanent establishment as defined in the double tax treaties and recommend that efforts should be made to set up a tax intermediation body. This body ought to be relevant for the digital world, utilize Internet Service Providers (ISPs) as a responsible authority for the collection, calculation and payment of electronic tax.

Keywords

Tax, Policies, E-Commerce, Revenue, Social Media

1. Introduction

Unlike any other phenomenon, increasing social media has contributed to influencing the 21st century, which has unavoidably led to expressive changes in our everyday lives. Technologically, innovative progress has fashioned opportunities to bargain and provide internet-based services to customers around the world without having to create any type of physical presence in other nations (see Schön, 2018; Olbert & Spengel, 2019; Hidien, 2019: p. 268).

Currently, e-commerce has developed to be a vital part of business activities and our daily lives. The effects of globalization and swift developments are experienced in information and technology level of e-commerce. E-commerce offers businesses the platform to sell their goods and services with diverse methods around the globe, and admits to consumers to access goods and services easily.

All over the World, taxation has remained the major source of revenue through which governments finance their expenses and accomplished economic growth through the provision of suitable and appealing infrastructures. The tax system is an opportunity for government to collect additional revenue needed in discharging its tenacious obligations. A tax system stands as one of the most current means of mobilizing a nation's internal resources. It makes itself to producing an environment conducive to the advancement of economic growth. Tax is an enforced toll imposed on a subject or upon his property by the government to provide security, social amenities and create conditions for the economic well-being of the society (Maisiba & Atambo, 2016).

In Nigeria, taxation has been existing before the amalgamation in 1914 of the North and South protectorate to form the region now called Nigeria. Yet, its place has not been well efficient as it were in other states (Okoye & Ezejiofor, 2014). For example, while most countries both within and outside Africa categorize their revenues as tax-revenues and non-tax revenues, in Nigeria federally collected revenue is categorized under oil revenue and non-oil revenue. It is also disheartening to reveal that tax revenues have not contributed meaningfully toward the economic growth of Nigeria when compared with tax-to-GDP ratio of other African countries such as Cameroon, Senegal, Tunisia, and so on (Chijioke, Leonard, Bossco, & Amaefule, 2018).

Tax compliance is of paramount importance for the government to provide public goods and reallocate wealth (Jayawardane, 2016). For government to be able to provide public goods, Tax policy of e-commerce is an important issue for countries, businesses and consumers who want to be a party of e-commerce. The issues such as tax loss and tax evasion are critical in terms of countries. Difficulties like uncertainty and double taxation make parties of e-commerce reluctant and affect development of e-commerce negatively. In this study, the role of taxation problems on the development of e-commerce will be examined. We will aim to focus on how e-commerce can be developed with proper tax regulations.

Apart distinctively varied and promising as taxation is, underperformance of e-taxation (Abiola & Asiweh, 2012), deficiencies of tax administration system (Odusola, 2006), complex legislations and formal and informal sectors of Nigerian economy apathy to e-tax payment (Ojo & Oladipo, 2017), excruciating impact of multiple taxation etc. impair on the tax net. Particular impairment of taxes and taxation is as related to the construction industry sector of the economy. The constant challenge in this industry includes project clients frequently deducted multiple taxes (Ojo & Oladipo, 2017), in which withholding tax at 5% deductible from the entire contract sum instead of only on the required percentage of the materials accruing to the contracting companies. Also, (Onyeukwu, 2010) is the dearth of payable tax knowledge and understanding amongst many contracting companies in the construction industry supply chain.

Furthermore, the online tax administration solutions provide a more convenient and transparent tax processing and payment system. This is because taxes can be paid at any time of the day, any day of the week and from any location in the world, as long as there is access to the internet.

Despite the significance of taxation and several tax reforms such as tax education and online tax services, non-tax compliance is still a challenge (Nawawi & Salin, 2018; Nkundabanyanga et al., 2017; Musimenta et al., 2017; Terkper, 2003). This has led to an emergent interest by many researchers to find out why such tax non-compliance behaviours exist in e-commerce business activities (Nawawi & Salin, 2018; Nkundabanyanga et al., 2017; Musimenta et al., 2017; Ndekwa, 2014; Merima et al., 2013; Nkwe, 2013; McCoon, 2011). Nawawi and Salin (2018) noted that if there are no proper mechanisms put in place by the tax authorities to prevent tax evasion, there are higher chances that there will be non-tax compliance, especially within social media or online purchases. For example when shopping online, payments are made to individual accounts of business owners and not the online business account, this business if executed will not yield any dividend in tax to the government, rather only the individuals will be the sole beneficiaries of such business activities.

