journals.unizik.edu.ng/index-php/jcpl ISSN: 2736-0342
NNAMDI AZIKIWE UNIVERSITY, AWKA
JOURNAL OF COMMERCIAL AND PROPERTY LAW

A Critical Examination of the Taxation of Employment Income in Nigeria in Light of the Personal Income Tax Act

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Abstract
Revenues from taxes generated from the personal income of taxable persons in an economy constitute a sizeable portion of a nation's tax earnings and Nigeria, for a long time now, has not been an exception. It is due to the seriousness and the meticulousness that the challenge of appropriately gathering this sort of tax earnings portends, that caused the emergence of several Acts that provide extensively for the administration of taxation of employment income in Nigeria. For the better part, this is largely underscored under the Personal Income Tax Act 2011 as amended, and is extensively drawn upon in this article. This work critically examines the taxation of employment income in Nigeria while considering a range of legal provisions and real-time practices that are obtained in the Nigerian taxing system. This research work adopts the qualitative methodology of research drawing its sources from both primary and secondary resources. It is found that the TaxPro Max software developed by the FIRS, the quasi-judicial nature of the Boards of Internal Revenue, the unpredictable nature of residency issues amongst others are issues at the front burner for the government as the primary stakeholder in Nigeria's employment income matters.

Introduction
This research exercise begins with an appraisal of the idea of employment income in Nigeria in the eye of the PITA 2011[1] as amended. Afterwards, the legal notions surrounding returns filings by taxable persons are looked into. It is furthermore discovered that making payments of income tax as and when due requires certain important steps sanctioned by law, hence, the Act's provisions. More so, Pay as You Earn (PAYE) has been the tool or basis for remitting employment income tax in Nigeria – this is appreciably stressed as well. Praiseworthily, employers can now be held liable for errors made while going through required legal processes, and can be entitled to reliefs where errors are also made but not occasioned by them. This part is also considered in the body of this work. Finally, this article looks into the usage of tax clearance certificate in moderate detail while assessing the vista of the lately introduced Tax Pro Max software tool for all things tax processes in Nigeria. Pointing out relevant gaps as it concludes, this article refers to them as touchstones by which future-forward solutions can be attained providing salient recommendations in the process.

Appraising Employment Income Simpliciter
Individuals who are resident in Nigeria can be taxed on their worldwide income. But a person who is not resident in the country has liabilities for tax payments on their employment income in Nigeria in the event that the duties are partly or wholly carried out in Nigeria[2]. This is well provided for in

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[1] Many scholars have had to comment extensively on the deleterious and straining process that tax gathering can be. Hence, the meticulousness in the process arrangement to help taxable persons ease their affairs. For details, see the work of Akujuobi, L., Chigbu, A., Appah, E. (2012) An empirical study on the causality between economic growth and taxation in Nigeria *Current Research J of Econ Theory* 4(2), 29 – 38. Read also Alabede, J., Dandago, K., (2001) *Taxation and tax administration in Nigeria* Lagos: Triumph Publishing Coy Ltd

[2] This is usually referred to as Nigeria-sourced income.

law. It is with a view to defining what and how taxation on employment income operates that the Act provides for what needs to be considered. Much of the provisions actually deal with the residency of the employer in determining the taxability on the employment income of the employees. Section 10 of the Act, provides that the gain from some employment shall be said to have been obtained from Nigeria following certain conditions, the major of which is that the responsibilities of the employment are entirely or partially carried out in Nigeria which appearsto be the general rule.

The Act further provides exceptions such that this general rule would not apply where the duties are carried out on behalf of some employer who is in a nation different from Nigeria and the pay for the employee is not borne by some fixed residence of the employer in Nigeria. As such, it could otherwise be stated that the employers would not remit the taxes due on the employees to the tax authority of the residence country where such taxes could be deemed payable to Nigerian coffers. Whereas, S. 6 of the PITA states that individuals who earn business income from Nigeria can get taxed in Nigeria going by these provisions of S. 10 the moment a fixed base or some taxable presence is affirmed in Nigeria subject to treaties that apply.

