TAX ASSESSMENT PROCEDURE AND TAX REVENUE YIELD EVIDENCE FROM FIRS

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ABSTRACT

This study deals with investigations and the analysis of the tax assessment procedure and tax revenue yield. It is imperative to note that the study into this topic obviously access the whole functions of tax assessment procedure and tax revenue yield. The survey method is used because it involves the use of a random sampling procedure which is a fair representation of the population selected from each stratum totaling 205. The data collected were based on responses of questionnaire from directors and senior staff from Federal Inland Revenue Service (FIRS) and Rivers State Internal Revenue Service (RSIRS) using the IBM SPSS Statistics version 21 multiple regression analysis. The researcher found that, there is a good relationship between tax assessment procedure and tax revenue yield, Non-compliance, tax evasion and tax avoidance bring down the value of tax revenue yield, proper tax assessment procedure increases tax revenue yield, tax assessment procedure and tax revenue yield have direct link with the income of the state. Based the above findings we conclude that revenue yield is an income collected by public authorities with fair jurisdiction of compulsory distribution from persons or body to finance expenditure of government. Therefore it is recommended that government should enhance the collection of tax revenue yield process and ensure that any deviation from compliances with the laid down rules and regulations of revenue yield or collection is severally dealt with and punished accordingly.

INTRODUCTION:

Section 47 of the taxation act empowers the board to reach out every company chargeable with tax as soon as the expiration of the time allowed to such company for the delivery of audited accounts and returns provided in the act or other as it appears to the board. The board is empowered by the tax authority (FIRS) Federal Inland Revenue Service to collect all taxes, as soon the person or companies has attained the year of assessment the board will proceed to them. If the company has compiled the delivery of returns and audited accounts, the boards may accept the returns and audited accounts and make assessment in accordance there with or reject the returns to the best of its judgement determine the amount of the total profit of the company and make an assessment accordingly. Where a company has not delivered returns, the board, if it so thinks, may proceed to make an assessment on the company based on the best of its judgement. This is in addition to liability which may affect the company as a result of its failure to deliver the required returns to the board. Furthermore, the board or any officer acting on its behalf may raise Assessment Company without necessarily waiting for the expiration of period allowed by the act for the company or its representative to make the returns,

The time within six years of the years of assessment, the board discovers or is of the opinion that any company that is liable to tax has not been assessed or has been under assessed, the board may assess or make such additional assessment for the amount of tax the company would have paid. The provisions applying to objectives and appeal for normal assessments also apply to the late or additional assessment (Osita, Aguolu (2011) if as a result of fraud, neglect or willful default of any company in connection with any tax imposed under the companies income tax act, the board may at any time, without any limitations as to time and number of assessments, raise assessment or additional assessments that may be necessary in. order to recover any loss of tax that is attributable to the fraud, willful default or neglect have made the revenue yield collections not to improve as to meet up the FIRS demand. All these frauds, willful default or neglect are summed up into non-compliance, tax evasion and tax avoidance have continued to be devil between tax authority and the companies or person paying the tax. The gap of this paper is captured - Adedewiwai, (1994).

From this devil between the tax authority and the companies paying tax. This devil could not allow the FIRS to get the actual revenue collected within the accounting year, hence the production paper.

Revenue yield forms part of the receipt budget, which in turns is a part of the annual financial statement of the union budget. It produces a detailed reporting revenue collected from different items like corporate tax, income tax, wealth tax, customs, union exercise, service, taxes on union territories like land revenue, stamp registration, taxes collected from both direct and in direct tax are considered in tax revenue.

STATEMENT OF PROBLEM

Tax assessment procedure and tax revenue yield have been doing well extremely in some years and failed woefully in some other years due to the blatant mismanagement of tax at the federal, state, local government level. The failure to exploit the revenue potential of the economy and the glaring fraudulence that has been with the tax authorities, companies and the tax payers over the years are not issues of the past. Government apparently bothered by this yawning gap between the potential tax resource and the actual tax collected at the end 'of every year (Tax Revenue Yield), decided to assess and re-assess of tax every year. This form the reason why this paper was captioned: Tax assessment procedure and tax revenue yield.

OBJECTIVE OF THE STUDY

The objective of the study is to identify the tax assessment procedure and the revenue yield in Rivers State.

1. To what extent that tax assessment procedure enforces tax revenue yield.
2. What level of relationship exists between Tax assessment procedure and tax revenue yield.

RESEARCH QUESTIONS

1. Does tax assessment procedure affect tax revenue yield.
2. Does tax assessment procedure and tax revenue yield address issues that boarder Rivers State Government.

RESEARCH HYPOTHESIS

1. Tax assessment procedure and tax revenue yield have direct significance relationship with income tax and VAT.
2. Tax assessment procedure has much impact on tax revenue yield.

SCOPE OF THE STUDY

The scope of the study is the tax assessment procedure and tax revenue yield within Federal Inland Revenue Services (FIRS) in Rivers State.

RELATED LITERATURE

Conceptual Review

Previously, every company was required to pay a provision tax which is an amount equal to the tax it paid in the in the immediate preceding year of assessment. The provisional tax was required to be paid within three months from the beginning of each year of assessment. Such provisional tax was required to be paid one lump sum, but on arrangement with the board, the payment may be spread over equal monthly installments not exceeding six months.

The practice now is that every company shall, for each year assessment, with or without notice from the service, file assessment returns with the service in the prescribed form. This return shall include:

i) The audited accounts, tax and capital allowance computation for the assessment and a true and correct statement in writing containing the amount of profit from each and every source.
ii) A duly completed self-assessment form as may be prescribed by the service, from time to time, attested to by a director secretary of the company and correct statement of the amount of its profits computed in respect of all sources in accordance with the act and any rules made and that the particular given in such return are true and complete.
iii) Evidence of the whole or part of the tax due into a bank designated for the collection of the tax.