Tax administrators in Nigeria are being confronted with myriads of challenges and difficulties adapting to the new information technology, "digitalization". According to Ifere and Eko (2014), tax administrators in Nigeria are faced with the problems of manual computation resulting in inaccuracies and errors, perennial delay in tax assessments, loss of tax revenue generation due to inadequate taxpayers database, and non-tax compliance.

Similarly, Sunday et al. (2017) documented that the challenges of manual computations and filing of forms in Nigeria among taxpayers are quite disturbing. The challenges of poor tax revenue in Nigeria include: reliance on manual computation, with the associated inevitable errors and delay in form filing, lack of comprehensive taxpayers database leading to poor tax compliance, increasing tax evasions, ineffective tax assessment and returns, high level of professional incompetence and unskilled tax administrators, huge reported unethical sharp practices and corruptions cases (Ojo & Oluwatayo, 2016).

Ineffective tax assessment and syndromic perceptions that tax administrators do not remit tax collections is greatly affecting tax revenue generation in Nigeria (Ganyam et al., 2019). The studies that exist in Nigeria focused largely on tax and their impact on economic growth and/or economic development. Consequently, there was need to fill this gap; information technology of the Nigerian tax administrative system. Unfortunately, there were evident challenges: inadequate staffing, incompetent professionals, huge corruption profile and inefficient trained managers to control its administrative activities and the case of putting round hole in square pegs (Abogan et al., 2014; Olaoye & Aguguom, 2018). Based on the review so far, the need for effective e-commerce tax assessment becomes imminent, as the Nigerian tax administration is burdened with the following lots of administrative challenges ranging from poor documentation of the information about the taxpayers and their economic activities; inadequate tax laws and legislative capacity (sovereignty) to determine taxpayers obligations holistically; and the presence of low administrative capacity (feasibility) for the efficient application of the legislation and e-commence tax evasion (Ganyam et al., 2019). While, Abdullahi (2012) documented that with information technology desperately needed to drive information technology, adequate skilled personnel who will drive the technology is imperative, high need of enabling laws to synchronize and consolidate with other nations' trade relations as it affects taxation. Also, Ojo & Oluwatayo, 2016 posited that high level of tax illiteracy, low level of educational qualification of some tax officials, are some of the problems of effective tax assessment, that there has been an endemic high level of corruption and lack of patriotic attitudinal disposition by the tax administrators. Beyond this, there are gaps existing between the knowledge of information technology required for information technology in tax administration to make the expected impact on e-commence tax administration in Nigeria.

Though some literatures do exist in e-commence and effective tax assessment, however, there are few of them that had focused on the effect of information technology on effective tax assessment in Nigeria. In addressing this gap and extending the frontiers, in the emerging literature in Nigeria, this study sought to investigate the effect of e-commence taxation and Nigeria tax policy.

2. Literature Review

2.1. E-Taxation

E-taxation is the process of assessing, collecting and administering the taxation process through an electronic media. In the words of Che-Azmi and Kamarulzaman (2014), E-taxation is one of the ways through which governments around the world utilize information and communication technologies to improve the delivery of public services and the dissemination of public administration information to the public. Wasao (2014) describes electronic tax system as an online platform whereby the taxpayer is able to access through internet all the services offered by a financial authority such as the registration for a personal identification number, filing of returns and application for compliance certificate, a perfect example of such system is the Electronic taxation system that was rolled out by FIRS in Nigeria.

According to Australian National Audit Office (2015) e-taxation was first introduced in 1986 in the U.S.A.

