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Tax Revenue Generation by Nigerian States: An Empirical Study of Self-Assessment and Tax-Collection Contracting Systems in Kwara State

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Abstract

Taxation as a source of revenue is very important to both the government and taxpayers. Self-assessment system requires taxpayers to compute tax liabilities and file tax returns themselves. Prior to 2011, tax collection was contracted to tax consultants and despite availability of taxable sources, states still rely heavily on federal government revenue allocation. This study investigates the effects of self-assessment tax system and tax professionals' services on revenue generation by state governments in Nigeria. The study was a survey and data were generated through the administration of questionnaires to 80 members of staff of Kwara State Board of Internal Revenue. Both descriptive and inferential statistics were employed for analysis in the study. The analysis reveals that self-assessment system has a significant positive impact on revenue generation, while tax professionals' services did not have positive impact on revenue generation. It was recommended that the government should improve on the implementation of the self-assessment system and embark on adequate taxpayer education and public enlightenment on tax-related matters.

***Keywords**: Self-Assessment, Revenue Generation, Tax Compliance*

1. Introduction

The imposition and collection of taxes is simply one of the fundamental policy instruments used to achieve governmental, social and economic goals. Ezeagba (2014) opined that taxation is a useful tool for generating revenue for government for the prosecution of various programmes of expenditure that is directed towards raising the living standard of the citizens. Thus, taxation emerges as one of the most effective domestic tools that governments have direct control over to develop the resources needed to meet their social, economic and political goals, being the most reliable source of government revenue (Kasum, Akiniyi & Ibrahim, 2005). Self-assessment tax system requires taxpayers to compute their tax liabilities, file and make payment concurrently on or before the due dates. This should be done appropriately and within the prescribed time frames; if not, the tax administration takes appropriate enforcement action, including applying the penalties provided for in the law. In other words, there is the need for tax payers to have sufficient tax knowledge in order to assess their tax liability correctly and to promptly file tax return forms. A proper understanding of the system of self-assessment will increase tax payers' ability for voluntary compliance. Prior to the introduction of self-assessment in Nigeria, income tax was assessed under the administrative assessment system, where the onus was on the tax administration to examine tax returns and financial statements, calculate the amount of tax payable, and notify the taxpayers of the tax liability. After self-assessment was introduced in 1992, it was not mandatory for the taxpayer to compute his own tax liability and file tax returns. Self-assessment system was not fully implemented and made mandatory until after the FIRS made some necessary modification to the processes and procedures involved, on December 19, 2011 (FIRS, 2012). Self-assessment system is a system that is

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complete with a continuum of activities from taxpayers' enablement, filing of tax returns, payments, tax-returns processing and payment/debt management compliance/enforcement (Malik, 2010). Self-assessment applies to employees, self-employed, limited liability companies, including oil and gas companies including agents/taxable persons.

According to Omoigui-Okauru (2012), most states of the Federation are often considered poor in the areas of internally generated revenue because most of them do not have a comprehensive data on who to pay tax or the key economic activities that can generate tax income. As of December 2013, the total revenue of Kwara state stood at 108.2 billion naira; the internally generated revenue stood at 12.1 billion naira, while the statutory allocation from the Federation Account stood at 35.0 billion naira (CBN, 2013). The percentage of internally generated revenue to the total revenue for the period stood at 11.2%. The internally generated revenue of the state is far lower than what it should be. Development is highly associated with funds; a lot of revenue is needed for more developmental projects, such as construction of accessible roads, building of public schools, poverty alleviation, health care centers and maintenance of existing infrastructures.