Over the years, the significant economic presence (SEP) rule has been increasingly adopted by the PITA to govern the taxation of individuals who are non-resident, trustees, or executors undertaking business consisting of technical, consultancy, or professional management services to people resident in Nigeria[3]. It is however qualified that the Minister of Finance can qualify or define what is deemed significant economic presence on necessary occasions[4]. Further, it is stated that there may be an exception where the employer is not resident in Nigeria for a certain period of time which culminates to some aggregate of 183 days or more in any 12 months period beginning in some calendar year and finishing either within that same year or the year following. A final exception is made with respect to the liability of the employee's remuneration to tax in some other nation as influenced by the provisions of the double taxation treaty Nigeria has with that other legal system. Thus, double taxation treaties are usually wielded to design or adopt appropriate sharing formulas for allocating tax proceeds in such contexts[5]. In addition, it is provided that where the employer is in Nigeria or has some fixed base in Nigeria the proceeds from such employment shall be regarded as coming from Nigeria[6].

It is interesting to find out that the legislative provisions state how the public officers (especially those who have diplomatic duties in foreign countries) are taxed. Section 10(2) of the PITA provides further that regardless of the provisions of the S. 101(1)(b), the proceeds of an employee under a Government in Nigeria shall be taken to be gotten from any area the remuneration is paid in case such employee carries out the duties of that job in a legal system different from Nigeria[7]. Also, this other legal system in question must be under some concession or diplomatic tie that exempts the employee from taxation on the income gathered from such employment. Subsection

[3] PWC (2022) Individual – Taxes on Personal Income *Worldwide Tax Summaries* https://taxsummaries.pwc.com/nigeria/individual/taxes-on-personal-income

[4] Ibid

[5] As of September 1, 2023, Price Water Cooper Nigeria reports that Nigeria is noted to have double taxation treaties (DTTs) with countries such as Canada, Czech Republic, Belgium, France, Pakistan, Slovakia, Spain, South Africa, the United Kingdom, China, Romania, Philippines, and Sweden. See PwC (2023) "Individual – foreign tax relief and tax treaties" https://www.taxsummaries.pwc.com/nigeria/individual/foreign-tax-relief-and-tax-treaties# Accessed on September 5, 2023.

[6] Ibid

[7] S. 10(2) of the PITA

3 further provides that the profits from the employment carried out in Nigeria shall be deemed to have been gotten from Nigeria whether or not the proceeds from the job are gotten in Nigeria or not[8]. In a similar vein, Subsection 4 clarifies that the proceeds from any job, the responsibilities relevant thereto in Nigeria, shall be reckoned to be obtained from Nigeria during the period of leave of such employee from the job or any such time of their temporary absence on duty from the country[9].

What is more, pensions and employment matters are approached with specific care as the Act stipulates. Section 26 generally makes provisions with respect to pensions and employment in Nigeria. Concerning income from some pension or employment that is obtained or taken to be obtained from Nigeria, the income assessable of the person shall be the sum of the income of the assessment year. The law is also clear about what applies to daily job earners. With respect to subsection 1 of the section[10], profits from a job shall be taken to come from a daily tranche only to the extent that it is gotten from any commission, bonus, or some allowance that can be paid on one event exclusively or at periods beyond a month, and to that level it shall be taken to be profits of one, the day that payment of it was made or where it is paid after the employment ends, or of the last day the job ends accounting for any terminal leave that arises from there.

It is however disheartening to note that most daily income earners in the country do not get held accountable for tax payments owing to the seemingly incalculable format such income source takes. Another factor might be that the country lacks a database to effectively cover daily income earners most of whom are sole proprietors and who do not have their businesses registered with the Corporate Affairs Commission and do not have tax identification numbers (TINs).