In Australia electronic tax-filling was introduced in 1987 through its modernization programme. By 1993, Canadian taxpayers commenced electronic filling of tax returns through the E-fills, Malaysia, Netherlands & Uganda all introduced electronic payment of tax to their taxpayers for the commences of both the revenue authorities and taxpayers in 2009. In March 2013, Egypt launched electronic payment of tax for its taxpayers, to keep pace with the international trades towards automated payments systems, especially for government services.

Nigeria joined the trend in 2015 when Federal Inland Revenue Service (FIRS) in collaboration with Inter-bank settlement System (NIBSS) implemented the technology in the Nigeria tax system (Okunowo, 2015). Electronic tax system was introduced by Nigeria Tax Authority to increase financial collection, administration, render services to the tax payers all the time from anywhere, reduce costs of compliance and improve tax compliance. It is rapidly replacing paper-based tax reporting systems. Promising many advantages over the traditional method of hard copy tax filing, these systems promise faster process, lower costs and increased efficiency. FIRS have a centralized Information Communication Technology (ICT) department that provides support services in terms of electronic systems to the entire organization all these to try and achieve its goals for achieving increased revenue collection and facilitating voluntary compliance by taxpayers.

2.2. Revenue

The concept of revenue is described by various scholars. The Longman dictionary of contemporary English cited in Edogbanya and Ja'afaru (2013) defined revenue as money that a business or an organization receives over a period of time especially from selling goods or services. It also described revenue as money that government received from tax. Buhari (2001), defined revenue as the total annual income of the state collected for public use. It further described it as income, derived from taxation. Odusola (2006) described revenue as the total income generated from federal, state and local government. Fayemi (1991) defined revenue as all tools of income to government such as taxes, rates, fees, fines, duties, penalties, rents, dues, proceeds and other receipt of government to which the legislature has the power of appropriation. He further classified government revenue into two kinds: recurrent revenue and capital revenue. According to Edogbanya and Ja'afaru (2013), revenue is defined as the funds generated by the government to finance its activities. In other words, revenue is the total fund generated by government (Federal, state, local government) to meet their expenditure for a fiscal year. This refers also to the grand total of money of income received from the source of which expenses are incurred.

2.3. Company Income Tax (CIT) and Value Added Tax (VAT)

Companies' Income Tax is a compulsory levy by government on the profits made by the registered companies. This type of tax is a sub-set of direct taxes because the incidence of payment and burden of the companies' income tax are borne by the companies and not transferable to third parties. The relevant tax authority charged with responsibility of assessing and collection of companies' income tax among others is the federal Inland Revenue service (FIRS) under the supervision of a board called Federal Board of Inland Revenue (FBIR). It deals with the taxation of all limited liability companies in Nigeria with the exception of those engaged in petroleum operations (Naomi & Sule, 2015).

The adoption of VAT was an important landmark in tax reforms in Nigeria. VAT is a form of consumption tax on all business profits and labour. It is levied on the value-added to the product at each stage of the production and distribution cycle as well as the price paid by the final consumer. In Nigeria, VAT came into operation in 1994 through the VAT Act, No. 106 of 1993. According to Adereti, Sanni, & Adesina (2011), it was introduced by the federal government of Nigeria to replace Sales tax. The aim was to increase the revenue base of government and make funds available for development purposes that will accelerate economic growth.

2.4. Theoretical Underpinning

The study will adopt the following theories

1) Theory of digital diffusion
2) Technology Acceptance Model (TAM)
3) Resource Based View

Theory of digital diffusion

Innovation theory was developed by a sociologist Everett Rogers in 1962 in the first edition of a publication "Diffusion of Innovations" in 1962. The theory of digital diffusion is based on the notion that adoption of an innovation involves the spontaneous or planned spread of new ideas. It involves the application of new idea, practice or object that is perceived as new in (Rogers, 1995). The theory stressed that it is the perception of change that is important, if the idea seems new to the potential adopter then it should be considered to be an innovation. The theory approached innovation diffusion by considering a variety of case studies on some topics including controlling scurvy in the British Navy, diffusion of hybrid corn in Iowa, diffusion of new news, bottle feeding a babies in the third world, how the refrigerator got its hum, Xerox Parc and Apple computers, digital economy, black music in white America and the possible information technology of administrations and products (Thomas, 2014). The philosophy of this theory is associated with the independent variable of this study, hence considered appropriate and relevant to the study as the theory contented that a technological innovation embodies information and its adoption acts to reduce complexities as applicable tax related issues in Nigeria.