The audited accounts and returns of a company shall be filed with the board

i) In the case of a company that has been in business for more than eighteen months, not later than six months after the close of the company's accounting year.
ii) In the case of a newly incorporated company within eighteen months from the date of incorporation or six months after the end of the first accounting year whichever is earlier.

Failure to file self-assessment returns within the stated deadline renders a company liable to a penalty of: W25, 000 in the first month in which the failure occurs, and £45, 000 for each subsequent month during which the failure continues.

As an incentive for filing self-assessment returns without default, a company shall be granted a bonus which is equal to 1% of the tax payable. Where the offence of failure to file self-assessment is committed with the connivance, or active participation of an agent, servant etc,-of the company be liable to a fine of N100, 000 or imprisonment for a term not exceeding two years or a company may apply in writing to the board for extension of the time within which to comply with the provisions relating to self-assessment, provided that:

i) The application is made prior to the expiration of the time stipulated for the return, and
ii) It shows good cause for its inability to comply with the deadline.

The board, if satisfied with the application, may in writing grant extension for filling the returns. Any tax charged by an assessment which is not or has not been the subject of a objection or appeal by the company shall be payable with two months after service of notice upon the company a must not be later than 14^{lh} December of the year of assessment in which the tax was charged. However, the collection of tax in a case where notice of an objection or appeal is determined except that the company shall have paid the provisional tax as required under section 59(1) of the act.

After the determination of the objection or appeal, the board shall serve upon the company a notice of tax payable as so determined and the tax shall be payable within one month of the date of service of such notice upon the company. No claim for the refund of tax shall be allowed unless it was made in writing six years after the end of the year of assessment which it relates. The board shall give a certificate of the amount to be refunded.

NOTICE OF ASSESSMENT

By section 50 of the Act, the board is required to send by registered post to each company or person in whose name the company is chargeable, a notice of assessment stating:

i) The amount of total profit
ii) The tax payable thereon
iii) The place at which the payment shall be made.

OBJECTION TO ASSESSMENT

By section 5 1 of the act, where a company disputes the assessment made, on it by the board, it may by notice of objection writing apply to the board to review and revise the assessment upon it.

The notice of objection by a company must:

i) Be made within 30 days from the date of service of notice of assessment and
ii) Contain precisely the grounds of objection to the assessment.

The grounds for objection may be in respect of the amount of assessable and total profit of the company and the amount of tax payable as claimed by the company.

Having examined the books and records of the company, and if necessary, requiring any person to furnish any information or additional information or to summon any person to attend before it examination under oath, the board may revise the assessment and give notice of the revision to the company.

If the board is satisfied that for reason of absence from Nigeria, the person in whose name the assessment is made is unable to make application for objection within thirty days of service or notice, it may extend the period required for notice s is appropriated in the circumstances. An assessment on a company cannot be quashed, or deemed to be avoidable for want of form, is not affected by reason of any mistake defect or omission therein if the same is in substance and effect, in conformity with or according to the Act. Hence all assessment is not impeached or affected:

i) By reason of mistake therein as to:
    - The name of the company liable or of the person in whose name the company is chargeable, or
    - The description of any profit, or
    - The amount of tax charged.

ii) By reason of any variance between the assessment and the notice thereof provided that the notice of assessment is served on the company or the person in whose name the company is charged and contains substance and effects the particulars of the assessment.

APPEAL PROCEDURE

If the Service refuses to revise the assessment made on a taxpayer or the taxpayer is still aggrieved by the revised amount as notified by the Service, the taxpayer had the right under section 54 of companies Income Tax Act to appeal against the assessment the Body of Appeal Commissioners. Section 18 of the Company Income Tax (Amendment) Act of 2007 repealed Sections 53, 54, 55. 56 and 57 of the principal act dealing with appeal procedure for companies. These sections have now been replaced by Section 59 of the Federal Inland Revenue (establishment) at of'2007 with the details outlined in schedule 5 of the act. The body of appeal commissioners has now been substituted with Tax Tribunals.

The fifth schedule to the Federal Inland Revenue (establishment) act provides for the establishment of tax appeal tribunal for each zone of the federation as may be specified by the federal minister of finance and published by notice in the federal gazette. Each tribunal shall consist of five members to be appointed by the minister and who may be referred to as tax appeal commissioners. Any three members shall form quorum at each sitting of the tribunal. The chairman of each zonal tribunal shall be a legal practitioner with not less than fifteen years post-qualification experience.

Persons to be appointed members of the tribunal shall be persons that are knowledgeable in the laws, regulations, norms practices and operations of taxation in Nigeria as well as persons who have shown capacity in the management of a trade or business or a tax appeal tribunal shall hold office for an initial period of three years subject to a once and for all renewal for a maximum period of another three years. Such a person may resign his office by a notice in writing to the minister. This resignation takes effect after a period of three months or until his duly appointed successor takes office or at the expiration of his term of office whichever is earliest. The minister may, however, permit the member to relinquish office immediately without waiting for expiration of the three-month period. The minister may also remove a member from office on grounds of gross misconduct of incapacity after due enquiry has been made and the member concerned has been informed of the reasons for his removal and after given him the opportunity to be heard in respect of those reasons.