The Vagaries of Filing Returns by Taxable Persons

Providing returns to the state tax authority is perceived as a norm that any person with tax liabilities should be acquainted with. The laws are that the tax authority in the state has no obligation to notify or demand such returns from the taxable persons[11]. S. 41(1) provides that regarding each year of evaluation, a person who is taxable shall, with no demand or notice, be expected to file some return of income in a form required. With the required information with the state tax agency[12], the taxable individual is seen as a resident alongside a true and accurate statement in writing stating the amount of income from every income source associated with the preceding year of evaluation. This income source is calculated in line with the provisions of the Act as well as rules or regulations that are made under such regulations.

More so, such specifics concerning the returns may be required for the aim of the Act and rules or regulations that are made thereunder concerning such income, relief, deduction, allowance, or any other as may be important for such purpose. To affirm the genuineness of all the representations made in the returns which are expected to be filed by or on behalf of the taxable person, the Act provides that a Declaration be made thereto[13]. Section 41(2) provides that the return form shall

[8] S. 10(3) of the PITA
[9] S. 10(4) of the PITA
[10] S. 26 (1) of the PITA
[11] See Ihenyen, J., Mieseigha, E., (2014) Taxation as an instrument of economic growth (The Nigerian perspective) *Information and Knowledge Mgt.* 4(12), 2014
[12] Abubakar, S., Abubakar, M., Pius, G. (2015) Personal income tax and standard of living in Nigeria *4th Intl. Social and Management Sciences Research Conference on Contemporary Issues in Development and Information Society* 16 – 17th June, 2015 by Faculty of Social and Mgt. Sciences, Kaduna State University, Kaduna
[13] Ibid

have a declaration which shall be through or on behalf of the person who is taxable that the return has a true and accurate income statement calculated in line with the Act's provisions or rules or regulations that are made there under or that specifics that are given in the return are made truthfully and completely. Also, the time limit within which the returns must be filed is also 90 days beginning from the time that the assessment year commences. S. 41(3) of the Act further provides that a person who is liable to being taxed by the relevant tax body files the returns as required in the instant section in 90 days from the start of each year of evaluation.

In extreme detail, it is provided that a written return, an information or statement that affects how liable to tax a person can be for an assessment year made or required by a person to some tax body may be approached as being given to some other tax body within the territory of which that person is taken to be resident for such year[14]. Moreover, where some error or omission in the statement, return or some information forms an offence relating to the income tax legislation of that other tax body, the matter can be dealt with by that other tax body in relation to offence as though the statement, return or information had been filed or given to that other tax body in the initial instance[15].

Making Payments of Income Tax

With respect to the payments that are to be made concerning the employment income taxes applicable, the PITA provides certain modalities for the date and place. The Act further tells what the relevant tax authority can do to ensure compliance by the taxpayers. Section 68 provides that any income tax that is charged by way of some assessment[16] that is not or has not become the subject of an appeal or objection, shall become payable, immediately after any amount deducted is set off for the aims of collection, or any sum is deposited against the tax, at the location mentioned in the assessment notice in two months after the date that notice has been served[17]. However, this works with the exception[18] that such notice surfaces in a period of two months expiring prior to December 14 in the assessment year. This is for which any charge has been placed on the income tax, and the aggregate of such tax is to be deducted as said above and of any income tax that is paid for such year in that period sums up to nothing short of half of the tax that is so charged[19]. Then, payment of whatever balance of such tax can be made not later than such day.

On a note of grace, the Act gives the tax authority the power to use their discretion to ensure that the deadlines can be extended for remitting tax payments[20]. Moreover, the income tax collected in a situation where notice to some objection or some appeal has been stipulated by or on behalf of a person must stay in abeyance till the appeal or objection is determined, only that the tax authority may enforce the payment of that part, if any, of such tax that is not debated[21].