Technology Acceptance Model (TAM)

In 1989, Davis presented the technology acceptance model to explain the intent of the behaviour of the user with the ability to use innovative technology. TAM was based on the theory of reasoned action (TRA), a psychological theory that attempted to explain the behaviour and involves two primary predictors: perceived ease of use and perceived usefulness and the dependent variable behavioural intention, which TRA assumed to be closely linked to actual behaviour. The goal of TAM was to provide an explanation of the determinants of computer acceptance that in general is capable of explaining user behaviour across a broad range of end-user computing technologies. The major determinants are defined as perceived usefulness and perceived ease of use. Perceived usefulness was the level that people believe using a particular system would enhance his or her performance, and perceived ease of use is the level that people believe using a particular system would be free of effort. Obviously, this study is related to this work on this basis that companies respond to E-tax payment differently on the basis of perceived usefulness and perceived ease of use. It can therefore be argued that when companies perceived that payment of tax electronically is easy, convenient and very useful, they tend to embrace the innovativeness.

Resource Based View Theory (RBV)

Resource Based View Theory (RBV) was propounded by Barney (1991). It holds that the success of a firm or Government is based on the resources and capabilities it holds in control which may become a source of competitive advantage. It means key strategic and organizational routine used by the government to alter their resource bases to generate new value-creating strategies. This theory is related to this study on the premises that E-taxation is one of the government polices introduced by Federal Inland Revenue Services (FIRS) in Nigeria to ease the payment of tax by companies and improve revenue generation by the government. An organization adopting E-payments would adequately improve the revenue collection for the country.

2.5. Effect of E-Taxation on Revenue Generation

In Nigeria, Okoye and Ezejiofor (2014) examined the impact of e-taxation on revenue generation in Enugu. Data collected through primary and secondary sources were analyzed by means and standard deviation and Z-test statistical tool. Findings show that E-taxation can enhance internally generated revenue and reduce the issue of tax evasion in Enugu state. Another finding is that E-taxation can prevent corrupt practices of tax officials. A similar finding was recorded by Efunboade (2014), where he Taxpayer Identification Number, TIN, Factual Accurate Complete Timely, Project FACT, Integrated System of Tax Administration, ITAS and emerging global infrastructures could make it increasingly possible for eligible taxpayers to pay tax online anywhere and anytime.

Another study was conducted by Chijioke, Leonard, Bossco and Amaefule (2018) to examine the impact of E-Taxation on Nigeria's revenue and economic growth. Statistical and Economic Reports on quarterly basis from second quarter 2013 to fourth quarter 2016. The data were divided into two: pre-e-tax period and post e-tax period. Findings from the study revealed that the implementation of electronic taxation has not improved tax revenue, federally collected revenue and tax-to-GDP ratio in Nigeria.

Also, Bayrakdar et al. (2015) investigated the most effective barriers that e-commerce faced. The study found that the rate of regulations in the field of taxation and privacy was 8%. Even though 36% of businesses argued that effects of taxation barriers are strong, 4% of businesses claimed that taxation is not a barrier to development of e-commerce. The study concluded that the taxes with the most negative effect on the development of e-commerce are foreign taxes, local or state sales and consumption taxes. Prior studies have attributed these anomalies to lack of efficient information technology and competent tax administrators. This study became imperative at this time and period as Nigeria is striving to catch up with the rest of the world in digitalization of tax system and tax administration, much more in the ways of improving tax revenue generation through best practices in tax administration for the government.