Kwara State, created in May 1967 as one of the first of 12 states to replace the nation's four regions, has 16 Local Government Areas. Just like every other state, the state relies heavily on the Federal Government revenue allocation, despite the availability of taxable resources (Abdulkareem, 2005). It is quite regrettable that State governments generally are not able to provide adequate facilities, such as good roads, regular supply of electricity and water to their citizens as well as maintenance of existing infrastructures, owing to low revenue, which is caused mainly by insufficient tax revenue generation. In view of the forgoing undesirable developments, the paper investigates the impact of self-assessment tax system on revenue generation of states in Nigeria, using Kwara State as case study.
The broad objective of this study is to investigate the effects of self-assessment tax collection system on revenue generation by States in Nigeria. Specifically, the study:

- investigates the effect of tax professionals' services on state government revenue generation, and
- examines the impact of self-assessment system on state government revenue generation.

The motivation for this study was the need to examine the assertion that self-assessment system is expected to perform better than the past systems. This was because most studies on self-assessment system and post-enforcement of the system, like the study done by Appah and Ogbonna (2014), that examines how self-assessment scheme had affected revenue generation in Nigeria and the qualitative study of Rotimi, Uduma and Aderemi (2013) that examines the effects of engagement of tax consultants on revenue generation of Lagos State, Nigeria, failed to thoroughly examine the said assertion. They failed to carry out an in-depth comparative analysis of administrative-assessment system and self-assessment system. Besides, the study by Rotimi et al (2013) is qualitative, rather than quantitative. The research is significantly interested in the need for government to generate substantial revenue from its various sources in addition to federal allocation for developmental purposes. The findings from this study would be relevant to the government, various tax authorities, researchers and other parties interested in tax related issues. It will be beneficial to the government and other parties because improved revenue generation means improved standard of living in form of provision of social amenities such as road, hospital, park, drinkable water, rural electrification, which will eventually lead to growth and development in the state. The study will also serve as reference material for researchers and educational institutions.

2. Literature Review

2.1 Conceptual Framework

Taxation in Nigeria

The political, economic and social development of any country depends on the amount of revenue generated for the provision of infrastructure in that given country. However, one means of generating the amount of revenue for providing the needed infrastructure is through a well-structured tax system. According to Azubike (2009), tax is a major player in every society of the world. The tax system is an opportunity for government to collect additional revenue needed in discharging its pressing obligations. A tax system offers itself as one of the most effective means of mobilizing a nation's internal resources and it lends itself to creating an environment conducive to the promotion of economic growth. Nzotta (2007) argues that taxes constitute key sources of revenue to the Federation Account shared by the federal, state and local governments. The Nigeria tax system is basically structured as a tool for revenue generation. This is a legacy from the pre-independence government, based on 1948 the British tax laws and have been mainly static since enhancement. The Nigerian tax system is lopsided and dominated by oil revenue. Over the past two decades, oil revenue has accounted for at least 70% of the revenue, thus indicating that traditional tax revenue has never assumed a strong role in the country's management of fiscal policy. Taxation in Nigeria is enforced by the three-tiered tax structure between the federal, state, and local government, each of which, by law, has different tax jurisdictions (Odusola, 2006; Omoigui-Okauru, 2011). Review, amendments and modifications to tax legislation are continuous, evolving with global best practices and in keeping with the local socio-economic realities. The review and amendment of tax legislation are in keeping with the formal tax amendment process, as provided for in the Nigerian constitution. The following income tax laws were amended in the respective years indicated hereunder:

i. Companies Income Tax Ac t- 2007
ii. Personal Income Tax Act - 2011 (FIRS, 2012)