The secretary for each zone is appointed by the minister. The secretary is subject to the general control of the tax appeal commissioners and has responsibility for keeping the records of the proceedings of the tribunal. As the head of the secretariat, the secretary is responsible for the:

i) Day to day administration and
ii) The direction and control of all other employees of the tribunal

TAX REVENUE YIELD

Definition of tax revenue

Tax Revenue forms parts of the Receipt Budget, which in turn is a part of the Annual Financial Statement of the Union Budget. It gives a detailed report on revenue collected from different items like corporation tax, income tax, wealth tax, customs, union excise, service, taxes on Union territories like land revenue, stamp registration etc. taxes collected from both direct and indirect tax are considered in Tax Revenue.

Tax revenue is the income that gained by governments through taxation. Taxation is the primary source of income for as state. Revenue may be extracted from sources such as individuals, public enterprises, trade, royalties on natural resources and/or foreign aid. An inefficient collection of taxes is greater in countries characterized by poverty, a large agricultural sector and large amount of foreign aid.

Just as there are different types of tax, the form in which tax revenue is collected also differs; furthermore, the agency that collects the ax may not be part of central government, but may be a third party licensed to collect lax which they themselves will use. For example, in the UK, the Driver and Vehicle Licensing Agency (DVLA) collects vehicle excise y, which is then passed onto HM.

Tax revenues on purchases come in two forms: "tax itself is a percentage of the price added to the purchase (such as sales tax in U.S. states, or VAT in the UK), while "duties" are a fixed amount added to the purchase price (e.g., for cigarettes). LU in order to calculate the total tax raised from these sales, we must work out the effective tax rate multiplied by the quantity supplied.

TAXATION AND STATE CAPACITY

Taxation is a key task in any country as it advances state capacity and accountability Charles Tilly identifies taxation as a form of extraction that allows the state to execute its primary functions: war making, state making, and protection. Taxation became indispensable in Western Europe, when countries needed to fund wars in order to survive. This European model was later exported all around the world.

Today, the level of taxation is used as an indicator of state capacity. Developed countries raise more taxes and therefore them to become accountable with their citizens, which strengths the democracy.

TAX REVENUE AND REVENUE DISTRIBUTION

Initially the sharing formula of VAT proceed does not include local governments. Section 36 of the VAT Decree talks about distribution of the revenue from VAT, 80 percent of what is collected goes to the state government and the Federal government to cover administering the tax. The 80 percent for the year 1994 according to Federal accounts committee, the portion that goes to the states in the following ratio:

1. Equality 50%
2. Population'30%
3. Derivation 20%

What goes each state, by implication and assumption of that committee, is regarded as part of the internally generated revenue of each state, And by sharing formula of internally aerated revenue of each state, 10% goes to the local Governments, so by implication, local government gets 10% of what their state collects from VAT proceeds.

Given the formula above, the provisional distribution of value added tax as at May 1994 was as follows:

Table 1: Provision distribution of value added tax-may 1994 Allocation to State Government

1	2	3	4	5		6	7
S/No	Stale	Equality (30%)		Population (30%)		Derivation (40%)	(3+5+6)total (30%)
		=N=	%	=N=	%	=N=	=N=
1.	ABIA	7,920,000,00	2.92	6,937,920,00	0.257	089,593.31	15,667.513.31
2.	ADAMAWA	7,920,000,00.	-2.92	10,715,760,00	0.310	975,637,10	15,833,55.10
3.	AKWA IBOM	7,920,000,00	4.51	6,225,120,00	0.269	847925.97	19,483,685.97
4.	ANAMBRA	7,920,000,00	2.62	10,288,080,00	2.355	7,396,410.31	21,541,530.31
5.	BAUCHI	7,920,000,00	4.33	5,987,520,00	3.996	12,551,29610.3.1	30.759,376.57
6.	BENUE	7,920,000,00	2.25	6,985,440,00	0.3996	719,770,55	14,627,290.55
7.	BORNO	7,920,000,00	2.94	3,991,680,00	0.229	3.626,416.45	18,531,856.45
8.	CROSS RIVER	7,920,000,00	1.86	5,987,520,00	1.154	890,722.78	12,802,402.78
9.	DELTA	7,920,000,00	3,78	4,419,360,00	0.283	15,052,794.82	28,690,314.82
10.	EDO	7,920,000,00	3.66	8,981.280,00	4.793	2,889,269.23	15,228,625.68
11.	ENUGU	7,920,000.00	3.68	8,696,160,00	0.919	4.4 11, -629.23	21,312.909.23
12.	IMO	7,920,000,00	2195	8,743,680,00	1.404	3,839,540.74	20,455,700.74
13.	JIGAWA	7,920,000,00	6.62	7,009,200,00	1.222	38.960.15	16,702,640.15
14.	KADUNA	7,920,000,00	4.54	15,729,120,00	0.016	33,006,257.66	47,935,457.66
15.	KANO	7,920,000,00	2.69	10,787,040,00	10.155	16,191,99406	39,841,114,06
16.	KASTINA	7,920,000,00	2.36	6,391,440,00	0.025	1,871,864.97	20.578.904.97
17.	KEBBI	7,920,000,00	2.36	5,607,360,00	0.114	68,306.59	14.379.746.59
18.	KOGI	7,920,000,00	1.78	4,229,280,00	0.910	360,060,64	13.887,420.64
19.	KWARA	7,920,000,00	3.76	8,933.760,00	50.051	2.857,973,20	15.007,253.20
20.	LAGOS	^92^3,000,00	2.16	5,132,160,00	0.412	157.188,698.18	174.042,458.18
21.	NIGER	7,920,000.00	2.76	6,557,760,00	1.611	1,294,052.89	14,346,212.89
22.	OGUN	7,920,000,00	2.79	11,547,360,00	0.322	7,825,613.75	22,303,373.75
23.	ON DO	7,920,000,00	4.86	11,024,640,00	0.303	1,013,412.92	20,480,772.92