Arinze et al. (2018) sought to ascertain whether or not e-commerce business segment should be taxed. Secondary data which were obtained through archival documents, electronic books and journal publications, online research publications by authoritative research firms and textbooks on law and taxation studies were the major source of information employed for the empirical work the study found that E-commerce poses a lot of questions to tax administrators and governments on how to protect their revenue base, at one extreme, it is contended that e-commerce should in some sense be allowed to take place in a tax-free environment. The study found that neither of these views proves acceptable to governments as the first would lead to governments being unable to meet the legitimate demands of their citizens for public services and induce tax distortions in trade patterns, while the second approach could obstruct the development of e-commerce and lead to the technology being driven by taxation. After observing that the Nigerian tax system had witnessed various policy changes such as the introduction of the Treasury Single Account, the 2017 National Tax Policy, Bank Verification Number, the Taxpayer's Identification Number (TIN), which posed as a gap based on the review, the automated tax system and e-payment system procedures all geared at a more effective and efficient system of tax administration. The study will contribute to tax agencies of Nigeria and states in making sure that the tax administration at the other extreme, some speculate that new taxes should be specifically designed to tax e-commerce.

Effiong (2019) examined the Nigeria Tax System. The study suggested strategies that would enable the nation benefit from the phenomena of globalization and technological advancement through electronic commerce taxation. In view of the audit up until now, the requirement for successful expense appraisal becomes inescapable, as the Nigerian duty organization is troubled with the accompanying bunches of managerial difficulties going from helpless documentation of the data about the citizens and their monetary exercises; lacking assessment laws and administrative limit (sway) to decide citizens, e-taxation, which necessitated the study. However, the study came to bridge the gap

Objectives of the Study

Basically, the main objective of this study is to examine the effect of adoption of E-taxation on revenue generation in Nigeria. Specifically, the study will focus on the following:

1) To assess the effect of E-taxation on online companies operating on social media in Nigeria.

2) To assess the challenges E-taxation on online companies operating on social media in Nigeria.

Research Hypotheses

The following hypotheses are formulated for this study:

$H0_1$: E-taxation does not have significant effect on online Companies operating on social media in Nigeria.

$H0_2$: Challenges of e-taxation does not have significant influence on online Companies operating on social media in Nigeria.

3. Methodology

The study adopted a causal research design, in Table 1, which shows the Granger causality test. Granger causality is a statistical concept of causality that is based on prediction. According to Granger causality, if a signal X1 "Granger-causes" (or "G-causes") a signal X2, then past values of X1 should contain information that helps predict X2 above and beyond the information contained in past values of X2 alone. Its mathematical formulation is based on linear regression modeling of stochastic processes. This design explores the effect of one variable on another and assesses the effect of e-taxation on companies operating on social media, as indicated in Table 1 below:

Population cluster for the study was presented in Table 2 the number of questionnaire distributed to each cluster with FIRS −20, Bank −30 and Students 80, with grand total of 130 questionnaires.

Quasi-experimental research design was adopted. The primary source data was collected through structured questionnaires on a five (5) likert scale methods, which was distributed among FIRS, banks and tertiary institution. Secondary data was adopted for the study and uses to collate from the Federal Inland Revenue

Table 1. Granger causality test table.

Hypothesis	F Statistics (Marginal Significance Value)	Direction
E-taxation does not Granger cause COSOM	2.46 [0.08]	E-Tax → COSM
Challenges does not Granger cause COSOM	4.76 [0.30]	C-Tax → COSM

Source: Research 2021.

Table 2. Population of the study.

S/N	Population Cluster	No of questionnaire
1.	FIRS	20
2.	Bank	30
3.	Students	80
	Total	130

Source: Research 2021.

Services (FIRS). To determine the sample size, the study adopted the Cochran formula (Cochran, 1977), $n = oz^2pq/e^2$. Here, n represent the sample size, zo represents the selected critical value of desired confidence level, $q = 1 - p$ and lastly e is the desired level of precision. Thereafter, the study arrived at the estimated sample size of 130. The participants were selected using purposive sampling technique. The study period was on quarterly bases and the period for pre-e-taxation covered 13 quarters, spanning from the first quarter of 2017 to the first of 2020 while the period for post e-taxation covered 13 quarters, spanning from the second quarter of 2017 to the second quarter of 2019. Correlation coefficient and regression statistical tools were the tools of analysis given. The questionnaire was designed to target FIRS on e-taxation, bank for e-taxation transaction and students for online transactional activities.

4. Result

4.1. Data Presentation

Out of 130 copies of questionnaire distributed to various respondents in the GTB, First bank, UBA and University, 114 were responded to and retrieved while 16 were not responded to and therefore not retrieved. This represents about 87% response rate and was used for analysis. The effect of the lost data 16 (13%) is insignificant and therefore does not affect the result of the study.