Self-assessment Tax System

There is no doubt that compliance is a major problem confronting all revenue authorities (James & Alley, 2004). Self-assessment relies heavily on voluntary compliance by taxpayers and it requires taxpayers to understand and possess adequate knowledge on tax procedures and systems (Loo, McKerchar & Hansford, 2010). Thus, a better understanding of the assessment system would give taxpayers the ability to voluntarily comply. In Nigeria, the provisions of the Tax Administration (Self-Assessment) Regulations, 2011 stipulates that personal income tax payers are to file their self-assessment returns by the 31st day of March of every year: an employer under the Pay-As-You-Earn (PAYE) Tax is required to submit monthly returns of all taxes deducted under the PAYE regulations within 10 days from the end of every month (KPMG, 2012). It is believed that the significant changes (changing to the self-assessment system (SAS)) in tax administrations could produce better administrations, more focus on tax audit and investigations (rather than tax returns processing and assessment creation) and also reduce collection costs and time (Shanmugam, 2003; Kasipillai, 2000). Several tax administrations in both advanced and developing countries have distinct and common objectives for introducing SAS. These are simplicity, equity and fairness (UK, Australia); establishing a trust in government; efficient tax administration (Japan, Canada); increased tax efficiency; instill awareness among tax payers of funding federal expenses (US) (Eissa, 1996); improve compliance, and institute effective enforcement (Malaysia) (Loo, 2006). Therefore, the major motivating factors for the introduction of SAS include voluntary compliance, administrative efficiency and improving fairness and equity. From the taxpayers' perspective, self-assessment allows for the democratic exercise of taxpayers' rights, resulting in an increased involvement by the taxpayers in their own tax affairs (Loo et al., 2010). The Self-assessment tax regime is based on key assumptions, as stated below:

i. The taxpayer is a stakeholder and a partner and should be treated courteously.
ii. The taxpayer is honest and indeed demonstrates this by signing a declaration as to the correctness of the tax returns.
iii. The taxpayer runs the business and knows the right amount of profits and taxes payable.
iv. As a consequence of (i) and (iii) above, the taxpayer should be allowed to self-assess.
v. Finally, the Revenue Authority accepts returns as filed, and later subjects the returns to risk assessment (Oluwaremi and Saidi, 2014).

According to Saker (2003), the merits of the self-assessment system compared to the official assessment system include: (i) SAS is more cost effective, as it only selects exceptional cases for further scrutiny; (ii) SAS eliminates the administrative nature of assessment work; (iii) SAS encourages early and timely collection of taxes; and (v) SAS reduces corruption by reducing tax officers' contacts with taxpayers.

Tax Compliance

Tax compliance, in its most simple form, is usually cast in terms of the degree to which taxpayers comply with the tax laws, which ranges from the narrow law enforcement approach to the wider economic definitions (James and Alley, 2004). Another definition of tax compliance is a person's act of filing his or her tax returns, declaring all taxable income accurately, and settling all payable taxes within the stipulated period without having to wait for follow-up actions from the authority (Singh, 2003, cited in Palil, 2010). Brown and Mazur (2003) observe that tax compliance is a multi-faceted measure which can be theoretically defined by considering three different types of compliance: filing compliance (filing tax returns in a timely manner); payment compliance (timely payment of all tax liabilities); reporting compliance (measures the accuracy of income reporting). All these are summed up to measure overall tax compliance. Tax compliance can also be divided into Administrative compliance (complying with administrative rules of lodging and paying) and Technical compliance (complying with technical requirements of the law) (OECD, 2001). Palil (2010) identifies key tax compliance issues that should be addressed and continuously monitored in order to accomplish SAS objectives as follows: Tax knowledge and education; simplicity of the system; tax audits and audit probability; fines and penalties. Therefore, a successful tax system design can be achieved through well-facilitated tax compliance and enforcement.

Revenue Generation, Self-assessment System and Tax Professionals' Services

Fayemi (1991) classifies government revenue into two kinds – recurrent revenue and capital revenue. Recurrent revenue is the money received regularly every year by way of taxes, fees, fines and so on, while capital revenue consists of all bulk loans and grants received by the government from within the economy, or from abroad (Okwori & Ochinyabo, 2014). The main source of income to the Federal, States and Local Governments is through revenue generation in form of personal and income taxes as laid down by the Federal Government among others (Alao & Alao, 2013). The desire to boost internally generated revenue necessitated the engagement of the services of tax professionals' in some states. As noted by Oladele, Uduma & Aderemi (2013), the engagement of tax consultants has led to huge increases in internal revenue as well as better accountability for tax collected in Lagos State. On the other hand, the self-assessment system is a system that is geared towards achieving voluntary compliance. The unsatisfactory level of tax payers' compliance and lost revenue collection resulted in the introduction of the self-assessment system. Among the objectives of the self-assessment system is the desire to increase the tax collection rate and minimize the cost of collecting taxes (Sapie & Kasipillai, 2013). Hence, it was anticipated that self-assessment would improve taxpayer compliance rates, speed up the processing of assessments, reduce compliance costs and facilitate revenue collection.