24.	OSUN	7,920,000,00	4.64	11,024,640,00	5.762	952,698.93	19,897,338.92
25.	OYO	7,920,000.00	4.64	8,529,840.00	1.036	18,096,875.77	37,041,515.77
26.	PLATEAU	7,920,000,00	3.59	7,294,320,00	4.158	3,254,550.49	19,704,390.49
27.	RIVERS	7,920,000.00	3.07	12,830,400,00	1.748	13,060,734.44	28,275,054.22
28.	SOKOTO	7,920,000,00	5.40	4,348,080,00	0.069	5,490,077.89	26,240,474.89
29.	TARABA	7,920,000,00	1.83	5,726,160,00	0.008	216,864.18	12,484,944.18
30.	YOBE	7,920,000,00	2,41		0.008	0.00	13,646,160.00
31.	FCT 1%	0.00	-	0.00	0.00	0.008.000.000.00	
	TOTAL		*100,00*	*237,600,000,00*	*100.00*	*316,800,000.00*	*800,000,000.00*

Source; *The Nigerian Economist, Vol. 8 No, 3, November 1994,*

In accordance with section 36 of decree 105 of 1993, notwithstanding any formula that may be prescribed by any other law, the revenue occurring by virtue of the operation of this decree shall be distributed as follows: 30% of federal government; 40% to state government and the federal capital territory, Abuja and 25% to the Local Governments. In 1998 budget, government in its bid to compensate state government whose PAYEE are likely to be adversely affected by the enhanced allowance granted it tax payers, reviewed the VAT distribution formula in favour of the states as follows from 1st January 1998.

1. 25% to federal government
2. 45% to state government and federal capital territory
3. 30% to local governments.

1996	1996	1997	1996	1997
STATE	(=N = M)	(=N = M)	(=N = M)	=N =M
ABIA	314.268	346.243	179.411	192 037
ADAMAWA	283.467	303.163	155.547	187 392
AKWA IBOM	283.467	308.243	202.837	246.240
ANAMBRA	324.267	364 163	180.424	225 659
BAUCHI	346.548	334.453	230 904	201.166
BENUE	79.219	316.642	31.637	123.453

BORNO	307.982	333.678	182.165	217.575
CROSS RIVER	299.642	331.068	195.272	238.218
DELTA	401.421	296.107	134.928	166.288
EBONYl	96.219	445.087	245.885	298.265
EDO	301.114	271.058	33.535	122.798
EKITI	66.963	341.144	145.445	194,405
ENUGU	310.114	269.635	34.295	138.619
COMBE	67.7788	316.092	184.998	173.192
IMO	293.536	293.285	27.695	125.569
JIGAWA	299.467	320.936	191.541	231.893
KADUNA	486.422	326.338	291.562	235.535
KANO	488.763	553,052	388.152	349.698
KASTINA	351.844	389.112	252.431	471.443
KEBBI	269.296	290.371	146.487	313.429
KOGI	270,256	294,095	116,505	179.413
KWARA	258.749	281.451	977,776	181.736
LAGOS	1.640.557	255.451	27,905	146.006
NASSARAWA	61.769	1.895.100	179.686	1.176.562
NIGER	293,733	255.424	139,811	113.035
OGUN	348.393	327.862	221,607	225.090
ON DO	314.562	389.302	139.811	175.051
OSUN	281.740	310.134	186.020	239.289
OYO	427.567	360.022	297181	362.500
PLATEAU	308.059	476.645	203,952	1.70.047

RIVERS	427.059	311,612	304,577	271,416
SOKOTO	338.288	319.978	257.617	208.479
TARABA	246.196	319.120	108,859	135.444
YOBE	244,998	264.536	114.112	139.697
ZAMFARA	71,262	262.436	33.032	140.632
FCT 1% STATE	115.958	390516	52 172	96.774
TOTAL	11,595.73	13,938.25	7.072.325	8.648.906

Table 2: below shows the distribution of VAT revenue in 1996 and 1997 to states and local governments

Estimate	Actual
4 Billion	9 Billion
12 Billion	21 Billion
22 Billion	31 Billion
35 Billion	4 Billion
73 Billion	95 Billion
40 Billion	

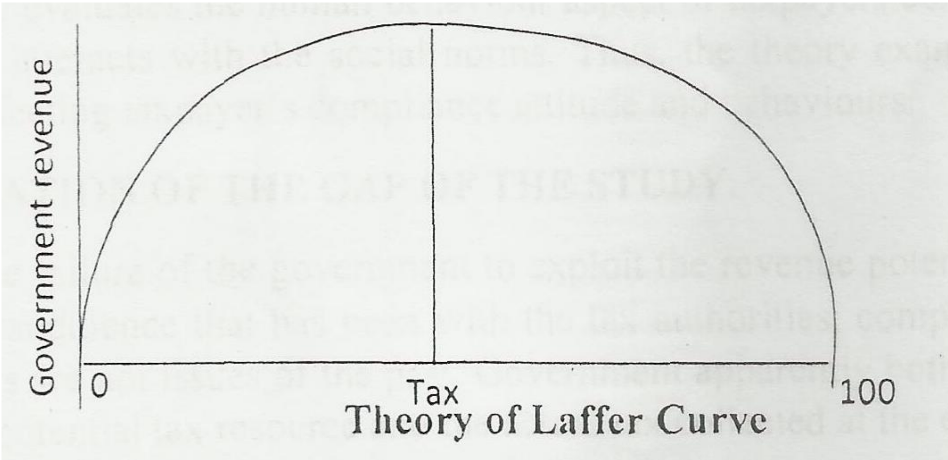
Daily champion, Monday sunray 12, 1998

Statistics available indicate that revenue from value added tax since it implementation in companies amounted to Ninety Five Billion Naira as against an estimate of Seventy Three Billion Naira.