[14] S. 41 (4) of the PITA
[15] Ibid
[16] Ewa, U. (2021) Appraisal of self-assessment tax policy in Nigeria *European J of Bus and Management Research 16(1) 189 - 97, 2021.* In the work of author, it is discovered self-assessment policies are now formulated for other forms of taxes but this hardly applies to personal income tax. This is a trend that would need to be addressed in future amendments of the applicable Act(s) to ease the affairs of taxable persons as far as employment law is concerned.
[17] S. 68 (1) of the PITA
[18] S. 68(1) (a)
[19] Ibid
[20] S. 68(1) (b)
[21] S. 68(2)

On determining the appeal or objection, the important tax authority need to serve notice on the taxable person as so determined and such that shall be payable in a month of the notice been served[22]. However, the Act fails to stipulate what applies where the tax authority fails to tender this notice. To avoid needless debates or frivolous court or tribunal cases, it is important if the provisions can be as thorough as possible in this regard. The exception to this is that if the period of a month comes to an end prior to 14 December in the assessment year and the conditions particularized in the first paragraph of the proviso to subsection one of S. 68 are otherwise satisfied concerning the tax amount chargeable as such determined. Afterwards, any balance relating to that tax which is to be paid must be done not later than such day.

S. 68(4) of the PITA further qualifies that regardless of any of the hitherto provisions to the section, where in a certain case, the identified tax authority can believe that any employment income tax charged by some assessment cannot be recovered because the person in question is traveling out of Nigeria or otherwise, the tax authority involved may make notifications to the person to make payments of the tax amount or to offer security to satisfy the tax authority involved for payment relating thereto. It is likely that the payment may not be made, or security may not be given when the tax amount can be recovered going forward. For the aim of this subsection, the associated tax authority may, where necessary, evaluate any person who is taxable for the relevant assessment year each time while the year of assessment continues.

On a critical note, it is opined that the provisions of the Act are sort of nebulous with respect to the taxability of a person who is fleeing or traveling out of the country. It is considered that the legal capacity of such an individual becomes deflated in view of their flight out of the country. More so, many issues may surround this and leave too much room for court conjectures. A more intellectual depth to the extant provisions of this part of the law would state the very particular steps that the tax authorities will take or what positions they would assume to ensure the ultimate objective of recovery of taxes due is achieved. As such, the legislative provisions here need to be deeper than it currently appears to be.

The Finance Act provides what applies to persons who pay premiums to insurance companies hoping to earn back on such where the incidents sought to be covered are taken care of. In clear language, S. 23 of the Finance Act[23] summarily provides that there shall be allowed a deduction on the yearly amount of any premium that is paid by a person while the year continues before the year of assessment to some insurance company concerning insurance on their life or the life of their spouse. This provision, must however, be noted to be restricted to the extant provisions of the Customs, Excise Tariffs (Consolidation) Act[24] as amended which talks about the excise duties to be charged on certain products.

PAYE as the Basis for Employment Income Tax Remittances in Nigeria

It must be noted that calculating the personal income tax an employee is liable to in Nigeria is done based on the Pay as You Earn (PAYE) system. This is to say that the employer makes the tax deductions at the source as the employee gets paid[25]. Every individual who profits from their

[22] S. 68(3) of the PITA 2011

[23] The Finance Act (2021) This Act included the amendment of various Acts around the Nigerian legislative provisions. Some of these include the Personal Income Tax Act which directly affects the taxation of employment income in the country amongst a horde of other legislations.

[24] This directly involves the amendment of S. 21 of the Act.

[25] Oji, N. (2000) Stimulating economic growth through efficient tax system *A paper presented at the 2nd Annual Tax Conference of the Chartered Institute of Taxation of Nigeria.*

employment must remit personal tax to the Internal Revenue Service in the State or in the Federal Internal Revenue Service authority as the case may be. Individuals who float their own enterprises must make PAYE tax payments to the appropriate authorities[26]. The PAYE Income tax in Nigeria is on the basis of the amount the individual earns and the income tax is computed on the basis of a threshold with diverse rates applicable relying on the income level[27].