2.2 Theoretical Background

Economics of Crime and Expected Utility Theories are the most relevant to this study. Tax compliance literature has emerged from a wide variety of disciplines -- from economics to psychology and sociology. According to Downs and Stetson (2011), economics of crime and expected utility theories assume taxpayers rationally perform a cost-benefit analysis of potential aggressive treatments and face choice under risk. These theories represent applications of the Becker's 1968 economic theory of crime in which a rational, expected utility-maximizing agent chooses how much income to report to the government by comparing his consumption when noncompliance is or is not detected (Phillips, 2011). A cost-benefit analysis is conducted by comparing income level, tax rates, and audit probabilities, probability of detection, fines and penalties. It views taxpayers as profit-maximizing rational actors. The taxpayer seeks to maximize expected utility which is defined as the sum of the utility value of each outcome weighted by the probability that the particular outcome occurs (Witte, Tauchen & Hall, 1987). Although there have been numerous extensions to these theories, most models' foundations lie in the economics of crime and expected utility theories. Non-economic factors have been introduced to the tax compliance literature by using economic framework (Smith & Stalans, 1991). Such non-economic factors include tax morale, tax education, public governance quality, culture, ethnicity, gender and marital status. Therefore, the economic approach to tax compliance is based on the fact that fear of detection and punishment only increases the individual taxpayer's compliance. The importance of this model in this study is that it gives insights into the importance of tax rate, tax audit, audit probabilities, penalties and fines on tax compliance under different tax system structures.

2.3 Empirical Studies

There are several empirical studies on self-assessment system of taxation. Yahaya, Lawal and Ahmed (2013), in a survey of 196 listed domestic companies in Nigeria, find that corporate taxpayers in Nigeria are aware of the responsibilities of the tax authority (FIRS), under self-assessment system in Nigeria, especially for its regulatory and audit function. Also found is that awareness of the tax authority's responsibilities have a positive and significant influence on compliance behaviour. Loo, McKerchar and Hansford (2010) used a case study approach to examine the impact of self-assessment on the compliance behaviour of individual taxpayers in Malaysia. The findings show that the tax law is too complicated and that individual taxpayers were unable to keep abreast of its frequent changes. The study also provides evidence that return forms were found to be confusing and the guides are inadequate for self-assessment. The study by Lai and Chong (2009) finds that the self-assessment system provides more benefits to the tax authorities than the taxpayers and that SAS has actually increased taxpayers' compliance costs. The study concludes that areas where tax practitioners encountered most difficulties in tax compliance for companies, are mostly related to inherent weaknesses of the SAS, as well as the inefficiency and quality of tax service provided by the tax authority. However, Davos (2012) finds the relationship between the need for engaging tax professionals and compliance behaviour to be statistically significant. Also found is evidence of a statistically significant relationship between tax professionals' aggressive advice and the compliance behaviour of non-evaders. Appah and Ogbonna (2014) examined self-assessment scheme and revenue generation in Nigeria. Data were analysed using the ordinary least squares approach. The analysis reveals that self-assessment compliance rate significantly affects revenue generation in Nigeria. The analysis also reveals evidence of strong correlation between self-assessment compliance rate and revenue generation.