THEORETICAL FRAMEWORK

Theory of Laffer Curve.

This theory was propounded by professor Arthrun Laffer: the theory explains the theoretical representation of the relationship between government revenue raised by taxation and.all possible rates of taxation. The theory demonstrated with a curve (i.e. the Laffer curve) which was constructed by though experiment.



Source: *Laffer Curve 2004*

It considers the amount of tax revenue raised at the extreme tax rate of 0% and 100% he concluded that a 100% rate raise no revenue in the same way that a 0% tax rate raises no revenue. This because, at 100% fate, there is no longer incentive for a rational taxpayer to earn any income, thus, the revenue raided will be 100% of nothing. It follows that there must exist at least one rate in between where tax revenue would be a maximum, Laffer attributes the concept to Ibn Khaldun and keynes JM. One potential result of this theory is that, increasing tax rate beyond a certain point will become counter-productive for raising further tax revenue because of diminishing returns (Laffer 2004).

Ibn-Khaldun's Theory of Taxation

This theory was explained in term of two different effects, the arithmetic effect and the economic effect which the VAT rate have no revenue. The two effects have opposite result on revenue in case the VAT rate are increased or decreased. According to the arithmetic effect, if VAT revenue will be Lowered by the amount of the decrease in the rate. The reverse is the case for an increase in VAT rates (Ishlahi, 2006).

The Laffer curve, however, is not universally accepted; Paul Krugman referred to it as it as "junk economics".

Benefit Received Theory of Taxation

This theory posits that payment of tax should depend on the benefit received from the government which implies that there should be a direct proportion between the burden of tax on an economic entity and benefits received by the economic entity, This beneficial exchange of relationship between state and citizens depends on the provision of essential services, and the level of tax paid should be in line with the service provided.

The Economic Theory of Tax Compliance model is categorized into two theoretical models namely;

a) The Economic Deterrence Model

This theoretical model sees taxpayers as a risk averse individual with high degree of morality who seek to maximize their satisfaction and may evade tax of the expected gain is higher than the cost. According to Devos (2014) increasing the penalty level will not necessarily achieve greater deterrent effect if the offender is aware that chance of being caught is very high,

B) Fiscal and Social Psychology Model

This critically evaluates the human behaviour aspect of taxpayers concerning his attitude and beliefs as he interacts with the social norms. Thus, the theory examines the human factors capable of affecting taxpayer's compliance attitude and behaviours.

IDENTIFICATION OF THE GAP OF THE STUDY

The gap is the failure of the government to exploit the revenue potential of the economy and the glaring fraudulence that has been with the tax authorities, companies and the tax payers over the years are not issues of the past. Government apparently bothered by this yawing gap between the potential tax resource and the actual tax collected at the end of every year.

FILLING THE GAP OF THIS STUDY

The study is the tax assessment procedure and tax revenue yield. We review many available literatures on theoretical framework, conceptual review and empirical review, But all differed and serves as complementary, The study is different in the following ways,

1. The ways our literature review, theoretical framework and empirical review were all captured are quite different.
2. We captured a different methodology approach.
3. We distributed and collected data from primary and secondary sources in this study.
4. Survey research and design research were used.

Therefore we discovered that proper tax assessment procedure increases tax revenue yield.

EMPIRICAL REVIEW

This section examines several studies by many authors about tax assessment procedures and tax revenue yield in Rivers State.

Appah and Ogobnna (2014) evaluated self-assessment schemed and revenue generation in. Nigeria. The study adopted primary and secondary research designs to collect data for analysis. The correlation coefficient statistical model was used. A strong correlation between self-assessment and revenue generation was advocated.

Dennis and Emmanuel (2014) investigated the impact of taxation on revenue generation in Nigeria; A study of Federal Capital Territory and selected states. The result was that taxation has a significant contribution to revenue generation and taxation has a significant contribution on Gross Domestic Product (GDP). The researcher recommends that Well Equipped Data Base (WEDB) on all' tax payers should be established by the Federal, State and Local Governments. For the purpose of income tax sources and payers and tax collection processes should be free from corruption.

Oloye and Cybegi (2001) examined effective value added tax and wealth creation in Nigeria. The period of (2001-2010) was covered with a survey method and the formula for Pearson product moment correlation coefficient. It empirically shows that value added tax (VAT) revenue has significant influence on wealth creation in Nigeria. As there exist a positive correlation between VAT and Gross Domestic Product, It is on this note that the influence of-VAT on wealth creation in the nation cannot over emphasis.

This is in general with the findings of Jayede (1993) as cited in Ayua (1994) they investigated that tax incentives has a positive impact on investment decision, and tax incentives compiled with political stability stimulates economics growth as well as wealth creation.

Ezeagba (2014) examined generation of tax revenue in Nigeria private sector to determine the causes of tax evasion and avoidance by the self-employed people so as to encourage them for self-assessment and compliance. The study adopted survey research design administered among self-employed people and staff of federal Inland Revenue board at federal capital territory Abuja. The study result suggest strong affirmation of tax evasion and evoidance among self-employed people due to lack of tax payer education, high cost of compliance, high personal income tax rates, Lack of inadequate tax incentive, complexity assessment and collection procedures among others.

