



Application of Tax Audit and Investigation on Tax Evasion Control in Nigeria

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Abstract

Tax evasion has always being a bane to any tax system and there are diverse arguments on tax audit and investigation as a curb to this anathema. Based on this, the study examined the application of tax audit and investigation on tax evasion control in Nigeria. It specifically investigated the impact of desk audit-DEKAUD, field audit-FIAUD, back duty audit-BAKAUD and tax investigation-TAXINV on tax evasion control in Nigeria. Relevant data was sourced from the administration of questionnaire and response from it analyzed with ordered logistic regression and Spearman's rho measure of association. It was revealed that from the Likelihood ratio test: Chi-square(4)= 325.11 [0.0000] and cut1 to cut11 that the overall model is significant at 5% level in explaining the variation in tax evasion control in Nigeria. DEKAUD has a tendency to significantly reduce the occurrence of tax fraud in Nigeria ($z=5.8743$, $p<0.00001$); FIAUD indicated effect of 0.14 ($z=$, $p=0.15720$) on tax evasion control in the country; BKAUD showed significant influence on the control of tax evasion ($z=4.1856$, $p<0.05$); Tax investigation does not influence significantly the level of fraud control ($z= 1.1017$, $p>0.05$). It was concluded that tax audit in the form of desk and back duty are highly instrumental in the reduction in tax evasion, while tax investigation and field audit does not influence the control of tax frauds in the form of evasion. The study recommended that revenue agency should frequently engage in desk and field audit as they both contribute largely to the control of tax evasion in the country, while in the conduct of field audit and tax investigation, they must put in place adequate machinery in the form security personnel to help protect tax inspectors so as to mitigate the occurrence of fracas between tax inspectors and tax evaders which makes it impact not to be felt on tax evasion control.