Enahoro and Olabisi (2012) carried out a study regarding the overall effectiveness of tax administration in relation to assessment, collection and remittance of tax in Lagos State, Nigeria. The study finds that tax administration affects the revenue generated by the government and that there is a significant relationship between tax administration, tax policies and tax laws. Oluwaremi and Saidi (2014) conducted research into the level of effectiveness and efficiency of tax administration in Nigeria. The study hypothesizes that the level of effectiveness and efficiency of tax administration in Nigeria does not affect the taxpayers' voluntary compliance with relevant tax laws. Using both descriptive and inferential statistics, it was found that the level of effectiveness and efficiency of tax administration in Nigeria affects taxpayer's voluntary compliance with tax laws. Gambo, Mas'ud, Nasidi and Oyewole (2014) examined the effects of tax complexity on tax compliance in the African self-assessment environment. By employing Pearson correlation and OLS regression methods, it finds that there is a significant negative effect of tax complexity on tax compliance. Oladele, Uduma and Aderemi (2013) explored the effects of the engagement of tax consultants on revenue generation in the light of tax evasion in Lagos State, Nigeria. The study recommends that the activities of engaged tax consultants should be monitored effectively and that the agreed commissions on tax collections should be paid promptly. Okello (2014) examined a sample of 10 Sub-Saharan African countries and identified common implementation gaps and challenges encountered in strengthening income tax compliance through self-assessment. The study concluded that all 10 Sub-Sahara countries had introduced self-assessment principles in the income tax law but that the legal authority is not being consistently applied. Also that desk auditing had been heavily relied upon, while risk management practices remained underdeveloped and/or underutilized.

Based on the literature review, it is noted that there is a limited number of empirical studies on the self-assessment system, tax professional services and revenue generation in the Nigeria context. Appah and Ogbonna (2014) that investigated the self-assessment scheme and revenue generation in Nigeria, focused on the revenue generation of the country as a whole at the federal level, whereas revenue generation is normally encouraged at the grassroots, i.e., at the states and local government levels. The Nigerian tax system favors the Federal Government, which controls the buoyant tax components while the lower tiers have jurisdictions over the less profitable ones (Odusola, 2006). Consequently, this study has attempted to fill the gap of the need to explore the relationship existing between self-assessment compliance rate, tax professional services and revenue generation, specifically in Kwara State.

3. Research Methods

3.1 Research Design and Instrument of Data Collection

The study adopted the survey research design. Primary source of data collection was used via questionnaire administration. The questionnaire contained socio-demographics and 8 operational questions. Some of the questions on core issues are rated on a 5-point Likert scale of strongly Agree (5), Agree (4), Undecided (3), Disagree (2) and Strongly Disagree (1).

3.2 Population and Sample Size

The population of the study consists of the employees of the Kwara State Board of Internal Revenue that are responsible for administering taxes in all the sixteen (16) Local Government Areas of Kwara state. Five (5) respondents each were purposively selected from the 16 Local Governments examined. They consist of two (2) top management respondents from each local government that has a direct relationship with the administration of tax in their respective offices and three (3) middle level management respondents from each local government. They summed up to eighty (80) respondents in all.

3.3 Statement of Hypotheses

For the purpose of this study, the hypotheses formulated, stated in the null form, are:

- $H0_1$: Tax professionals' service does not significantly affect state government revenue generation.
- $H0_2$: Self-Assessment system does not significantly affect state government revenue generation.

3.4 Method of Data Analysis

Both descriptive and inferential statistics were employed in the study. Under the former, frequencies and percentages were used to analyses the socio-demographic data while through the latter ordered probit regression technique was employed to determine the effects of the self-assessment tax system and tax professionals' services on revenue generation in Kwara State, Nigeria. An alpha level of 0.05 was chosen as the level of significance. The Stata 10 statistical software was used to analyses the data. The estimation techniques that serve as a guide for decisions in the study were R^2, F-stat, Prob-F, and coefficient.

3.5 Model Specification

The study examined the effects of the self-assessment system and services provided by tax professionals on revenue generation in Kwara State, Nigeria. This was against a background of a review of the relevant literature, which indicated that states and local governments tend to be aggressive in imposing taxes which compelled them to resort to using tax consultants not recognized or authorized by the Constitution (Adesola, 2006). In addition, previous research also provides evidence of the effectiveness of the self-assessment system on revenue generation.