Okoye and Ezejio for (2014) examined the impact of e-taxation on revenue generation in Enugu, Nigeria. Data were collected from both primary and secondary sources. Using frequency counts, mean score, The least square method was adopted using the multiple regression analysis and panel data regression method to test the random effects and test for the level of significance, of, 1%, The finding was that e-taxation can enhance internally generated revenue and reduce the issue of tax evasion in Enugu State and also e-taxation can prevent recommends that government should establish or support e-tax administration and e-taxation should be implemented to reduce the diversion of government funds to private pockets. AbdulRahman, Ayormde (2013) investigated assessment of value added tax and its effects on revenue generation in Nigeria. Findings showed that value added tax has statistically significant effect on revenue generation in Nigeria and therefore the study recommends that there should be dedication and apparent honest on the parts of all agents of VAT with respect to the collection and payment and that government should try as much as much as possible to improve on the way of collecting value added tax.

Oboh et al. (2013) evaluated the issues of multiple tax practices tax payers non-compliance attitude in Nigeria. The study used as survey research design to obtain data and analysed with the correlation statistical analysis. The work revealed that multiple tax practices affects tax payers attitude significantly and multiple tax practise in Nigeria are corollaries of corruption, poor tax administration can cause leakages in tax system and negative consequences on revenue generation of government of government at all levels.

From the above empirical review studies, it is clear that all the studies fail to use all the variables in this study and the context of the study is also different. Therefore the objective of this study is to evaluate the tax assessment procedure and tax revenue yield in rivers state. The study would contribute to FIRS in formulating policies and procedures for more assessment and collection and checking on corrupt tax officials in order to efficiently increase revenue yield in the state. In addition, the study would assist the managers understanding cases of revenue yield and effective methods or revenue polices of revenue leakages. The study will fully help the state government to come up with a target for the revenue collection body.

METHODOLOGY

This study was conducted to examine tax assessment procedures and tax revenue yield in Rives State. To conclude this research, data were collected primarily from questionnaire and oral interviews. The analysis and interpretations are strictly based on the information obtained from selected staff of FIRS and Rivers state internal revenue (RSIR). Directors were picked or selected from FIRS while senior staff was selected from (RSIR). The population of this study is staff from FIRS and RSIR in Rivers State. The sample size of 240 staff from FIRS and RSIR were used. 120 staff from each side. The data collected for this study was the questionnaire.

The questionnaire was constructed in to strongly agree, agree, disagree and strongly disagree.

The hypothesis formulated were tested using data generated from the fieldwork. The z-score test and the percentage were used in testing the hypothesis at 5% level of significance under the two failed test.

Table 4: **To what extent that tax assessment procedure enforces tax revenue yield**

Respondent	Frequency	Percentages
Strongly agree Agree Disagree Strongly disagree	60 65 42 38	29.3% 31 .7% 20.5% 18.5%
Total	205	100%

Source: *Fieldwork 2018*

From table 4 above, Strongly agree 60 (29.3%), Agree 65 (31.7%), Disagree 42 (20.5%), Strongly disagree 38 (18.5%) The respondent 65 (31.7%). Agree that tax assessment procedure enforces the lax revenue yield due to the fact that the high respondents lull within that ranking. The main reason is that when the procedures of assessment of tax is well in placed, it generates the revenue yield by its self. Without good and effective procedures to enhance the revenue yield, ail will fail. Without proper assessment of tax, tax revenue yield will fail woefully.

Table 5: **What level of relationship exist between tax assessment procedure and tax revenue yield.**

Respondent	Frequency	Percentage
Strongly agree Agree Disagree Strongly disagree	72 59 44 30	35.1% 28.8% 21.5% 14.6%

Total	205	100%

Source: *Fieldwork 2018*

As presented in table 5, 72 (35.19%) Respondent strongly agree that there is relationship between tax assessment procedure and tax revenue yield. Also 59 (28.8%) Agree that there is relationship between tax assessment procedure and tax revenue yield. Disagree 44(21.5%) while 30 (14.6%) Strongly disagree. Tax assessment procedure and tax revenue yield is Strongly agree by the respondent 702 (35.1%). This shows that two variables work together positively in other to yield much revenue.

Table 6: **Does tax assessment procedure affects tax revenue yield.**

Respondent	Frequency	Percentage
Strongly agree Agree Disagree Strongly disagree	79 50 43 33	38.5% 24.4% 20.10% 16.1%
Total	205	100%

Source: *Fieldwork 2018.*

As presented in table 6, Strongly agree 79 (38.5%) respondent strongly agree that tax assessment procedure affect Tax revenue yield, 50 (24.4%) Agree that tax assessment procedure affects tax revenue yield. 43(20.10%) Disagree that tax assessment procedure' affects tax revenue yield while 33(16.1%) Strongly disagree that tax assessment procedure affects tax revenue yield.

Tax assessment procedure will actually affects tax revenue yield in a positive way if more improvement is done to the assessment procedure and become negative if less assessment procedure is kept in place. The important will talking about is to put in more knowledgeable and qualified tax officers.

Table 7: **Does tax assessment procedure and tax revenue yield address issues that border Rivers State Government.**

Respondent	'Frequency	Percentage
Strongly agree Agree Disagree Strongly disagree	56 83 36 30	27.3% 40.5% 17.6% 14.6%
Total	205	100%

Source: *Fieldwork 2018*

Table 7 indicated 56 (27.3%) the respondent StrongJy agree that tax assessment procedure and tax revenue yield address issues that border Rivers State Government. 83 (40.5%) Strongly agree that tax assessment and revenue yield address issues that border the Rivers State government. While respondent 36 (17.6%) shows that tax assessment producers and tax revenue yield address the issues that border Rivers State government. Also 30 (14.6%) indicated that tax assessment procedure as revenue yield address issues that border Rivers

State Government. It is clearly shows that 83 (40.5%) Agree that tax assessment procedure and tax revenue yield address issues that border the Rivers States Government, this is because no government. Even if it does not solve all the problems when it actualized its reliability.