4.2. Background Information of Respondents

Background Information of Respondents was presented in Table 3 the table reveled, a total of 114 questionnaires were returned from the sampled respondents, 57 (50%) of the respondents are male while the remaining 57 (50%) are female respondents. 21 (18.4%) are within 20 - 29 years' age bracket, 70 (61.4%) are within 30 - 34 years age bracket and 23 (20.2%) are within 35 - 50 years age bracket. 56 (49.1%) are married while 58 (50.1%) are single, 8 (7%) have SSCE, 46 (40.4%) have NCE/OND certificate while 60 (52.6%) have HND/Degree.

The demographic profile of the respondents is interpreted in Table 3.

4.3. Interpretation of Hypothesis One

A model summary of hypothesis one with predictors as the effects of E-Taxation and social media as the dependent variables, was presented in Table 4.

Table 3. Socio-economic attributes of respondents.

Attributes	Frequency	Percentage
Sex		
Male	57	50
Female	57	50
Total	114	100
Age		
20 - 29	21	18.4
30 - 34	70	61.4
35 - 50	23	20.2
Total	114	100
Marital Status		
Married	56	49.1
Single	58	50.9
Total	114	100
Level of Education		
SSCE	8	7.0
OND/NCE	46	40.4
HND/Degree	60	52.6
Total	**114**	**100**

Source: Field Survey, 2021.

Table 4. Model summary for hypothesis one.

Model	R	Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.721a	0.677	0.525	854,841,264.64	2.51

Source: SPSS version 25 output. [a]Predictors: (Constant). Effects of E-taxation. [b]Dependent Variable: Social media.

Analysis

R Square elucidates the connection between variables used in the study. As revealed in the model summary, the connection or relationship between the effects of E-taxation and social media in Nigeria, is about 67%. R being the determinant of correlation explains the extent to which the independent variables could explain the dependent variable. R square as shown in model summary is about 72%, this implies that the independent variable can predict dependent variable up to 72%. This simply means that the ability to get tax via social media is about 72% from the side of the FIRS, also that if the tax authorities can implement their policy up to 72%, they will generate much tax through social media companies operating in Nigeria domain.

This study revealed that a unit of change in the normal way things are done among the tax authority (FIRS) for about 5.151, will generate more revenue through Social Media Companies operating in Nigeria Internet domain. The study showed that FIRS are not bordered about social media companies operating on Nigeria Internet domain, however since the policies are there for checkmating their activities, the drawback can be seen in effectiveness.

Decision

Based on the decision, from the Coefficients for Hypothesis One which was shown in Table 5, since *p* value (0.000 < 0.05), the study reject the null hypothesis and conclude that E-taxation have significant effect on online Companies operating on social media in Nigeria.

Analysis

The summary of the hypothesis two test was presented in Table 6 which explains the value of the correlation and R Square. The correlation value shows that the challenges of the E-taxation and the social media companies. The value of R.0.774 which is 77.4 shows that there is strong relationship between independent and dependent variables. The value of the coefficient of the determinant R square 0.600, which is 60% indicates that there are tax evasion among social media companies operating in Nigeria internet domain, which stand at 60%.

This study revealed that an element of change in the standard regulations among the tax authority (FIRS) for about 5.221, will give way for benefits of revenue generation within social media companies operating in Nigeria Internet domain. The study showed that FIRS faces challenges on how or modalities of taxing online companies and they can do more by implementing policies in consonant with social media companies in Nigeria.

4.4. Interpretation of Hypothesis Two

Decision

Based on the decision, from the Coefficients for Hypothesis two shown in Table 7, since *p* value (0.000 < 0.05), the study rejects the null hypothesis and conclude

Table 5. Coefficients for hypothesis one.

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig
	B	Std. Error	Beta		
1 (Constant)	541,416,329	41,023,109		2.210	0.000
Effects of E-taxation	5.151	4.210	0.761	4.12	0.000

Source: SPSS version 25 output. [a]Dependent Variables: Social Media.

Table 6. Model summary for hypothesis two.