Schedule 6 of the PITA provides a working guide for the diverse income tranches in computing the PAYE tax[28]. For the initial #300k the person earns on a yearly basis, the rate amounts to 7% and the taxable income comes to #21k. For the following #300k, the rate becomes 11% and the tax payable #33k and the next #500k sees the income charged at 15% which comes to #75k. The taxable income for the subsequent #500k is billed at the rate of 19% as the person pays #95k in taxes. More so, the next #1.6m settles for a 21% rate which taxable income becomes #336k. For employees who earn above #3.2m, the rate arrives at 24%. The excess over #3.2m will be charged at the rate of 24%. For instance, an employee who earns #10m will be charged (#10m - #3.2 = #6.8m x 24%) #1.63m.

In line with relevant legal provisions, the income tax that can be charged on an employee by some assessment whether or not the assessment has been made, shall, if the related tax authority so aims, be recoverable from whatever emolument is made or from any payment that is made due to the emolument, to the employee by the employer[29] Following this, the Act expects these remittances by the employers on or before a specific date with respect to the returns filing on each of their employees. S. 81(2) requires each employer to file a return with the responsible tax authority of every emolument paid to its employees not more than 31st January each year concerning all employees in its emolument in the year before. To make that workable, the law enunciates certain penalties that must be applicable in the event of default from any employer in this regard. More specifically, S. 81 (3) declares that any employer who falls short of the provisions of the section shall be liable to the tune of a penalty of #500,000 with respect to a body corporate and #50,000 to a person.

The PITA 2011[30] further demands that income tax obtained by deducting from any payment made to an individual shall be set-off for the objectives of collecting against tax that is charged on such person by some assessment other than any extra payment coming from compliance with SS. 69 – 72 of the Act. Such deduction must be refunded by the notable tax authority in 90 days after the evaluation has been properly filed with the alternative of a set-off against future tax by such person paying tax.

In trying to delimit the operations of the tax authorities, the Act defines the provinces within which these authorities may treat the emoluments of the employees who must be held liable for employment income tax payments. In specific, S. 81(6) states that in determining the income tax amount to be subtracted from any pay off or due to the emolument an employee is entitled to, the responsible tax authority need to ensure that the aggregate sum of the subtractions made during

[26] Supra
[27] Supra
[28] PITA Act 2011 as amended
[29] S. 81 (1) of the PITA
[30] S. 81(4)

the assessment year must be the same with the income tax that can be charged on them in connection to their emoluments for the year in quo[31].

The concluding paragraph, however, makes omnibus rooms for the making of certain provisions by way of regulating the affairs of the tax payments of the employees into the hands of the Minister. S. 81(9) states concerning PAYE at the last paragraph that the Minister can introduce regulations comprehensively for implementing the section's provisions. Therefore, the Minister can use their discretion on assessing a situation in line with the provisions of the section to monitor the affairs of the taxable persons as and when due.

Liability of the Employer and Reliefs for Errors made

The liability of employers for any tax deductions made is also provided for under the Act. This is to ensure that employers everywhere recognize the delicate nature of their responsibilities as far as deducting taxes to the coffers of the tax authorities are concerned. In no unclear terms, S. 82 provides that an employer expected by the Act's provisions to deduct from amounts due on emoluments or emoluments that are paid by them to an employee shall give account to the proper tax authority in such approach as the responsible tax body may elect for such subtractions so made. As such, the employers may need to make efforts to ensure they keep records to which the stakeholders may give recourse to as and when due[32]. It is furthermore provided that where the employer fails to deduct, or appropriately account therefore, the amount thereof alongside with a 10% penalty per year of the amount together with interest at the prevalent commercial rate can be recovered as a debt payable by the employer to the responsible authority[33].

It is not unlikely for taxable persons to make errors when being assessed for liability to tax payments. In such events, the provisions of the PITA enable the facilitation of their estate by way of relief. The section provides that where a taxable person who has made payments of their income tax for an assessment year alleges that some assessment that is made on them for that year was too much due to some mistake or error in a statement or return or some account made by them or for them for the assessment, they may, at each point not more than 6 years when the assessment year ends in which the assessment was made, apply in writing to the responsible tax body for relief[34].