TEST OF HYPOTHESIS

Hypothesis 1

Table 8: **Tax assessment procedure have direct significance relationship with income tax Value Added Tax (VAT).**

Respondent	Frequency	Percentage
Strongly agree	92	44.9%
Agree	70	34.1%
Disagree	23	11.2%
Strongly disagree	20	9.8%
Total	205	100%

Source: *Fieldwork 2018*

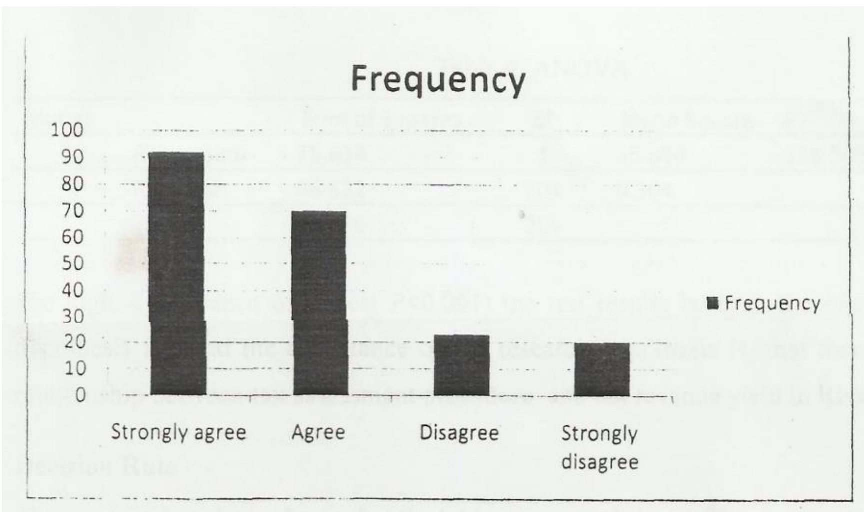


Table 8 above shows that 92 (44.9%) the respondent that claimed tax assessment procedure and tax revenue yield have direct significance relationship with income tax and Value Added Tax (VAT) 70 (34.1%) indicated the tax assessment procedure and revenue yield have direct significance relationship with income tax and Value Added Tax (VAT) while 23 (11.2%) and 20 (9.8%) the respondents disagree and strongly disagree that tax assessment procedure and tax revenue yield have direct significance relationship with income tax and Value Added Tax (Vat).

Regression Analysis

Tax assessment procedure and tax revenue yield have direct significance relationship with income Tax, Value Added Tax (VAT).

To test the above hypothesis, we have to check the following model:

$RY+TAP = \beta_0+\beta_2 +$, with IT + VAT

With t- test ($P<0.001$) for both parameters estimation significance, it can be observed that it is highly significant, as seen in table 3.

Table 3: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig
1 (Constant)	0.804	0.127		6.048	0.001
Tax revenue yield	-0.849	0.203	-0.241	3.355	0.001

For the (F-test p<0.001) reveals a highly significant model, this indicates also that the adopted model is good, and the coefficient of determination value R^2 is equal to 0.336. Table 4 below shows the model test using F-test.

Table4:ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig
1	Regression	25.634	1	35,644	118.549	0,001
	Residual	46.822	204	0.304		
	Total	72.456	205			

The high significance of (F-test P<0,001) the test results leads to the rejection of the null hypothesis HO, and the acceptance of the research hypothesis HI that there is a significant relationship between tax assessment procedure and tax revenue yield in Rivers State Nigeria.

Decision Rule

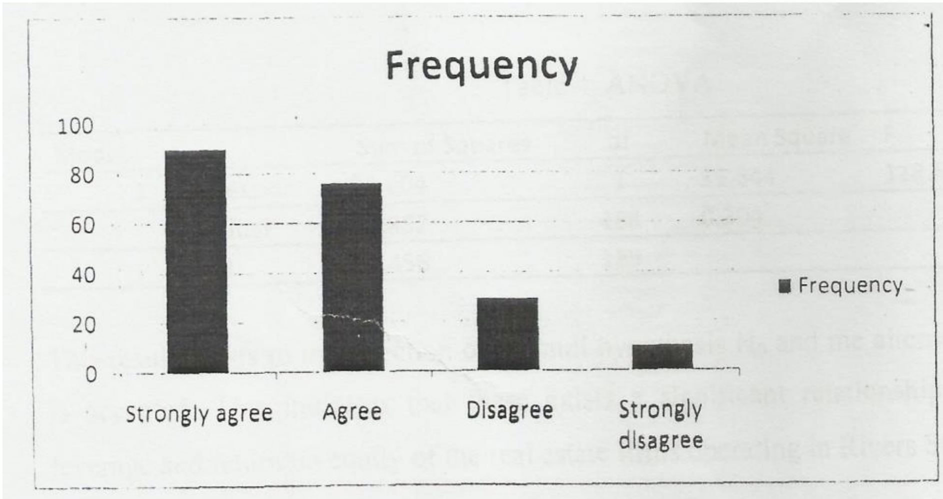
The empirical analysis shows that the table z-score value of 1.96 is greater than the calculated z-value of 2.66, in the figure above the calculated z-value falls outside the acceptance region into the rejection region which means that we reject the null hypothesis and accept the alternative hypothesis which states tax assessment procedure and tax revenue yield have direct significance' relationship with income tax, and Value Added Tax (VAT).