The relationship among the study's variables is captured as:

$$RG = f(SAS, TPS) \qquad I$$

This model is specified as:

$$RG = b_0 + b_1 SAS + b_2 TPS + U_t \qquad II$$

Where:
RG = Revenue Generation (dependent variable),

while the independent variables are:

SAS = Self-Assessment System
TPS = Tax Professionals' Services

U_t = Stochastic error term to account for other factors that could influence revenue generation that are not captured by the model above. Based on a priori expectations, the self-assessment system and tax professionals' services are expected to have significant positive effects on revenue generation in Kwara State. Thus, $b_1 > 0$, $b_2 > 0$.

4. Results

This section of the study presents and analyses data obtained from the questionnaires distributed to respondents.

Questionnaire Distribution Statistics

Table 1: Distribution and Collection of Questionnaires

Questionnaire	Respondent	Percentage
Returned	76	95
Not Returned	4	5
Total	80	100

Table 1 shows that out of the 80 copies of the questionnaire sent out for administration to various top and middle level officials who have a direct relationship with the administration of tax in each local government area in Kwara State, 76 copies, representing about 95%, were returned as duly completed, while 4 copies, representing about 5%, were not returned.

Bio-Data Statistics

Table 2 shows the demographic features of the total respondents in Kwara State Internal Board of Revenue. A total of 51 respondents, representing 67.1% of the total respondents, were males; a total number of 25 respondents, also representing about 32.9% of the sampled size used for the study, were females. This indicated a kind of gender imbalance in the Kwara State Board of Internal Revenue, with more males than female employees. A total of 52 respondents, representing 68.4% of the total respondents, has tax related discipline as their specialty; 24 representing 31.6% of the sampled population had non-tax related qualifications. This implies that majority of the total respondents have adequate knowledge in tax related matters. A total of 22 respondents, representing 28.9% of the sampled population, has less than 5-year work experience; 52 representing 68.4% of the sampled have 5-year and above experience on the job. The table also showed that a total of 52 respondents, representing a total of 80.2% of the respondents, possess tertiary qualification, while 13 representing 19.7% of the sampled population possessed postgraduate qualification, this shows that largest percentage of the respondent are well educated.

Table 2: Distribution of Respondents by Gender Specialization, Work Experience and Qualification

Parameters	Options	No of respondents	Percentage
Gender	Male	51	67.1%
	Female	25	32.9%
	Total	76	100%
Areas of Specialization	Related to taxation	52	68.4%
	Not related to taxation	24	31.6%
	Total	76	100%
Years of Work Experience	Below 5 Years	22	28.9%
	5 Years and Above	54	71%
	Total	76	100%
Educational Qualification	No formal Education	Nil	Nil
	Tertiary Education	61	80.2%
	Post Graduate	15	19.7%
	Total	76	100%

Operational Data

Table 3 shows that 57 respondents (75%) admitted that self-assessment system was implemented effectively in Kwara State, Nigeria; 53 (70%) responded that the self-assessment system had improved revenue generation compared to official assessment system; 44 (57%) respondents admitted that the self-assessment system was very efficient in Kwara State; 59 (78%) respondents were of the opinion that sufficient revenue was generated from taxes under the self-assessment tax regime; 44 (78%) respondents did not agree that tax professional activities influenced taxpayers to voluntarily comply under SAS regime; 47 (62%) respondents disagreed that the relationship between tax officials and tax practitioners had improved since SAS was fully implemented.