On obtaining an application, the responsible tax body shall make enquiries into the matter and shall, going by the section's provisions, offer, by way of tax repayment, some relief concerning the error as may be deemed fair and reasonable. The applicable condition to this is, however, that where no relief can be offered under the section due to an error concerning what basis the computations of the liability of the applicant must be made where the statement, return or account was in fact made based on or in line with the practice of the associated tax authority commonly prevailing at the time when the statement, return, or account was reached[35]. In resolving an application relating to this section, the Act further clarifies that the responsible tax body shall refer to the appropriate situation of the matter, and in specific, shall look into whether the giving of relief would lead to an exclusion from charge to tax of any portion of the applicant's employment income

[31] See the case of *Citibank Nigeria Ltd v Lagos State Internal Revenue Service* – Appeal No TAT/LZ/PIT/001/2021 where the general provisions for the application of PAYE as a formula for personal income tax was extensively elaborated upon in a court scenario.
[32] Ibid
[33] Ibid
[34] S. 84(1) of the PITA
[35] Oranefo, P., Ezejiofor, R., Ndum, N. (2021) Tax revenue on per capita income: evidence from Nigerian economy *American J of Contemporary Mgt. Research (AJCMR)* ISSN: 0092 – 119X

to that end, the responsible tax body may consider applicant's liability to tax and any evaluation made on them for other years.

Section 83(4) directs that whatever resolution is made by the responsible tax body as far as the section is concerned will be final and conclusive. It must be reckoned that the resolution whether a taxpayer was involved in some mistake or error is a question of law and fact. As the tax authority considers this application, it must be recognized that the duty of proving that a mistake or error was in fact made shall be on the taxpayer. Following the provisions above, the tax authority will assess this application and make a resolution only if it is satisfied that an error has been so made.

While the actual provisions of S. 84(1) (2) speak to the repayment of taxes erroneously collected back to the persons in quo, the heading only purports to speak of 'payment'. This may be misleading and some correction might need to be considered to the nomenclature[36]. What's more, S. 84(2) stipulates that the responsible tax authority must offer a certificate relating to the tax amount to be paid again relating to the Act's provisions, or pertaining to any order of some court of competent jurisdiction, and on receiving the certificate of the Accountant-General of the appropriate territory, shall ensure repayment is made in line thereto.

The Usage of Tax Clearance Certificate

With respect to the issuance of the tax clearance certificate, the provisions of the Act demands that each appropriate tax body confirms that tax evaluated on a person's income for the 3 years instantly preceding the present assessment year has been completely paid or that no tax becomes due on the income or that the individual has no liability to tax for any of those 3 years[37]. Upon satisfying this, the tax authority shall issue a tax clearance certificate to the individual within two weeks of demanding for such certificate by that individual or offer reasons for denying[38]. Nevertheless, such payment of present year tax must not be set as a requirement for issuing the certificate unless the applicant leaves the country eventually. Furthermore, the Act provides that the Department, Ministry, or Government Agency or some for-profit bank with whom a person deals with concerning any transactions stated in S.85 (4) shall get from the person a tax clearance certificate for the 3 years instantly preceding the present assessment year and shall make verifications of the authenticity by making references of same to the tax body that issues it[39].

It is noteworthy to remark that the invention of the TaxPro Max has brought some digital revolution to certain processes that taxpayers would need to go through prior to the time they get their certificates. The Federal Inland Revenue Service (FIRS) has stated that taxpayers can now get their Tax Clearance Certificate in just one click through its disruptive Tax Pro Max innovation[40]. The introduction of the digital tool as a tax administration mechanism brought on by the apex tax authority in Nigeria remains a one-stop shop for taxpayers to register, file returns, pay taxes, request clearance certificates among a slew of other functionalities[41]. This automation is coming