Hypothesis 2

Table 9: Tax assessment procedure has much impact on tax revenue yield.

Respondent	Frequency	Percentage
Strongly agree	90	43.9%
Agree	76	37.1%
Disagree	29	14.1%
Strongly disagree	10	4.9%
Total	205	100%

Source: *Field work 2018*



From the analysis above 90 (43.9%) respondent Strongly agree that tax assessment procedure has much impact on tax revenue yield. 76 (37.1%) responded Agree that tax assessment procedure has much impact on tax revenue yield, while 29 (14.1%) the respondent Disagree and the 10 (4,9%) Strongly disagree that tax assessment procedure has much impact on revenue yield. From this table, it is understand that tax assessment procedure has much impact on revenue yield due to efficient programmes like training, seminars and other programme for the staff.

Hypothesis 2:

H_0: Tax assessment procedure (TAP) has much impact on tax revenue yield (RY) in Rivers State.

To test the above hypothesis, we have to check the following model:

$RY = \beta_0+\beta_2$ TAP+:.., with β_0

With t-lest (P<0.001) for parameters estimation indicating a highly significant estimation, meaning that the parameters are good, as can be noted in table 5 below.

Table 5: Coefficients

	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig
1 (Constant)	0.474	0.037	4.248 0.001		
Tax Revenue Yield			-0.441	9.355	0.001
A Response Variable: RY					

For the (F-test p<0.001) reveals a highly significant model, this indicates also that the adopted model is good, and the coefficient of determination value R^2 is equal to 0.298. Table 6 below shows the model test using F-test.

Table 4: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig
1	Regression	25.604	1	35.644	118.549	0,001
	Residual	66.852	188	0.304		
	Total	92.456	189			

This results leads to the rejection of the null hypothesis Ho and the alternative hypothesis hi is accepted. This indicates that these exists a significant relationship between financial leverage and return on equity of the real estate firms operating in Rivers State.

DECISION RULE

The empirical analysis shows that the table z-value of 1.96 is greater than the calculated z-value of 6.9 in the figure above the calculated z-value falls outside the acceptance region into the rejection region which means that we reject the null hypothesis and accept the alternative hypothesis which states that tax assessment procedure has much impact on tax revenue yield.

DISCUSSION OF RESULT

From table 4, the respondents strongly agree with 65 (31.7%) that the tax assessment procedure enforces the tax revenue yield this enforcement is due to good planning's and more focus by solving some of the challenges *against t*he *non-compliance there by given* more ways to the compliance of the work. Enforcement is to put more power to the work. The procedure of assessment is well arranged with able personalities, tax professionals and tax officers. Some other institutions of tax are also added all these involve more compliance on the part of officers collecting tax and increase tax revenue yield.

On the side of the level of relationship that exist between tax assessment procedure and tax revenue yield. There are two variables on a parallel line. All their actions are linking to each other, without tax assessment, tax revenue yield cannot go alone. Tax revenue yield is the last product that shows the outcome of input added to tax assessment procedures. This is the reason why one can agree with 72 (35.1%) and 59 (28.8%) that they are Strongly agree and Agree of the fact that it is the tax assessment that produces the tax revenue yield which is the total tax collected in a period or a year.

Table 6, the respondents Strongly agree with 79 (38.5%) that tax assessment procedure affects lax revenue yield. Tax revenue yield depends on tax assessment procedure when tax assessment procedure is well organised it affects tax revenue yield positively and when it is not well organised, it will affect it negatively:

As it is presented in table 7, 83 (40.5%) the respondent Agree that tax assessment procedure and tax revenue yield address the issues that border Rivers State government. It is clear that every government depends on-internal revenue of the state. Taxation is the source of income into the state. What affected the tax revenue yield for each government are non-compliance, tax evasion and tax avoidance. When all these evils are present in the cases of taxation it means that the revenue yield cannot solve problem of the state. But where *they are absent* from the tax procedures, the revenue yield of the state will border some problems of the state.

Hypothesis 1 was captured using table 8 of questionnaire, tax assessment procedure and tax revenue yield have direct significant relationship with income tax and Value Added Tax.

Table 8 shows that 90 (43.9%) the respondent Strongly agree that tax assessment procedure and revenue yield has a direct significances relationship with income tax, and VAT, This shows that as we talk about revenue yield we are talking about the money that comes from income tax and VAT. These two hypotheses have been tested in table 8, and 9 and the result obtained above.

CONCLUSION AND RECOMMENDATION

The study was carried out to investigate the tax assessment procedure and tax revenue yield in Rivers State, The formulated hypotheses were tested and validated by z-value and percentage, based on test results, literature reviewed, some proper theories were used and empirical reviewed, the following findings were obtained.

1. There is a good relationship between tax assessment procedure and tax revenue yield.
2. Enforcement policies must be put in place in order to utilise these two variables.
3. Non-compliance, tax evasion and tax avoidance bring down the revenue yield.
4. Proper tax assessment procedure increases tax revenue yield.
5. Tax assessment procedures and tax revenue yield is a source of income to the government through income tax and Value Added Tax (VAT).
6. Revenue yield has direct link with the income of the state.

Based on these findings, we conclude that revenue yield is an income collected by public authorities with fair jurisdiction of compulsory contribution from persons or body to finance expenditure of government. Therefore it is recommended that government should enhance the collection of tax revenue yield processes and ensure that any deviation from compliance with the laid down rules and regulations of revenue yield or collection is severally death with and punished accordingly.

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