Model	R	Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.774a	0.600	0.597	0.521	2.41

Source: SPSS version 25 output. [c]Predictors: (Constant). Challenges of E-taxation. [d]Dependent Variable: Social media.

Table 7. Coefficients for hypothesis two.

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig
	B	Std. Error	Beta		
1 (Constant)	1.108	0.074		8.410	0.000[b]
Effects of E-taxation	5.221	4.210	0.561	4.22	0.000 [b]

Source: SPSS version 25 output. [b]Dependent Variables: Social Media.

Table 8. ANOVA.

Model	Sum of Squares	DF	Mean Square	F	Sig
Regression	137.171	2	69.4353	228.432	0.000[b]
Residual	91.599	205	0.301		
Total	228.769	207			

Source: SPSS version 25 output.

that challenges of etaxation have a significant effect on online companies operating on social media in Nigeria.

However, Table 8 shows the result of the F-test with a value of 228.432 and the p-value of 0.000. This shows that there is a strong linear dependency that exist between variables, since the p-value is less than 0.05. Which indicates that regression model is good fit for determining the effects of e-taxation on online companies operating in Nigeria social media. It further expounded the fact that issues of e-taxation lies with the implementation of the policies which is the framework for assessment of the revenues generation.

5. Discussions of Result

It was revealed that there is a positive relationship between the variables used in the study, when put in a differently, this means that e-tax payment has a positive effect on companies operating on social media in Nigeria. However, this discovery corroborated the findings of Chijioke, Leonard, Bossco, and Amaefule (2018). They submitted that the introduction of e-tax payment has not improved revenue generation among online companies in Nigeria, rather the policies guiding the activities of these online companies. Also, studies like Okoye and Ezejiofor (2014), Githinji, Mwaniki, Kirwa and Mutongwa (2014) and Ndayisenga and Shukla (2016) negate the outcome of this study that e-tax payment has a positive insignificant effect online social media companies operating in Nigeria. This might be due to low awareness by the tax payers of how to pay tax electronically and website quality of the Federal Inland Revenue Services (FIRS). This outcome disagreed with the findings of Teltscher (2002), Chege, Kiragu, Lagat and Muthoni (2015) and Maisiba and Atambo (2016).

6. Conclusion and Recommendations

Currently, e-commerce has been the new normal in our society, where technology has elevated the level of e-commerce activities globally. This study has examined Nigeria Tax policies on e-commerce on social media (study of informal sector), the development of internet taxation as well as some of the issues concerning the domestic Internet taxation particularly on Nigeria. The study observed that the taxation of e-commerce has become a crucial issue for nations, businesses and consumers that engage in e-commerce. The issues such as tax loss and tax evasion are crucial. They tend to make parties of e-commerce cynical and move the development of e-commerce negatively. As is the case with many other developing nations, Nigeria is gradually embracing e-commerce. However, the country's major challenge of e-commerce as it relates to its tax system has been that the laws that govern direct taxes are at the moment inadequate and out of date; they are premised on the concept of permanent establishment as defined in the double tax treaties.

Based on the foregoing revelations, this study recommends as follows for the countries involved in e-commerce taxation:

1) There should be Public-Private-Partnerships between government and firms in developing the infrastructures required for improving the current level and depth of Internet and telephone usage.

2) There should be consumer education in order to improve awareness on the benefits of e-commerce transactions.

3) Efforts should be made to set up a tax intermediation body. This body ought to be relevant for the digital world, utilize Internet Service Providers (ISPs) as a responsible authority for the collection, calculation and payment of electronic tax. This is expected to put in place a uniform and fair system, which will reduce the burden imposed on retailers as well as preserve the sovereignty of the countries in case of cross-border e-commerce transactions.

4) In line with the findings of this study, it was therefore recommended that the Federal government through Federal Inland Revenue Services (FIRS) should work out modalities on how to checkmate the activities of the online companies operating in Nigeria.

5) Federal Inland Revenue Services must ensure that their website is of good quality and accessible to all and sundry and that there should be a collaborative work between the government, Federal Inland Revenue Services and taxpayers in Nigeria. This will reveal the shortcomings besetting the effectiveness of the system and improve the revenue pool of the government.

Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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