[36] 84 (1) specifically asserts that unless provided for in the Act, no claim for tax repayment shall be permitted otherwise such is made by way of writing in 6 years after the assessment year associated thereto ends.
[37] S. 85 (1) of the PITA 2011
[38] Worlu, C., Emeka, N., (2012) Tax revenue and economic in Nigeria: a macroeconomic approach *Acad. J of Interdisciplinary Studies* 1(2) 211 – 23
[39] S. 85 (2), ibid.
[40] According to the Executive Chairman of FIRS, it is anticipated that the functionality will enable the issuance of certificates within a shorter time frame as taxpayer can now have their needs met in a matter of clicks. See Emma Ujah, Tax Clearance Certificate now easy to obtain – FIRS https://www.vanguardngr.com/2023/01/tax-clearance-certificate-now-easy-to-obtain-firs/ Jan 2, 2023
[41] Ibid

at the instance of the broad-scale technological reforms that the Service has chosen to follow in its attempt to attain a complete computerization of the functions of its tax administration[42]. The Executive Chairman claims that with a few clicks, taxpayers will be capable of getting their TCCs so long no outstanding liabilities accrue to them[43]. It must be noted that the virtual tool is consequent upon the legislative stipulation entrenched in the Finance Act 2020 that directs the FIRS to automate tax return filings and other processes.

According to a university don and a tax consultant of note, Professor Godwin Oyedokun, anything tech has better utilities than their manual version[44]. The tax scholar identified that the objectives of the TaxPro Max stand to connect tax administration with some of the canons of taxation which is efficiency[45]. The Professor, however, pointed out that more still needs to be done in addressing the teething challenges that users may encounter while leveraging the utility[46]. It is guessed that addressing the challenges that employers have with taxation issues would be the crux of the digitalization process that the TaxPro Max may mean for the stakeholders.

In the event that a person fails to comply with the provisions of the Finance Act they are going to be liable to serve certain penalties. Readily, this must be understood to include the tax obligations that the persons are expected to meet as well. S. 26(1) also provides that a person who is liable to an offence under the Act, or some person who contravenes or fails to comply with any of the provisions of the Act or any other regulation or rule that are made thereto for which no other penalty is particularly tabled, shall upon conviction be liable to a #20,000 fine. But this is only where the offence is the failure to give some return, information or statement or to hold records expected, a further #2,000 fine will be imposed for each day that failure continues. Where the individual fails to make that payment, there will be imprisonment of up to 6 months, and the liability to such excess sum shall be from the day after the conviction, or from such other day afterwards as the Court can determine.

Conclusion

This work has looked into the idea of employment income stressing the modalities by which residency[47] and significant economic presence can be affective in determining the taxability of working persons. Again, the notions concerning filing returns by taxable persons are also considered in moderate detail. Moreover, how payments on employment income tax are disbursed is also looked into while PAYE as the formula for employment income tax remittances is pontificated upon. What is more, the liabilities of the employer and the reliefs for errors made while fulfilling procedural requirements are as well examined. Ultimately, the usage of tax clearance certificate is treated.

Through and through, as far as tax administration is concerned in the country, it is discovered that there are notable gaps that need to be taken care of as Nigeria ascends on the ladder of greatness.

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[42] Hanga, B., Wambai, U., (2013) Taxation and societal development in Nigeria: tackling Kano's hidden economy *Intl. J of Acad. Research in Bus. and Social Sc. 3 (3) 113 – 125*

[43] Ibid

[44] Chibueze, J. "TaxPro Max: the game changer in tax administration in Nigeria" July 29, 2022 https://guardian.ng// business-services/money/taxpro-max-the-game- changer-in-tax-administration-in-nigeria/

[45] Ibid

[46] Ibid

[47] Olusanya, S., Oyebo, A., Peter, M., (2012) Taxation as a fiscal policy instrument for income distribution among Lagos State Civil servants *IOSR J. of Humanities and Social Sciences* 5(10); 60 – 70. See also Hanga, B., Wambai, U., (2013) Taxation and societal development in Nigeria: tackling Kano's hidden economy *Intl. J of Acad. Research in Bus. and Social Sc. 3 (3) 113 – 125*

It is observed that the increased adoption of technology transfer for these processes should be encouraged as well as its usage by Nigeria's monstrous illiterate and technologically deficient taxable persons. While the TaxPro Max innovation has been commended as a step in the right direction, more still needs to be done in terms of technicalities and specificities of operations. More so, it is discovered that measurable level of synergy and collaboration is lacking amongst the tax authorities at the various administrative levels. Since such attitude end up affecting the policies formulated, its perpetuation is taken as a drawback and a gap needing to be filled urgently.