Table 3: Summary of Responses on key issues relating to the relationship between the self-assessment system, tax professionals' services and the revenue generated by the government

Questions	Strongly agree	Agree	Undecided	Strongly disagree	Disagree	Total
(1)Self-assessment system is implemented effectively in Kwara State, Nigeria.	48	9	-	7	12	76
(2)Self-assessment has improved revenue generation compared to official assessment system.	39	14	5	9	27	76
(3)Self-assessment system increases cost of enforcement.	21	12	5	19	19	76
(4)Self-assessment system is very efficient in Kwara State.	34	10	-	12	20	76
(5)Sufficient revenue is generated from taxes under the self-assessment tax regime.	42	17	5	8	4	76
(6)To what extent do you agree that tax professional activities influences tax payers to voluntarily comply under SAS regime?	18	8	6	25	19	76

(7)The relationship between tax officials and tax practitioners has improved since SAS was fully implemented.	22	7	-	35	12	76
(8)Understatement of tax by taxpayers arises from tax advice or services given by the tax agent.	7	3	31	27	8	76

Reliability Test

The term reliability in psychological research refers to the consistency of a research study or measuring test (McLeod, 2013). The Cronbach alpha is used to test the reliability for the data collected for the study.

Table 4: Cronbach Alpha Test

Average interitem covariance	Number of items in the scale	Scale reliability coefficient
.2018616	4	0.8970

The alpha coefficient for the five items is 0.8970, suggesting that the items have a relatively high internal consistency. It is equally worth noting that a reliability coefficient of 0.70 or higher is considered acceptable.

Table 5: Summary Statistics of Result

Revenue Generation	Coefficient	P>/z/	Dy/dx	Prob>chi2	0.000
Constant	1.5240***	0.001	0.986	Pseudo R^2	0.0860
SACR	0.2727***	0.000	0.123	/cut1	-0.4455
TPS	-0.1829**	0.40	0.456	/cut2	0.3035

RG = 1.5240 + 0.2727SACR – 0.1829TPS

Interpretation and discussion of findings

The Prob>chi2 shows a value of 0.000, indicating that the result is significant at 1%. The coefficient of self-assessment compliance rate (SACR) is significant at 1% in explaining the variation in the revenue generation in Kwara State. It shows that self-assessment compliance rate (SACR) has significant effect on revenue generation, giving a coefficient of 0.2727. This implies that self-assessment is more likely to result into a higher category of revenue generation status, as it can lead to an average or medium revenue generation status, but not a lower category of revenue generation status for the State, since the coefficient is higher than cut1 but lower than cut2. The marginal effect shows that the probability that self-assessment compliance rate will influence revenue generation in Kwara State is 0.123 percent. This implies that the null hypothesis which states that self-assessment compliance rate does not significantly affect revenue generation in Kwara State should not be accepted, meaning that self-assessment compliance rate has significant effect on revenue generation in Kwara State.

The coefficient for tax professional services is not significant at 5% in explaining the variation in revenue generation in Kwara State. The result shows that tax professionals' activities have no significant effect on revenue generation, giving a value of -0.1829, signaling that an increase in tax professional service will necessarily increase the probability of being in the lower category of revenue generation status, which ultimately decreases the probability of moving to a higher category of revenue generation status, as it cannot even lead to a medium revenue status or high revenue generation capacity for the State. The marginal effect shows that the probability that tax professional service will influence revenue generation in Kwara State is 0.456 percent. This implies that the null hypothesis which states that tax professionals' service does not significantly affect Kwara State revenue generation should be accepted and that activities of tax Professionals did not significantly impact revenue. This result of the present study is consistent with the findings of the research done by Appah and Ogbonna (2014) and Enahoro and Olabisi (2012).

5. Conclusion and Recommendations

The conclusion that could be drawn from this study is that self-assessment compliance is more revenue-yielding to the state government than the engagement of professional consultants. If state governments revenue generation is to be optimally improved therefore, states need to encourage self-assessment compliance more vigorously, while professional services for tax collection (i.e. tax collection contracting) should be dispensed with. In the light of the foregoing conclusions, the study recommends that government should improve and strengthen the self-assessment system. More specifically, the governments should also sternly impose implement penalties on taxpayers for non-compliance behaviour to serve as deterrents to other taxpayers. There should also be adequate taxpayer education and public enlightenment on tax-related matters. Finally, the governments should simplify assessment and collection procedures and develop a moderate code of best practice for tax practitioners.

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