It is also commented that the law may need to be clarify obtaining rules that apply to how much residency impacts the taxability of working persons as far as MNCs are concerned. This is considered critical given the spate at which most MNCs who earn a splurge can grovel towards tax evasive practices which may undermine the economies of most third world countries since most of the MNCs often have their employers headquartered in the developed countries[48]. It is hoped that a pungent, pragmatic response to these issues will close in more on the existing gaps.

Recommendations

It is suggested that the administrators will have to ensure that the peculiar requirements of the relevant stakeholders are addressed in improving on the TaxPro Max software. Moreover, it is stated that the software must be nuanced enough to make sure that the less educated populations in the Federation who have less access to the digital resources are catered for. The major languages may need to be introduced to make adequate room for enlightenment of the fold so that they can be availed of the efficiency and convenience that the automation stands to give. This is even more so as the apex tax body seeks to widen the net of the internally generated revenue from all taxable persons in the country[49]. The FIRS would need to hold many combined sessions with the relevant taxpayers and the Joint Tax Board (JTB) as a way of improving upon the software. More resources and time would need to be given to the taxpayers using the software to acquaint themselves well enough with the website as well as its navigation. A system must be created towards defining and systematizing the processes and methods for the input of percentages, figures, and the upload of schedules. The easing of this process will facilitate employers and other taxpaying entities to remit tax payments on the employment income gathered over the time.

It is profound to note that S. 81(4) makes provisions for the ultimate quasi-judicial powers of the tax authority to resolve if a taxpayer has been involved in some error or not. However, it must be appreciated that the concentration of such near-judicial powers in the same tax authority that seeks to increase the revenues of the economy makes the genuineness of their unbiased character doubtful. At the same time, it is, on a critical note, observed that the legislative provisions might be made to the effect that the accompanying long line of grievances directed at the State Tax Tribunals might be avoided. Nonetheless, the credit of the tax authority in issuing a clean bill of health can be doubted due to the likely partiality and lack of judicial facilities to entertain such applications relevant thereto. Therefore, it is suggested that the law considers allowing for the creation of independent panels to address complaints as such dealing with likely errors made by taxpayers for the sake of justice and good conscience.

[48] Ezejiofor, R. & Exenwafor, E. (2020) Corporate governance and tax avoidance: evidence from Nigerian quoted food and beverage companies *Macro Management & Public Policies* 2(4)

[49] Tochukwu, E., Ezejiofor, R., (2022) Effect of taxable income on unemployment rate in Nigeria *African J of Bus and Econ Dev.* 2(3) March 2022

Concerning the making of payments of income tax to the appropriate tax authority, the relevant legislative tools need more content and depth with a view to ensuring that appropriate positions are assumed by the stakeholders. This would allow for the relatable prediction of the consequences of certain events as might apply as the stakeholders in the employment taxation income oasis interact. The provisions of the S. 68 of the PITA and some relevant others here can be called into question and properly amended to get better results.

As has been noted earlier, residency goes a long way in determining the taxable situations that apply to the employee especially as it bears from the employer. A lacuna that may be observed from this is the probability of the multinational companies (MNCs) to evade taxes while claiming the residency of the country of employment has already remitted the applicable taxes to the coffers of that country thus leaving the country of the residence of the employee high and dry. However, in most tax fraud cases, this has often been found as a truce towards tax evasion. A suggested approach to nip this ugly trend in the bud will be to create international synergies among nation-states that allow for the proper capturing of the data and figures that confirm the proper disposition of these tax payers overtime.